



Degree Program in Politics: Philosophy and Economics

Course of Behavioral Economics

**Conscious Consumption: The Influence of Personal Values
on Economic Decision-Making**

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INTRODUCTION

Building upon the following research question “How do personal values influence people’s economic decisions?”, the objective of this thesis is to research the role of personal values in guiding people towards certain economic choices. In fact, the latter are never “casual”, but rather they are driven by both rational and irrational factors which represent the subject of study in the field of Behavioral Economics. On the other hand, personal values could be understood as the principles and motivations that inform individuals’ actions and choices, exerting influence in both private and public spheres of life. Over time, people develop their own set of values, reflective of what they deem important and desirable. Therefore, the purpose of this thesis is to examine theories and empirical research concerning how personal values can influence consumer preferences, leading individuals to choose certain products as well as brands while disregarding others.

Classic models of consumer choice frequently fall short in explaining why individuals are attracted to different products. However, with the emergence of extremely personalized marketing strategies, understanding individual consumer motivations is essential. Nowadays the vast range of products and brands available in the market implies that consumers are required to make decisions that go beyond simply fulfilling material needs. Therefore, consumption is viewed as means for self-expression, meaning that people buy specific goods to represent their personality and uniqueness within the environment around them. According to the concept of *congruence* (Leutner, 2016; p. 24), consumers tend to prefer buying products and choosing firms that they consider similar to themselves. In fact, several studies demonstrate that this congruence between commercial products and individuals’ inner traits is a strong predictor of consumer preferences (see Allen & Ng, 1999; Allen et al., 2002), which applies to the majority of market fields. Moreover, people select their purchases to create positive self-images both for themselves and for others. Precisely, this type of judgment suggests that products are frequently evaluated not only under a subjective perspective, but also according to how they would be perceived by the external society. Nonetheless, individual differences in self-consciousness (Leutner, 2016) determine the importance that people place in representing themselves through the products they buy. Regardless of such variations, understanding that consumers regard products and

brands as a way to extend and communicate their identity raises the question of how they select their purchases.

Considering these observations, the research seeks to understand how psychological mechanisms rooted in our moral beliefs manifest in specific economic decisions. To achieve this purpose, Schwartz's theory on "Basic Human Values" will be analyzed to establish a theoretical framework outlining ten universal categories of personal values that shape human behavior. Subsequently, the research will specifically examine the role of values in economic decision-making processes, exploring the diverse factors that shape personal ethics and explaining their variations across individuals. As previously mentioned, it will be demonstrated how this differentiation of personal values among groups of people is responsible for different consumers' preferences for goods and brands (see Sevgili & Cesur, 2014). Concerning the latter, studies on consumer choices have underlined the importance of human values in brand selection, revealing a strong correlation between value-orientations and consumer preferences within this field (see Torelli et al., 2012). Taking this aspect into account, it will be additionally addressed how marketing strategies and brands communication tools have evolved around the increasing influence of personal values in economic decisions in order to attract different consumer categories. In particular, the research will draw attention to the growing importance of sustainability in marketing communication, which will provide a concrete example on the importance of consumer values for brands. Moreover, the thesis will briefly examine the repercussions of brand "misconduct" on the "consumer-brand relationship", analyzing how such negative behavior can distance consumers whose values are no longer aligned with those of the brand. On a final note, the dissertation will analyze the relation between social media and self-perception, focusing on how people engage online with brands according to their inner values. In fact, a growing body of research demonstrates that nowadays social media plays a crucial role in influencing people's perceptions and decision-making process. In addition, the impact of social media platform *TikTok* on generation Z's self-perceptions, personal values and behavior will be presented as an example of this growing phenomenon (see Ionescu & Licu, 2023).

The thesis will conclude by synthesizing findings of the aforementioned studies and theories, providing empirical evidence of the strong correlation between personal values and economic choices.

CHAPTER I

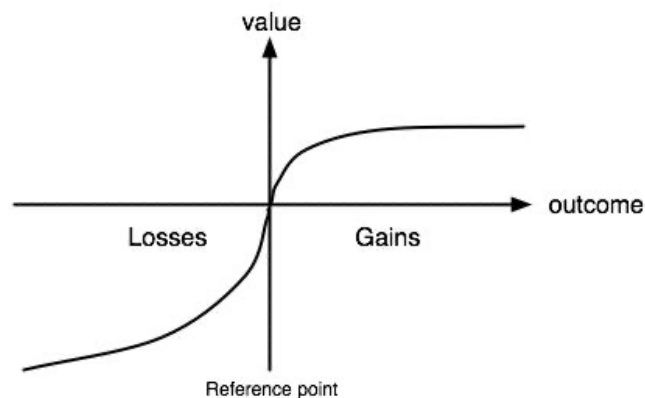
1.1. Behavioral Economic theories addressing decision-making processes, including “Prospect Theory”, cognitive biases and bounded rationality.

Behavioral Economics developed as a field of study which combines psychology and economics, examining the effect of several limitations in human rationality in economic decisions. In fact, studies emerging from this subject have challenged the classic belief that people always behave rationally in relation to economic choices, revealing stable preferences aimed at maximizing profits and minimizing losses. On the contrary, it is now firmly demonstrated that individuals often tend to deviate from rational choices due to multiple external as well as internal factors, such as their social environment and their emotional states. Consequently, behavioral economic theories have been employed by firms and governments to create and price products reflecting consumers’ needs, thus increasingly taking into consideration the relevance of human inner biases in economic decision-making processes.

In the academic literature, “Thinking Fast and Slow” by Daniel Kahneman serves as a relevant presentation of the main assumptions concerning human psychology in relation to market preferences and economic decisions. First of all, the author affirms that individuals present a mental system made of two accounts of thinking, namely “System 1” of intuition and “System 2” of reasoning (Kahneman, 2011). The former *operates automatically and quickly, with little or no effort and no sense of voluntary control*, while the latter *allocates attention to the effortful mental activities that demand it, including complex computations. The operations of System 2 are often associated with the subjective experience of agency, choice, and concentration* (Kahneman, 2011; p. 22). In short, Kahneman analyzes these systems to demonstrate that System 1 relies on System 2 in all the situations that require self-control and a more elaborated thinking process, which underlines the relevance of our accessibility to mental contents. In fact, people respond differently to the same mental stimuli because each individual identifies mental contents with a different ease. Consequently, Kahneman further adds that the mentioned combination of the two systems does not always function “perfectly” due to several mental

limitations related to individuals' attention, priming effects, cognitive ease and other heuristics (Kahneman, 2011). Specifically, heuristics are defined as mental shortcuts which are employed in decision-making processes to facilitate problem-solving as well as probability judgements. Heuristics are of extreme influence in guiding human decisions because people tend not to spend enough time on thinking carefully about different options, thus relying as much as possible on external "aids". As previously mentioned, Kahneman refers to a vast range of heuristics which have different effects on our cognitive system, demonstrating that people's rationality is highly bounded. The concept of "bounded rationality" has been primarily introduced by Herbert Simons, who used these terms to indicate that rational choices are limited both under a cognitive and a social perspective. In fact, individuals face difficulties in processing all the information related to a certain decision and they are also subject to influences deriving from their social environment (Simon, 1997). Consequently, Simon believed that people make decisions based on what they regard as "good enough" based on the aforementioned constraints, rather than choosing the option that would appear as the most rational one. These decisions have been described by the author as a balance made by decision-makers between the maximization of their own interests and those of the others, based on their limited capacity to process complete information (Simon, 1997). Taking this into account, there are three main biases which alter people's capacity of making "perfectly" rational decisions. The first deviation from rationality derives from individuals' "overconfidence" in decision-making processes, which presupposes that people are generally more confident about their judgements than they should rationally be. This implies that they assume that an event will occur based on subjective calculations of probabilities, also influenced by emotional aspects, which are estimated as more reliable than objective occurrence (Kahneman, 2011). Secondly, the heuristic of "representativeness" was introduced by Kahneman and Tversky to address how people judge the probability of an event by comparing it to a "prototype event" that they have in mind (Daniel; Tversky, 1972). As a consequence, these heuristics explains *predictable and systematic errors in the evaluation of uncertain events* (Daniel; Tversky, 1972; p. 430). Finally, the "anchoring effect" has been also presented by Kahneman and Tversky as another bias which highly deviates human reasoning from rationality. In particular, the "anchoring effect" refers to the idea that individuals adjust their judgements and decisions to a reference point (i.e. the "anchor") which is usually irrelevant for a rational estimation of their actions (Tversky; Kahneman, 1974).

In addition to the described cognitive biases, Kahneman and Tversky introduced another essential theory in the field of Behavioral Economics, namely “Prospect Theory”. The latter is relevant to the discussion as it serves to illustrate an additional limit to rationality which applies to economic decisions. In fact, this theory is critical to challenge traditional economic theories, in particular expected utility theory, which establishes that rational actors make economic choices based on the maximum level of utility they expect to get. On the contrary, Prospect Theory offers a different model of decision-making under risk which represents more efficiently the complex role of emotions and cognitive biases in human behavior. In particular, Kahneman and Tversky have analyzed a series of controlled studies which demonstrated that the value function for economic goods is “S-shaped” rather than linear, graphically showing that individuals assess their gains and their losses in an asymmetric way (Figure 1; “Prospect Theory Value Function”, 2015):



This asymmetry in the value function, which is presented as steeper for losses than gains, demonstrates that people are risk-averse in terms of gains, while they are risk-takers in terms of losses (Kahneman & Tversky, 1979). The theory argues that this phenomenon is due to the fact that people base their evaluation of the possible outcomes of a decision taking into consideration a reference point (e.g. their current state of wealth) and the gains and losses are calculated on the basis of the latter (Kahneman & Tversky, 1979). Consequently, perceived losses have a larger psychological impact than equivalent gains, which explains a risk-averse behavior towards gains and a risk-taking behavior for losses, as previously described. Moreover, when decisions are made under risk, individuals show an irrational

calculation and weighting of probabilities, specifically overweighting small probabilities while underweighting large ones (Kahneman & Tversky, 1979). This further deviation from rational behavior provides a more detailed demonstration of how decisions are made, highlighting the role of psychological factors in influencing decision outcomes, particularly when applied to economic contexts. There are several implications deriving from prospect theory which could be used by both firms and consumers to have a more nuanced understanding of the psychological processes behind decision-making. For instance, businesses could influence consumer choice by framing choices in terms of gains and losses in their marketing strategies. On the other hand, also consumers would acquire a better capacity to make more informed decisions by considering how gains and losses are perceived differently on a personal level.

Overall, the aforementioned theories are relevant to introduce how decision-making processes could be biased and influenced by multiple factors. As presented by the authors discussed in this section, cognitive biases as well as bounded rationality play a significant role in guiding individuals towards certain decisions which could be radically distant from rational choices, both in economic and in psychological terms. Consequently, behavioral economic theories are to be considered as a basis to understand the psychological mechanisms behind consumer choice and business strategies, providing a more realistic perspective on human behavior.

1.2. Jonathan Haidt's analogy "The Elephant and The Rider" on behavioral changes

Jonathan Haidt is an American social psychologist who is involved in studies concerning the functioning of human reasoning, which he analyzes focusing on our innate feelings rather than on our logic and reason. Among his literary productions, "*The Happiness Hypothesis: Finding Modern Truth in Ancient Wisdom*" is particularly meaningful to address human behavior and reasoning from a psychological perspective, providing a deeper understanding on this complex subject.

The main idea presented by Haidt in his work is that the human mind is divided into two distinct parts which are metaphorically represented by a rider who stands on a wild elephant (Haidt, 2006). On the one hand the elephant represents the unconscious and uncontrolled side of the mind, while on the

other the rider symbolizes the conscious and analytical one. The issue which underlies this separation is that the rider is unable to control the elephant because the latter is much bigger and more powerful explaining, according to the psychologist, why individuals present weaknesses in their will of mind. *Perched atop the Elephant, the Rider holds the reins and seems to be the leader. But the Rider's control is precarious because the Rider is so small relative to the Elephant. Anytime the six-ton Elephant and the Rider disagree about which direction to go, the Rider is going to lose. He's completely overmatched* (Haidt, 2006; pp. 13-19). According to Haidt, the rider is able to drive the elephant in the right direction when the latter feels calm and disciplined. On the contrary, he loses control of the animal whenever it is more emotional and it refuses to move. Therefore, it is essential for us to adopt mental tools and to choose activities which combine our intuitions with logic and rationality. Ideally, this combination would ensure that the elephant remains calm and focused on the relevant aspects of life, so that the rider can drive it along the best route to get to its destination (Haidt, 2006).

The meaning of the metaphor is that, many times, we allow our unconscious to drive our behavior and decisions instead of choosing rational options. In fact, since the elephant, which acts involuntarily, is exceedingly stronger than the rider, it is more difficult for the emotional side of the brain to adopt behavioral changes that would be rationally advisable for us. Taking this metaphor into account, it can be inferred why rational choices are generally harder to make, as it is particularly difficult to override the emotional side of our mind. In the book, the author presents several aspects of life which serve to provide a concrete insight on the functioning of “*The Elephant and The Rider*” analogy and which are aimed at allowing for a reflection on how to improve individuals’ capacity of making rational choices. For Haidt, the ultimate goal of his book is to teach people how to individuate and to use the psychological instruments that would facilitate the pursuit of happiness in life. However, for the purpose of this thesis, it is only necessary to consider Haidt’s analogy as a description of how human behavior deviates from rationality in response to psychological and emotional factors.

1.3. Schwartz's theory on "Basic Human Values"

Social-psychologist Shalom H. Schwartz has contributed to studies related to human values by formulating the "Theory of Basic Human Values", which will be examined to provide a detailed comprehension on the role of personal ethics as latent motivations and needs in people's life.

Schwartz initiates his analysis by describing the nature of values and their features. Specifically, he underlines six general aspects which characterize any type of value, independently from social or cultural differences, that will be listed below (Schwartz, 2006; pp. 3-4):

- (1) *Values are beliefs* which become infused with feelings once they are activated
- (2) *Values refer to desirable goals* that guide people towards certain actions
- (3) *Values transcend specific actions and situations*, meaning that they are relevant in multiple social contexts
- (4) *Values serve as standards or criteria*, which are employed to both select and evaluate actions. According to Schwartz, the impact of this psychological aspect is rarely consciously identifiable, since people become aware of acting following certain values only if the latter clash with others that one embraces.
- (5) *Values are ordered by importance* and they form a system of priorities which distinguishes individuals from one another.
- (6) *The relative importance of multiple values guides action* since people have to find a "tradeoff" between competing and opposite values which guides their attitudes and behaviors.

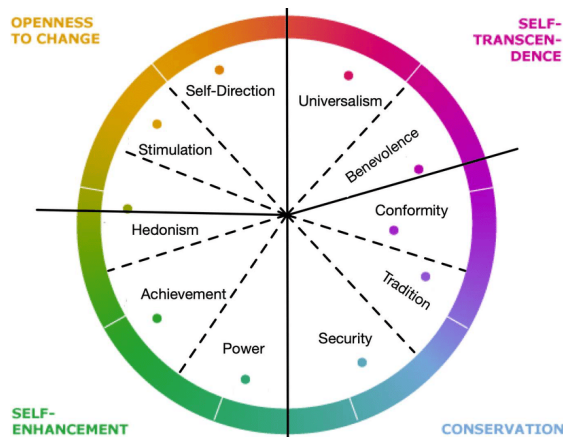
As previously anticipated, Schwartz has identified these features belonging to any value, while affirming that *what distinguishes one value from another is the type of goal or motivation that the value expresses* (Schwartz 2006; p. 4). Consequently, he has formulated the "Theory of Basic Human Values" on the basis of ten wide-ranging types of values which are differentiated by the motivations that uphold each of them. Moreover, Schwartz emphasizes that such values have a universal validity, since they individually reflect the three universal needs of human existence, precisely: *needs of individuals as biological organisms, requisites of coordinated social interaction, and survival and welfare needs of groups* (Schwartz 2006; p. 4). In order to identify these ten universal human values,

the author has considered the life goal they refer to and he has specified for each of them some value items to give concrete examples. As reported by Schwartz, people share the following sets of values, listed with their definition and with a related value item, reported in brackets (Schwartz 2006; pp. 5-8):

- (1) *Self-Direction*, deriving from the human need for control [freedom].
- (2) *Stimulation*, coming from the desire for variety [exciting life].
- (3) *Hedonism*, which responds to the need for pleasure associated with satisfying biological needs [pleasure].
- (4) *Achievement*, that highlights the importance for people of proving their competence in specific aspects of their social life [success].
- (5) *Power*, which Schwartz regards as a set of values that is socially used to justify a dimension of interpersonal relations based on dominance and submission [authority]. Therefore, it can be inferred that power values are very similar to achievement values for the motivational goals they refer to. However, while achievement values are mostly activated through a concrete interaction, power values are aimed at achieving a dominant position within a social system as a whole.
- (6) *Security*, which expresses both individual interests and wider group ones [social order].
- (7) *Conformity*, a set of values that arises from the need of preserving untroubled interactions and group relations [self-discipline].
- (8) *Tradition*, that symbolizes commitment to a group's practices and symbols, contributing to its survival [spiritual life]. The difference between tradition and conformity values is that the former subordinate individuals to more abstract objects (e.g. religious customs), while the latter request subjection to people within social interactions (e.g. parents). Additionally, tradition values derive from people's responsiveness to expectations inherited from the past.
- (9) *Benevolence*, which emphasizes a conscious concern for the well-being of others, leading to promoting social cooperation as well as supportive social relations [honesty].
- (10) *Universalism*, that derives from the need of survival at both the individual and the group level [equality]. According to Schwartz people become self-aware of universal values when they are faced with issues related to life-threats or to the scarcity of natural resources.

This implies that such values are activated in relation to concerns regarding the welfare of the larger society and of the world of nature.

Besides describing the ten universal values, Schwartz asserts that the latter are structured in a dynamic relation. This peculiarity is given by the fact that any action aimed at pursuing a value leads to practical, psychological and social consequences that are compatible with certain values but in contrast with others (Schwartz 2006). For instance, if a person wants to seek personal success, they will act in pursuit of achieving values, which are typically in conflict with actions oriented toward benevolence values. According to Schwartz, individuals could be aware that certain alternative actions conflict with each other or they could highlight inconsistencies between how someone acts and the values they claim to have. The dynamic structure described in Schwartz's theory is graphically represented in the figure below (Figure 2; "Circle of Schwartz's Theory of Values", 2019):



The circular figure represents the pattern of relations of contrast and symmetry among the set of ten values. The latter are divided based on the dimension they belong to, namely: *openness to change*, *self-transcendence*, *self-enhancement* and *conservation* (Schwartz 2006). Each of these dimensions is placed in opposition to the one they conflict with, for example *openness to change* is opposed to *conservation*. Consequently, the values which correspond to a specific dimension are those in contrast with the ones belonging to the opposed one (e.g. *stimulation* is opposed to *tradition*). It is essential to underline that the value relations are portrayed in a circular form because they form a *continuum of*

related motivations (Schwartz 2006; p. 10). As explained by Schwartz, this structure symbolizes that *the closer any two values in either direction around the circle, the more similar their underlying motivations; the more distant, the more antagonistic their motivations* (Schwartz 2006; p. 11). Furthermore, there are two principles which the structure is based on: values related to *personal gains* (e.g. stimulation) are in opposition to those which are focused on *social outcomes* (e.g. tradition); values that represent *personal growth* (e.g. self-direction) contrast with the ones expressing *self-protection* (e.g. security) (Schwartz 1992). Looking at the value circle (Figure 2), the idea that values are organized in a circular structure has two main implications for their relations: values that are adjacent in the figure are supposed to have similar associations with other variables and associations of values should decrease in both directions of the structure from those which have a stronger relation to those which present a weaker relation (Schwartz 2006). On a general stance, this argument clarifies that, in the whole circle, each set of values has a predictable order of possible associations. Consequently, it can be inferred that individuals present a system of values which is based on a coherent and logical structure. For instance, if a variable related to someone's personal background (e.g. living a wealthy life) is connected more closely to one value and furtherly from another, the association with all the other sets of values will follow the described circular pattern (Schwartz 2006). On a final note, the author argues that the validity of the figure is meant to be extended to all the value items belonging to the singular set of values, some of which were previously listed.

After discussing the ten universal values and their relations, Schwartz has included in his theory how personal ethics develop within cultural groups, as well as how they are assigned different priorities under an individual perspective. Concerning the former aspect, the author affirms that, at a societal level, the majority of cultures share a very similar hierarchy of values. Specifically, benevolence, universalism and self-direction values are placed on the highest levels, while power and stimulation values are assigned the lowest relevance. The *pan-cultural consensus* (Schwartz 2006; p. 18) on this hierarchy is determined by the functions correlated to the set of values, which respond more or less to the basic demands of human nature and to the requirements of societal functioning. Schwartz has identified three major categories of social needs: promoting and preserving cooperative and supportive relations; motivating individuals to perform productive works and to solve possible problems; legitimizing gratification for self-oriented needs and desires, as long as they are not undermining the

goals of the extended social group. Considering that values serve as *internalized guides for individuals* (Schwartz 2006; p. 3) that reduce the necessity for constant social control, it can be inferred why values which produce positive social relations are prioritized within societies (e.g. benevolence values) (Schwartz 2006). Having outlined the dynamic of value relations, the theory further illustrates the roots of these interconnections. The values that are placed on the highest positions in the hierarchy are those which manage how each individual creates their social relations and how this process needs to be reconciled with their own interests. In fact, the most important sets of ethics are related to respecting the interests of the society while pursuing personal goals. On the other hand, the values which occupy the lower ranks of the hierarchy are used by individuals to deal with a state of anxiety deriving from uncertainty in the social system (Schwartz 2006). In order to explain the role of social anxiety in promoting certain types of values, Schwartz presents a study conducted by Higgins in 1997 on people's self-regulation systems. Based on this research, Schwartz argues that people activate a dual system which regulates on one side avoidance of punishment and loss prevention, while on the other it promotes individual gains. Schwartz relates this study to his theory affirming that the first system is triggered by values belonging to *self-enhancement* and *conservation*, since they guide attention to control real or possible dangers, whereas the second system is activated by values corresponding to *openness to change* and *self-transcendence*, as they reward personal opportunities.

Although the theory examines a universal consensus in societies on the hierarchy of values, it is important to underline that this structure does not hold on to a personal level, as a consequence of several factors. Most importantly, people adjust their personal values based on their life circumstances, meaning that they consider it more important to pursue moral principles which are easily attainable in respect to those which they could achieve with more difficulty. However, this precept is true for values related to more abstract life goals (e.g. self-direction values to pursue freedom), and the opposite verifies concerning more materialistic needs (e.g. power values to obtain economic security) (Schwartz 2006). In this case, individuals tend to increasingly pursue values which are more arduous to be reached, while they downgrade the relevance of values more easily achievable. Therefore, the life background has a major influence on the construction of value priorities at the individual level. In addition to this aspect, Schwartz illustrates a series of other variables which are responsible for personal differences in the importance assigned to different sets of ethics, including:

age, gender, education and income. Among these factors, gender has an almost irrelevant influence, while age probably plays the most significant role. As discussed by Schwartz, this is due to the fact that growing older implies being decreasingly exposed to exciting possibilities for life changes and challenges, thus increasing the relevance of *conservation* values and diminishing it for *openness to change* values. Moreover, as people start forming their own families, they naturally become more concerned with the well-being of others rather than with their own goals, meaning that *self-transcendence* values turn out to be more relevant than *self-enhancement* ones (Schwartz 2006).

A final aspect to be mentioned from Schwartz's theory is that values can be used to predict behaviors. In order for this condition to verify, people's moral principles have to be activated, which could occur either consciously or unconsciously (Verplanken & Holland, 2002; Schwartz 2006). Normally, those values which come to mind more easily are more likely to be activated. Consequently, those values which are considered most important by each individual are more influential on behavioral choices, since they are mentally more accessible. Moreover, the activation process is related to any life situation which presents some value-relevant characteristics (Verplanken & Holland, 2002). For instance, if a person gets involved in a car accident, they will easily activate security values. In light of this principle, Schwartz asserts that *activating values causes behavior* (Schwartz 2006; p. 28), implying a correlational type of relation between morality and behavior rather than a causal connection. Furthermore, values represent a motivational source for people's actions. This means that the latter are regarded more attractive the more they are valued under a subjective perspective, thus promoting behaviors aimed at achieving related valued goals (Schwartz 2006). Therefore, whenever a person believes that they have the opportunity to reach high-priority values, they will have a more positive attitude towards the behaviors required to do that, but the opposite verifies if they perceive issues for values' attainment. Certainly, more important life goals will induce people to assign higher priorities to the related values. As a consequence, the more a value is given a high priority, the more individuals will decide to adopt behaviors directed towards its achievement, showing evident forms of *value-directed behavior* (Schwartz 2006).

To conclude, the *Theory of Basic Human Values* formulated by Schwartz identifies ten basic values which are universally recognized by cultures. One of the core concepts of the theory is that the ten

moral principles are connected to each other by a circular structure, which has been graphically reported above and illustrates how individuals are often faced with conflicts between opposing sets of values. Additionally, it has been discussed that the priority assigned to each of the ten basic values is widely agreed across different cultures, emphasizing the universal validity of Schwartz's model. Nevertheless, it has been also underlined that there are several factors which are responsible for individual differences in the value hierarchy, majorly related to subjective life circumstances. The theory concludes with the influence which values have on behavioral choices, claiming that people generally choose behaviors that will help them to achieve higher-priority values, disregarding lower priority ones. This argument is particularly meaningful for this thesis, since Schwartz affirms that values can be used as a basis to analyze individual differences in several spheres of behavior, including consumer choices.

1.4. Personal values in relation to personality and well-being and their implications in decision-making processes

Having discussed the *Theory of Basic Human Values*, it has been demonstrated how values strongly relate to individuals' personal and social life. This section will present a review conducted by Shalom Schwartz and Lilach Sagiv which examines the relationship between ethics and personality as well as on the influence which they have on well-being. Moreover, it will focus on another study concerning the decision-making biases that are associated with personal values (Griffiths et al. 2021).

As illustrated by Schwartz, values are personal characteristics which represent desirable goals that drive people towards specific actions (Schwartz 2006). As a consequence, they shape people's perception and behavior in relation to the surrounding environment. In particular, values could be defined as *cognitive representations* (Sagiv & Schwartz, 2022; p. 519) of the goals which individuals believe they should pursue in their life. Therefore, different degrees of importance are assigned to each value according to subjective priorities, which is one of the main characteristics which differentiates them from other personal traits. Studies have demonstrated that the value hierarchy is also stable across different life circumstances (Schwartz 1992), for instance someone who prioritizes independence is likely to do that either at work or in their marriage. The origins of value priorities derive from a combination of genetics (i.e. inherited factors) and socialization (i.e. social groups and

institutions), implying that both people's nature and nurture shape their personal ethics (Sagiv & Schwartz, 2022). Especially in relation to the latter factor, Schwartz and Sagiv highlight that certain social contexts that we get in contact with are deeply influential for the construction of our value hierarchy. Mainly, this phenomenon happens within the family (i.e. parental value socialization), at school and through culture. In addition to values, personality traits are human dispositions that *describe enduring patterns of thought, emotions and behavior* (Sagiv & Schwartz, 2022; pp. 527-528) which are rather stable both across time and contexts. However, while personal values indicate what we *aspire to*, personal traits show how we *are*, underlining a substantial difference between the two (Sagiv & Schwartz, 2022). Nonetheless, several studies have proved different degrees of correlations between personal traits and values, depending on the social context. In order to analyze this relation, Schwartz and Sagiv have taken into consideration research on the "Big Five Personality Traits", which is a psychological model firstly developed by J.M. Digman, that is commonly used to illustrate the main traits found in human personality. In particular, the correlations between each of the five personality traits (i.e. extraversion; agreeableness; openness; conscientiousness; neuroticism) (Roccas et al., 2002) and the sets of values proposed by Schwartz (Schwartz 1992) revolve around the value-circle from the most positive to the most negative association (Roccas et al., 2002). For example, individuals that present high levels of "agreeableness" are usually modest, gentle and cooperative, which are personality traits strongly compatible with benevolence and conformity values. On the contrary, these personal features are negatively associated with power values.

Concerning the influence of values on subjective well-being (SWB), Schwartz and Sagiv focus on three main aspects: how the content of values affects SWB, what are the processes that relate values to SWB and whether the external context affects the relation between values and SWB. Taking into analysis the motives expressed by values, Richard M. Ryan and Edward L. Deci have studied the "Self-determination theory" to assess strong associations between those which represent *intrinsic* motives (e.g. autonomy) and a positive growth in SWB. Consequently, the opposite verifies if values embody *extrinsic* motives (e.g. social approval) (Ryan & Deci, 1994). The main process which links values to SWB is "goal attainment", meaning that whenever individuals feel capable of accomplishing an objective related to any type of value their SWB will automatically increase (Sagiv & Schwartz, 2022). The major factor which explains this process is the perceived sense of fulfillment that leads to

a positive perception of self-affirmation, ultimately influencing individuals' well-being (Sagiv & Schwartz, 2022). Certainly, the contextual aspect is also important in shaping the correlation between values and SWB. In fact, Schwartz and Sagiv assert that the latter is likely to improve only in those contexts where pursuing a certain value would assist individuals in overcoming issues related to a given situation. For instance, in more developed countries achievement values do not contribute favorably to SWB, since high levels of ambition are often responsible for damaging healthy social relations (Sagiv & Schwartz, 2022). On the other hand, if a person shares the same values with the surrounding environment, in all probability their SWB tends to grow.

Schwartz and Sagiv also investigate the mechanisms which link values to behavior. Since they function as personal "guiding principles", they allow individuals to understand what would be rewarding or threatening in their lives (Schwartz 2006). Importantly, this process verifies more easily the more a value is mentally accessible and important to someone. Furthermore, values affect the attractiveness of behavioral choices, meaning that those actions which promote the achievement of valued objectives appear attractive, whereas those which are unfavorable for the same purpose are perceived as unattractive (Sagiv & Schwartz, 2022). The authors underline that, for specific behaviors to be adopted, individuals have to regard a certain type of conduct as relevant to a given value. This process is called *instantiation of the value* (Sagiv & Schwartz, 2022; p. 538) and it is moderately dependent on the cultural environment, especially as certain cultures impose more restrictions on people's freedom to act according to their personal values. This relationship is also meaningful to observe the influence which decision-making biases deriving from personal values have on individuals' behavioral choices. In particular, Griffiths, Thomas, and Dyer, have analyzed the Schwartz's Values Circle (Figure 2) to assess the role of ethics on heuristics and cognitive performance. Applying the system of values to theory proposed by Kahneman and Tversky on bounded rationality (§ 1.1.), the study evaluates how personal values can alter intuitive and rational decision-making processes. This research is based on experiments designed to stimulate scenarios of real-world decisions where people have to rely either on their intuition or on more analytical tools. Through this comprehensive method, researchers have demonstrated the influence that values have on people's choices, thus understanding how individuals resort more on intuitive responses or tend to rationally evaluate their behavior, based on their personal values (Griffiths et al. 2021). Specifically,

the experiment was conducted by asking a series of questions about the economic preferences of respondents in situations of potential risks. To relate this survey to values, respondents have been divided into different categories of people (Griffiths et al. 2021; pp. 33-38), precisely:

- a. *Conservative shepherds*: Shepherds represent people that are mostly driven by conformity values and risk-averse behaviors, as they prioritize respecting social norms and traditions, seeking security and stability as well as maintaining authority over others.
- b. *Self-enhancing hunters*: Hunters present the most balanced attitude in decision-making processes, since they embrace a mixture of different sets of values related to self-direction, stimulation, tradition, and conformity.
- c. *Open explorers*: Explorers generally share stimulation, self-direction and universalism values, thus exhibiting a more adventurous spirit and a risk-taking behavioral approach.
- d. *Self-actualizing/transcending philosophers*: Philosophers align with values associated with intellectuality and creativity, such as universalism and benevolence, which show independent thought, empathy, and a broader perspective on societal and ethical issues.
- e. *Conflicted moderators*: The category of conflicted moderators includes all those people that exhibit conflicting or overlapping values in their motivational profiles, implying that they generally rely on a trade-off between contrasting options when making choices.

As described, the groups of respondents are based on their dominant sets of values taken from Schwartz's theory (Figure 2), proving positive correlations between their motivational profiles and behavioral attitudes. By categorizing participants, the survey underlines how individuals respond differently to decision-making as well as cognitive processes due to their subjective value-orientations, which identifies new developments in Prospect Theory. In particular, the study demonstrates that variations concerning decision-making processes in the attitudes of different value-oriented profiles are consistent and systematic. This suggests that the main sets of values that form people's identity are responsible for predictable patterns of behavior. In fact, the answers provided by respondents show how they faced decision challenges according to their own motivational orientations, therefore reflecting the influence of the latter on how they assess risks, evaluate options, and make choices. Concerning Kahneman and Tversky's Prospect Theory, it follows that the value function of perceived gains and losses (cf. Figure 1) is shaped differently according to personal values

and motivational tendencies (Griffiths et al. 2021). Such differences are due to the fact that each value-profile assigns a level of importance to their gut feelings and to rationality when making choices which varies according to the most preponderant personal ethics. The findings support the idea that values have a critical role in mediating between the irrational and rational thinking systems (i.e. System 1 and System 2) (Kahneman, 2011), acting as a “bridge” between their cognitive processes (Griffiths et al. 2021). In fact, personal value systems serve as a filter through which individuals process information, emotions, and biases, guiding them towards decisions that align with their core beliefs and priorities. Moreover, it has been demonstrated that they impact how people weigh risks and rewards, evaluate trade-offs, and resolve conflicts between competing options (Griffiths et al. 2021). In summary, Griffiths et al. have emphasized the systematic variations influenced by personal values in how individuals with varied motivational profiles approach decision challenges. These findings underscore the significance of personal values in shaping decision-making processes and impacting the diversity in Prospect Theory's value function among different motivational types.

To summarize, this chapter has discussed how human behavior and decision-making processes are rationally limited by several factors. Analyzing both behavioral economic theories and studies related to personal values, it can be deduced that individuals internalize biases and traits which affect their perception of reality and evaluation of choices. In fact, the results of these studies highlight the relevance of cognitive biases as well as of value-orientations in shaping decision-making processes, which extends to any life circumstance, including economic decisions and consumer preferences.

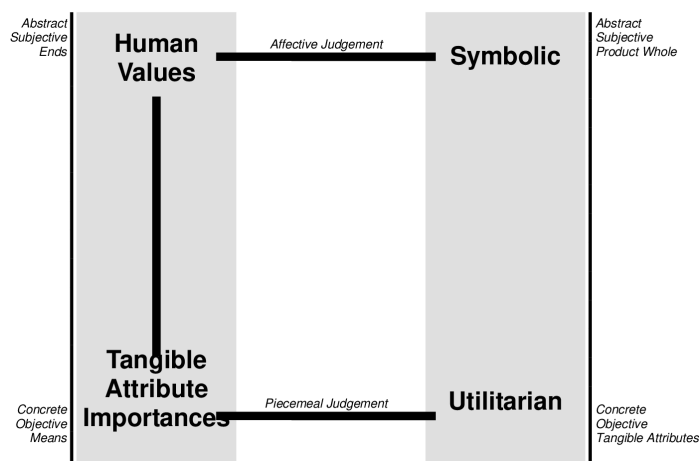
CHAPTER II

2.1. The influence of personal values in economic decisions

In the fields of Economics and Psychology, several studies have demonstrated that consumers' choice of products is frequently influenced by the personal values which they embrace. On a general note, M.B. Holbrook defines *customer value* as *an interactive relativistic preference experience* (Holbrook, 2006; p. 5), based on the interaction between an object (i.e. the product) and a subject (i.e. the consumer) which involves a threefold relative product-assessment: the comparison among different objects; the personal feeling towards a certain product; the specific situation in which the evaluation process verifies. It follows that customer value is based on a hierarchy of subjective preferences which *shape the essence of the consumption experiences* (Holbrook, 2006; p. 9). In turn, the *relativistic preference experience* described by Holbrook is additionally influenced by individuals' personal values, highlighting that the latter are used by consumers as a fundamental element for evaluating products. This phenomenon arises from two consequential mental processes, originally introduced by M. Rokeach and Feather, namely *abstraction* and *generalization* (Allen & Ng, 1999; p. 7). The former process is initiated by either a positive or a negative experience with an object that leads a person to form evaluative beliefs on the aspect of the object considered the cause of the experience. Secondly, once all the parts of the object have been evaluated, they are synthesized to form a general attitude. Having completed the process of abstraction, the attitude formed towards a specific good is generalized to all other goods perceived alike. This association between an individual's evaluative beliefs and their attitudes is also defined as the "Value-Attitude-Behavior Hierarchy" (Homer & Kahle, 1988). The model proposes that values have an indirect influence on behavior through attitudes, meaning that there is hierarchy of cognitions which extends from the more abstract ones (i.e. values) to mid-range perceptions (i.e. attitudes), which ultimately guide behavior. For instance, a survey conducted by Homer and Kahle, found that values affect attitudes regarding the consumption of natural food, further influencing shopping behavior for the purchase of that type of goods (Homer & Kahle, 1988). The analysis of this model is particularly significant in understanding how human values influence consumer choice. Precisely, it highlights that moral beliefs shape attitudes towards economic goods which, in turn, guide product preferences. In addition to the process activated by the

value-attitude-behavior hierarchy, there are two key effects on consumption behavior that derive directly from personal values. Firstly, the latter can lead consumers to buy products which have a meaning similar to a certain value or to a set of values which they embody. On a second stance, a strong affect for a certain value directs the evaluation of a product's meaning into someone's personal sphere (Allen & Ng, 1999). For example, a person who considers "prestige" as morally valuable is inclined to purchase goods which are associated with that concept (e.g. a luxury car) and their evaluation of such goods would be enhanced by the importance they assign to the value of prestige. Therefore, it can be inferred that human values can influence consumer choice both according to products' meaning and through their positive or negative evaluation based on value-affectation. In particular, M.W. Allen and S.H. Ng have outlined two major "routes" through which human values operate on consumer preferences, differentiated by the type of product meaning and by the judgment used to evaluate a given good. In fact, human values are believed to have an indirect influence on product choice when consumers attribute importance on the products' *utilitarian meaning* making a *piecemeal judgment*; on the contrary, human values have a direct influence on product choice if consumers evaluate the *symbolic meaning* of goods making an *affective judgment* (Allen & Ng, 1999). In the first scenario, *utilitarian meaning* refers to the apparent function of economic goods, thus it is an objective meaning which can be perceived through the five senses and derived directly from the product in-use. Individuals tend to assign this type of meaning to products if they value being in control of their environment, thus paying attention to a good's *physical performance, degree of functionality and ability to control the environment* (Allen & Ng, 1999; p. 10). An example of utilitarian meaning would be to consider that a car simply allows to move from point A to point B. As mentioned, the utilitarian meaning is evaluated through a *piecemeal judgment*, which is described as a mental process that progresses from one product-attribute to the other, using logical and systematic reasoning. Therefore, the overall judgment of a product corresponds to an "algebraic" combination (Allen & Ng, 1999; p. 10) of the importance assigned to each attribute, that is shaped by personal values through the aforementioned generalization process, showing an indirect influence on consumer choice. The opposite verifies when people mainly focus on the subjective symbols related to commercial products, meaning those abstract beliefs associated with the latter that represent their extrinsic qualities. For instance, a luxury bag could be viewed as a symbol of an exclusive social status. According to M.W. Allen and S.H. Ng, symbols can derive from either cultural principles or

from social categories. The former refer to all those values and personal beliefs which people use to evaluate the environment as well as themselves, while social category symbolism is related to goods that are usually purchased by a specific category of people. Consequently, the values endorsed by a certain social category simultaneously become part of the product it owns. As described, when evaluating the symbolic meaning of goods, people employ an *affective judgment*, which is activated by the symbols assigned to an object's tangible attributes. In order for this process to occur, it is necessary that the attributes maintain the specific configuration of their symbolic meaning, since the specific symbol referred to a product is not interchangeable (Allen & Ng, 1999). Additionally, as the symbolic meaning derives from the product as a whole, the affective judgment is triggered by two fundamental criteria: *subjectivity* and *holism* (Allen, 2006; p. 33). When applying this type of assessment, values have a direct influence on consumer preferences. In fact, individuals adopt a subjective cognitive process which symbolically associates the self to the object examined (Allen & Ng, 1999). In short, M.W. Allen and S.H. Ng have proposed a conceptual model to explain the influence of human values on product ownership, suggesting that moral principles have a direct or an indirect influence on consumer choice depending on the meaning assigned to a product and the type of judgment used to evaluate it. A graphic representation of this theory is illustrated in the picture below (Figure 3; Allen & Ng, 1999):



In addition to the study previously described, Allen, Ng, and M. Wilson conducted a second research aimed at ascertaining how individuals are more inclined to look either at the utilitarian meaning of products through a piecemeal judgment or at the symbolic meaning through an affective judgment, depending on the type of values they favor. Specifically, the study revealed that individuals who assign more importance to *instrumental values* have a predisposition to evaluate a product's utilitarian meaning making a piecemeal judgment. Conversely, those who prioritize *terminal values* prefer to consider a good's symbolic meaning making an affective judgment (Allen et al., 2002). The difference between instrumental and terminal values is that the former represent beliefs about *desired modes of action* (e.g. being independent), while the latter are considered as beliefs about *desired end-states* (e.g. freedom) (Allen et al., 2002; p. 111). Considering this aspect, the authors affirm that the influence of instrumental or terminal values on attitudes is reflected in the objects that individuals aspire to own based on the aspects of life they deem more significant (i.e. modes of action or end-states). Moreover, it has been demonstrated that, if individuals strongly relate values to their self-concept, those values will be increasingly relevant in their self-expression as well as in their attitudes. As a consequence, the more values are meaningful to someone, the more they will attribute importance to terminal values, being the latter more related to the self-concept (Allen et al., 2002). Differently, people who usually take into consideration a product's instrumental values have a predisposition for adopting instrumental attitudes in the every-day life, thus examining the realistic representation of an object when making economic choices (Allen et al., 2002). In fact, the study underlines that instrumental values are associated with instrumental functions, while terminal values serve expressive functions. In relation to consumption behavior, these findings suggest that individuals identify with a certain product either valuing its intrinsic qualities (i.e. *means to an end needs*) or evaluating the product's capacity to be used for self-expression (i.e. *social-adjustive* or *self-consistency needs*) (Allen et al., 2002; pp. 130-133). Certainly, the preference for these two types of needs is also dependent on the product itself, since some categories of goods are generally considered more instrumental, while others more expressive (e.g. kitchen utensils and clothes). Nonetheless, psychological and behavioral research has also revealed that some consumers are subjectively more inclined to evaluate products through an instrumental or an expressive attitude, independently from the product function. Still, the preference for a certain good is typically given by a series of factors, precisely: *the sum of its attributes, their subjective importance, the extent to which each attribute satisfies a certain value and relevance of the*

latter for the individual (Allen, 2006; pp. 30-33). Furthermore, M.W. Allen asserts that consumers often remain unaware of their use of psychological symbols when evaluating a product's symbolic meaning. That is because their moral beliefs are normally culturally shared, therefore they are frequently activated automatically when making economic choices. On the other hand, examining a product's utilitarian meaning is associated with an objective evaluation of a concrete experience with a good, thus consumers are able to recognize the elements which they are judging when making a purchase (Allen, 2006). Analyzing the reported studies, it can be inferred that the psychological mechanisms which derive from personal values have a powerful impact on economic preferences.

Along with personal values, researchers have emphasized the importance of the emotions elicited by consumption in increasing satisfaction among consumers. Notably, D.M. Phillips and H. Baumgartner have examined how affective variables (i.e. emotions and values) have a significant role in determining consumers' emotional and behavioral responses in the market (Phillips & Baumgartner, 2002). In particular, they evidenced that any type of affective variable strongly guides consumers' satisfaction response throughout the consumption experience, thus playing a crucial role in the decision-making process as well as the evaluation of the product or service. To assess these results, the model proposed by D.M. Phillips and H. Baumgartner focuses on the idea that, by analyzing consumers' subjective and emotional experience with a certain product, affective variables become crucial to determine their satisfaction and willingness to purchase (Phillips & Baumgartner, 2002).

In summary, it has been demonstrated that human values influence consumer preferences through several mechanisms, which vary according to the kind of moral principles and to the importance they have in the personal sphere. Generally, values influence both the evaluation of the object itself and the formation of related attitudes which will guide consumption behavior. Therefore, the findings from the studies examined offer a relevant theoretical framework for understanding the significance of personal values in the economic domain.

2.2. Values as predictors of consumer behavior

Consumer behavior is defined as fulfilling individual needs in its basic form; however, this description is not sufficient to explain the underlying mechanisms of consumption in modern society (Sevgili & Cesur, 2014). Indeed, as it has been previously evidenced, usually individuals select items that produce positive consequences for value fulfillment, depending on the social context and on one's personal traits (Kahle & Xie, 2015). It derives that when consumers consider that a certain product or brand contributes to their value fulfillment, they will find it more attractive, which increases their purchase intentions. Moreover, values are considered as an antecedent of products' perceived utility, emphasizing their relevance in shaping consumer preferences for both product categories and brands (Kahle & Xie, 2015). Taking this argument into account, consumer and behavioral studies highlight that consumption goods are almost never considered as merely means-to-an-end objects; rather, their perceived meaning often embodies social statuses or categories with their inherent values. Notably, F. Sevgili and S. Cesur have used Schwartz's value circle (Figure 2) as the reference measurement to understand how personal values can be used as *predictors* of consumer preferences. The surveys directed by the researchers prove that self-enhancement values are positively correlated with shopping frequency, meaning that individuals who prioritize this category of values are inclined to buy more often. Conversely, self-transcendence and conservation values present a negative relation with the same parameter (Sevgili & Cesur, 2014).

The interesting aspect of this study is the introduction of materialism as an additional value which guides consumption mediating with the other moral principles. Materialism is defined as *devotion to material needs and desires, to the neglect of spiritual matters; a way of life, opinion, or tendency based entirely upon material interests* (Richins & Dawson, 1992; p. 304). The classical meaning of materialism has been further enlarged M.L. Richins and S. Dawson to three dimensions related to consumer behavior, specifically *acquisition centrality*, *acquisition as the pursuit of happiness* and *possession-defined success* (Richins & Dawson, 1992; p. 303). Concerning the first one, materialist people consider possessions and their acquisition as the core principle of their lives, therefore they adjust their behavior to increase personal properties. *Pursuit of happiness* implies that material assets are perceived as essential for life satisfaction and well-being, while *possession-defined success*

indicates that materialist people tend to judge their own achievements as well as those of the others in terms of the possessions accumulated (Richins & Dawson, 1992). Additionally, materialism is divided into two sub-groups based on the purposes of consumption: *instrumental materialism*, which considers objects as means to pursue one's values and life goals and *terminal materialism*, for which possession is an end in itself (Richins & Dawson, 1992; p. 305). By considering the acquisition of possessions as a desirable behavior that enables consumers to reach enticing end states, materialism acts as an additional personal value which guides people's conduct in economic choices. Therefore, it can be inferred that those who positively evaluate materialism in their lives will show a different shopping behavior compared to those that place lower value on the acquisition of objects (Richins & Dawson, 1992). Based on this research, it is possible to establish a relation between the personal values derived from Schwartz's value circle and materialism, where some are more related to materialistic preferences than others (Sevgili & Cesur, 2014). Specifically, materialism is negatively correlated to moral principles concerned with the well-being of others, such as benevolence and universalism. In fact, individuals who prioritize self-transcendence and conservation values display low levels of materialistic attitudes. On the other hand, all those values oriented towards individuality, for example power or hedonism, present a strong match with materialistic behavior. Accordingly, self-enhancement values are positively correlated with materialism, thus they emphasize consumption as means to achieve success and happiness (Sevgili & Cesur, 2014). An enlightening example of this theory is the propensity to purchase environmentally friendly products, which is positively correlated with either self-transcendence or conservation values, but it contrasts with materialistic behavior. Consequently, individuals who are more centered on self-enhancement values, thus being more inclined towards materialism, will be less likely to adopt sustainable shopping habits. This observation clarifies the mediating role of materialism as a value between other moral standards and consumer preferences (Sevgili & Cesur, 2014), and it is particularly significant in comprehending how values can be used as predictors of consumer behavior, especially in relation to shopping frequency.

2.3. The relation between personal values, ethical behavior and consumer preferences

Nowadays, an increasing number of consumers show concerns in regard to ethical consumption as well as to the impact of their shopping behavior on the environment and the society. At the individual

level, personal values have a significant role in shaping ethical beliefs and in judging ethically questionable consumer practices. The first advances in this area were achieved with the *Hunt–Vitell model* (1986; 1993), which identifies several internal factors (e.g. individuals’ morality and personal characteristics) responsible for variances in ethical beliefs and ethical behavior (Steenhaut & Van Kenhove, 2006). As it has been previously addressed, human values have a significant influence in consumer preferences and this phenomenon also extends to ethical consumption. Concerning this aspect, a meaningful contribution has been made by S. Steenhaut and P. Van Kenhove, who have focused on the analysis of the relationship between personal values, ethical ideology and ethical beliefs. Examining the moral principles embraced by individuals, the research demonstrates that consumers’ value priorities have a strong effect on their ethical beliefs, which are ultimately reflected in their economic choices. Using Schwartz’s value-circle (Figure 2) it was possible to derive from the four sets of values how people construct their ethical ideology in different ways. The first value-category addressed in the study encompassed “conservation values”, which were proved to enhance individuals’ willingness to evaluate ethically questionable practices as inappropriate. Indeed, people who prioritize values of conservation as opposed to “openness to change values” in Schwartz’s value-circle, will display an intolerant judgment of unethical consumption behaviors, thus guiding their consumer preferences towards more ethical options (Steenhaut & Van Kenhove, 2006). Secondly, the study compared the other two conflicting sets of values, namely “self-transcendence” and “self-enhancement”. This distinction highlighted that the latter are more compatible with an immoral behavioral disposition, since unethical consumer practices are often adopted to pursue personal interests. Conversely, self-transcendence values are related to a stronger ethical mentality, as people who favor this type of morality are more concerned with the well-being of those around them. As a consequence, people who rank higher self-enhancement values in their moral priorities, tend to accept ethically questionable practices, showing a higher probability of being tolerant when judging unethical consumer options (Steenhaut & Van Kenhove, 2006). In addition to the mentioned results, the research emphasizes the mediating role of idealism and relativism in the relation between personal values and ethical beliefs. Consumers that show elevated levels of idealism judge acts as either right or wrong independently from the context, normally sticking to moral absolutes and traditional norms when making ethical evaluations (Steenhaut & Van Kenhove, 2006). Therefore, people who show this characteristic are usually more attached to conservation values, consecutively being highly critical

towards unethical consumer behavior. On the contrary, relativism brings individuals to assess the ethical adequacy of their choices according to the situation. Considering this definition, the authors infer that relativistic individuals are closer to self-enhancement values and are more likely to adopt ethically questionable practices in their economic choices (Steenhaut & Van Kenhove, 2006).

Although ethical ideology guides consumers' preferences, the majority of people fails to properly support it in their purchases. This phenomenon is described as the *intention-behavior gap* (Carrington et al., 2014; p. 2759) and it assumes that, despite their ethical intentions, individuals have to engage in a complex introspective process to correctly adopt new ethical behaviors and to transform them into habits. As a consequence, the majority of people fail to follow their ethical dispositions during their shopping activities. According to recent studies, there are four factors that explain the misalignment between genuine ethical intentions and concrete shopping behavior: *the prioritization of ethical concerns; the formation of plans and habits; the willingness to commit and sacrifice; the modes of shopping behavior* (Carrington et al., 2014; p. 2762). Concerning the first factor, it is essential to mention that people principally focus on two types of ethical concerns during their shopping activities, specifically "primary ethical issues" and "secondary ethical issues" (Carrington et al., 2014; p. 2762). Between the two, only the former issues are reflected in our economic choices, therefore it is fundamental to form a scale of ethical priorities in order to be able to adopt enduring behavioral changes. Through this process, our habitual consumption behavior would be based on planning and committing to the actions that we perceive as more ethically important (Carrington et al., 2014). As it has been explored in the previous chapter (§ 1.2.), it is extremely hard for individuals to change their usual behavioral patterns. Consequently, the absence of a priority-scale of primary ethical beliefs, together with an inaccurate planning of actions, would allow non-ethical habits to continuously affect shopping behavior, regardless of consumers' moral concerns. Certainly, this situation additionally requires the sacrifice of various economic aspects, such as purchasing power or products' convenience and perceived quality, proving why only primary ethical concerns are eventually mirrored in our final purchases (Carrington et al., 2014). As a consequence, if the *intention-behavior gap* is reduced through the mentioned decision-making and behavioral processes, it will be easier for consumers to translate their ethical economic preferences into real modes of shopping.

In light of these analyses, it follows that individuals' ethical ideology and disposition in regard to their consumption behavior depends on their value priorities (Carrington et al., 2014), further illustrating how the latter guide economic preferences in multiple ways.

2.4. The influence of consumer values on brand preferences

The aforementioned studies have demonstrated that personal values represent important variables underlying human behavior, thus also influencing economic choices. In light of this theoretical framework, further research has focused on the influence of values particularly on brand preferences, proving the relevance of self-identity for brand selection.

The concept of *brand personality* is a metaphor used in the marketing field to explore consumer preferences by describing brands as if they were real people (Huang et al., 2012; p. 7). As a consequence, the compatibility between an individual's personality and that of a brand is a strong predictor of their preferences (Yang et al., 2015). This implies that it is essential for businesses to consider personal traits, including values, to identify and target potential consumers. Initially, marketing studies related to brand preferences revealed the existence of a psychological path, precisely the *means-end chain model* (Dibley & Baker, 2001; p. 79) which guides consumers towards brands which are perceived as satisfying personal values. The *means-end chain model*, firstly presented by T.J. Reynolds and J. Gutman in 1988, is based on the associative links between three levels of consumption: the physical and abstract attributes of products belonging to a specific brand; the products' related functional and psychological consequences and benefits; the ability of such benefits fulfilling one's terminal and instrumental values (see par. 2). This cognitive process underlines that buyers select companies for their purchases according to the extent to which their morals would be satisfied and on the basis of their functional and emotional value propositions (Dibley & Baker, 2001). It derives that analyzing an individual's values allows researchers to understand the affiliation to specific brands beyond more superficial information such as demographic or lifestyle surveys (Kahle & Xie, 2015). In fact, brands themselves build their image upon abstract *brand concepts* (Torelli et al., 2012; p. 92) that resemble human-like characteristics, including values, goals and emotions. This management strategy is particularly useful to capture users' favorable responses,

since it provides individuals with emotional as well as motivational meanings to associate with a brand rather than simply presenting products' functional attributes. Furthermore, matching cultural values with abstract brand concepts allows firms to have a better access into local markets by inducing people to consider such brands as meaningfully beneficial for their value attainment (Torelli et al., 2012). As it has been previously discussed, value-priorities are both subjectively and culturally differentiated across individuals, meaning that consumers will be attracted by a brand associated with certain values depending on the importance they assign to the latter. For example, the brand *Coca-Cola* is related to the value of enjoying life, thus people that feel close to this end-state are more likely to purchase *Coca-Cola* products (Torelli et al., 2012; p. 93). Consequently, marketers design brands' abstract value to attract a specific category of consumers, gaining their preference and differentiating them from other competitors. Importantly, marketing research highlights that it is essential for brands' identities not to represent contrasting sets of values. In fact, such inconsistency would create a sense of mistrust among consumers, leading them to negatively evaluate the brand messages (Torelli et al., 2012). Considering Schwartz's sets of values (Figure 2), it is demonstrated that it is not possible to pursue opposing human values, however adjacent sets could be incorporated simultaneously (Torelli et al., 2012). Therefore, if a brand is associated with a particular abstract concept (e.g. self-enhancement), it would elicit a negative response from consumers by adding conflicting values (e.g. self-transcendence values) to its identity. Nevertheless, it could still incorporate values belonging to an adjacent set (e.g. conservation values). In spite of that, the negative effect produced by incompatible brand concepts could be moderately counterbalanced by the alignment between the newly added concept and shared consumers' cultural values (Torelli et al., 2012). An additional aspect that shall be considered is the relevance of social contexts in shaping people's value-orientations which are, in turn, reflected in their brand preferences. In particular, the study discussed proposes a distinction between horizontal and vertical social systems and combines both with individualistic values (e.g. self-enhancement) and collectivistic ones (e.g. self-transcendence) (Torelli et al., 2012). First of all, *vertical societies* are founded on accepted hierarchies, in which every individual is different and inequality is tacitly accepted, whereas *horizontal societies* price equality and consider each person as having the same social position as the others (Torelli et al., 2012; p. 96). By merging these two kinds of social environments with value-orientations, it is possible to derive general cross-cultural preferences that illustrate which brand concepts would appear more attractive as representations of

human values in various societies. For instance, people belonging to horizontal cultures who share individualistic values are inclined to focus on expressing their uniqueness, thus they would be appealed by a brand that incorporates openness to change concepts (e.g. Apple) (Torelli et al., 2012). On a general level, the combination between horizontal/vertical types of societies and individualistic/collectivistic value orientations enables to assess four different predictions of brand preferences, precisely: an *horizontal-individualistic* orientation leads consumers to liking brands expressing openness concepts; a *vertical-individualistic* orientation influences consumers on preferring brand concepts expressing self-enhancement; an *horizontal-collectivistic* orientation brings consumers to prefer self-transcendence brand-concepts; a *vertical-collectivistic* orientation makes consumer favor brands representing conservation concepts (Torelli et al., 2012; pp. 96-97).

Overall, value structures deeply influence the relation between consumers and brands. Moreover, these findings demonstrate that brand concepts representing human values are potential instruments to predict which type of consumers are likely to be captured both as single individuals and as entire societies, depending on cultural orientations. To conclude, empirical evidence highlights that promoting human values is useful for predicting brand meanings that would be more (or less) favorably accepted by consumers (Torelli et al., 2012). Additionally, it illustrates which brand concepts can resonate with consumers that share different cultural orientations.

2.5. Marketing strategies: brand identity and value co-creation to develop deeper consumer-brand relations

Nowadays the economic environment is becoming extensively challenging and competitive for brands, implying a necessary shift from classic conceptions of marketing strategies and customer engagement. Historically, the relationship between consumers and firms was focused on the mere exchange of goods, thus brands were not particularly concerned with creating their own identities and establishing unique experiences with their customers. Conversely, contemporary marketing studies illustrate a completely different approach employed by brands regarding their self-presentation in the market, which is majorly centered on the co-construction between brands and consumers of value as well as personalized experiences (Tynan et al., 2010). On the one hand this strategy allows brands to

differentiate themselves from others, while on the other it creates relatable brand identities that establish a stronger relation with consumers, increasing their preferences.

The concept of brand identity encompasses a variety of features associated with a firm, such as personality, positioning (Mindrut et al., 2015) or symbolism (Tynan et al., 2010). Furthermore, brand identities are necessary to transmit images and perceptions to customers, who will eventually evaluate products according to either tangible or intangible components they encounter during their shopping. In order to build brand identities that can resonate with the public, contemporary studies emphasize the necessity of establishing mutual relations between firms and consumers. Specifically in relation to values, the process of *value co-creation* between a firm and consumers is essential to provide people with an experiential component (Tynan et al., 2010; p. 1156) which ensures that the brand has a personal and relational value to customers. The general framework of values that can be associated with a brand is extremely broad, as it includes *functional/instrumental value, experiential/hedonic value, symbolic/ expressive value, and cost/sacrifice value* (Tynan et al., 2010; p. 1158). For instance, the perceived quality of products would satisfy a functional/instrumental value (i.e. quality), while the aesthetics would serve an experiential/hedonic type of value (i.e. beauty) (Tynan et al., 2010; p. 1158). Moreover, there are other characteristics related to a brand that serve as sources of values, such as the products, the information related to a firm as well as the cultural and social environment where it operates (Tynan et al., 2010).

The studies described demonstrate the relevance of values for creating more personal relations between brands and consumers. Broadly speaking, the brand-consumer interactions encompass several forms of involvement between a person and a firm, for instance product purchase or the interaction on social media. According to the form of engagement which they experience, and the information received, consumers develop perceptions and feelings in regard to a certain brand that are crucial for maintaining a solid and durable relationship as well as loyalty and trusteeship. In turn, such relations will positively influence consumer preferences as people are more prone to purchase from brands they feel connected with. In fact, economic and behavioral research highlights that the interactions between consumers and firms is analogous to those between people (Fournier, 1998). This phenomenon is also referred to as *the relationship metaphor* (Fournier, 1998; p. 344) and it illustrates

how individuals establish emotional connections and personal bonds with brands as they would in real-life relationships. Therefore, the metaphor implies that brand-consumer interactions are potentially based on a deep engagement, loyalty, trust and emotional significance, underlying a complex system of relational components that resemble those which are at play in human connections (Fournier, 1998). Considering this aspect, it is possible to argue that consumers evaluate brands beyond basic economic considerations, as they grow an emotional attachment to firms which is based on previous experiences, shared values and product functional as well as symbolic features. Accordingly, such strong relations positively influence purchase intentions, together with brand reputation in the market.

In light of the analyzed studies, the contemporary economic landscape requires brands to adopt marketing strategies oriented towards establishing mutual relations with customers, especially focusing on values. The process of value co-creation is becoming progressively more important to establish brand identities that can resonate with consumers through a better personalized experience. Indeed, as consumers develop emotional attachments to firms based on shared values, they will be highly inclined to keep buying products from those brands they have a connection with, regardless of other competitors.

2.6. Marketing strategies: the increasing value of sustainability

The previous sections have underlined the influence of personal values on consumer economic and brand preferences. Consumption represents a sphere of life which contributes to creating and demonstrating to others one's identity and priorities, therefore consumers are more willing to buy products for companies that represent and share their own values.

At present, an increasing number of people is directing their attention on environmental concerns, thus shifting their consumption towards more sustainable goods and brands. Arguably, sustainability can be considered as an emerging *megatrend* (Bernyte, 2021; p. 26), implying that environmental issues and their social implications are increasingly factored in by customers when selecting their purchases. In fact, people are visibly more aware of the negative impact that unsustainable

consumption habits and economic choices have on the environment, which translates into behavioral changes in respect of shopping frequency as well as product choice. Certainly, such variations depend on consumers' sensitization to climate change and socio-ecological problems, together with their perception of products' socio-ecological qualities, individual net benefits and available sustainable alternatives (Belz & Schmidt-Riediger, 2009). In relation to this aspect, there are majorly three distinct categories of consumers, which are differentiated according to the value they assign to environmental concerns and sustainable economic choices. Precisely: the first group presents high levels of socio-ecological consciousness and willingness to take action in this regard, thus people who belong to this category highly value product's ecological features and would accept to pay higher costs for sustainability purposes; the second group incorporates people with high levels of socio-ecological consciousness, but they are reluctant to prioritize sustainability if they have to make compromises for product quality; the last group comprises people who are not particularly sensitive to environmental issues, consequently being unwilling to pay higher costs and to compromise in relation to price and product performance (Belz & Schmidt-Riediger, 2009; p. 402). In accordance with the previous assertions, these distinctions derive from individual value-orientations and value-priorities. Nonetheless, concerns related to scarcity of resources, environmental costs and increasing levels of pollution are becoming key drivers for consumer preferences in the majority of economic fields. In fact, engaging in a more *mindful consumption* (Sheth et al., 2011; p. 21) is increasingly considered necessary for the individual as well as the community's well-being. The notion of mindful consumption is presupposed on *consciousness in thought and behavior about consequences of consumption* (Sheth et al., 2011; p. 27), meaning that it comprises either socially and environmentally oriented consumption behavior and the values underneath it (Bernyte, 2021). As presented by S. Bernyte, the latter are distinguished into *personal*, *social* and *environmental* values (Bernyte, 2021; p. 29) and they lead consumers to adopt different environmental-friendly behaviors that are reflected in their economic choices. Specifically, personal values enhance people's sensitivity to taking care of themselves and their happiness and to focusing on having a healthy lifestyle. The most common consumer practice stemming from these values is the growing trend of consuming locally grown foods and preferring plant-based diets (e.g. vegetarianism or veganism). Social values are reflected in individuals' inclination to seek for social cohesion and collective well-being, finding happiness through interpersonal relations. In consumer preferences, these social values drive an increased

demand for brand transparency regarding the information provided about products and services. As a consequence, consumers who highly prioritize social values will show preferences for companies that clearly communicate their identity and characteristics, together with brands that play an active role in solving social problems. Lastly, environmental values are founded on three perceptions of the environment, namely: *intrinsic* (i.e. derived from the ecology tradition), *instrumental* (i.e. based on the obligation of protecting the environment regardless of any utilitarian concern) and *aesthetic* (i.e. viewing natural spaces as aggregational spaces) (Bernyte, 2021; p. 30). Therefore, in consideration of environmental values, consumers will pay greater attention to the conditions under which products are produced to assess their environmental impact. In general, people look for information related to *material and water use, emissions, effect on water quality of production and waste* (Bernyte, 2021; p. 30). Accordingly, people that exhibit environmental values are prone to purchase from brands that take care of the environment by using sustainable means of production, thus selling environmentally friendly items (Bernyte, 2021).

Taking into account the increasing value of sustainability among consumers, it follows that firms have to develop “sustainable marketing” strategies which can better accommodate emerging needs and expectations and create enduring value-based relations. In fact, it is fundamental for marketers to realize the meaningfulness of sustainable purchases for consumers and adapt brand communication strategies to emerging environmental concerns. For instance, this aspect is particularly apparent in the food as well as in the automobiles industries, which represent two of the economic sectors that are majorly concerned with sustainability-related problems. Consequently, the analysis of their marketing strategies has evidenced linkages to customers’ values of *empathy, family care, transparency and trust* (Bernyte, 2021; p. 32). From a general perspective, sustainable marketing investigates customers’ needs and wants, developing sustainable solutions and communications (Belz & Schmidt-Riediger, 2009). Specifically, Belz and Schmidt-Riediger have outlined five broad dimensions of sustainability marketing: *ecological product quality, social product quality, market segmentation* (i.e. aggregating potential consumers into sub-groups based on a series of factors) (Tarver, 2024), *targeting* (i.e. identifying a specific group of people that are more likely to be potential consumers because of their characteristics) (I. Team, 2024) and *positioning* (i.e. the practice of establishing the image or identity of a brand or product to make consumers perceive it in a specific way) (C. Team, 2023) (Belz &

Schmidt-Riediger, 2009; p. 406). Overall, the majority of companies have decided to target socio-ecological issues to align with the emerging trend of consumers to include sustainability among the values influencing their consumption choices. Nonetheless, brands implement different market strategies which address sustainability issues to a varying degree. According to the relevance assigned to environmentalism, firms are classified into four groups: *performers*, *followers*, *indecisive* and *passive* (Belz & Schmidt-Riediger, 2009; p. 401). In order, these clusters incorporate sustainable means of production and sustainability marketing strategies to a descending extent. Consequently, firms belonging to each cluster will attract different groups of consumers on the basis of the importance attributed to the value of sustainability.

Moreover, sustainable marketing could also serve to bring about changes in the economic field by promoting a more sustainable form of consumption. In order to accomplish this objective, firstly it is necessary to understand the type of firms' potential consumers, in conformity with their value-orientations towards *consumption behavioral propensity* (i.e. how much people are willing to consume regardless of their basic needs) and *consumption attitude* (i.e. caring or non-caring for their environmental impact) (Sheth et al., 2011; p. 30). In line with people's propensity to change their consumption habits, firms could promote economic incentives or "intrinsic" rewards (i.e. being presented as a company's role model customer) (Sheth et al., 2011; p. 33) for consumers that adopt sustainable behaviors. For instance, retail companies *H&M* and *& Other Stories* offer, respectively, in-store vouchers and discount codes for customers who drop off old clothes of any brand and in any condition (Stedman, 2020).

Certainly, sustainable marketing is not sufficient to promote long-lasting behavioral consumption changes. Primarily, it is crucial for governments to take decisive action to achieve tangible results for sustainable economic development. Therefore, they are required to promote more eco-friendly economic policies and to implement new regulations to foster sustainable production and consumption (Sheth et al., 2011). Nevertheless, the increasing value of sustainability among customers indicates an opportunity for brands to positively contribute to the growth of a more sustainable world community.

2.7. When values no longer meet: brand misconduct and the effects on repurchase intentions

The expression *brand misconduct* delineates a behavior or a statement by a brand that disappoints consumers' or the public's expectations (Hsiao et al., 2015; p. 862). There are several actions constituting a brand's wrongdoing, such as product or service-related defects as well as socially or ethically questionable practices (Hüber et al., 2010). A famous example of this kind of behavior is the abuse of child labor for production perpetrated by sport retail companies such as *Nike*, *Adidas* and *Puma* (Hsiao et al., 2015; Hüber et al., 2010). In general, academics have classified brand misconduct actions into four main categories: *product quality differing from customer expectations*, *lack of service orientation*, *symbolic-psychological misconduct* and *socially debatable actions* (Hsiao et al., 2015; p. 863). Altogether, these behaviors represent companies' failures to fulfill promises made to consumers, resulting in a deterioration of the brand-customer relationship.

As it has been formerly described, customers build personal interactions with brands that mirror human relationships. Consequently, the components which constitute the brand-consumers relations are of high significance for determining the potential negative impact of companies' breaches of loyalty towards their customers. First, relationship quality provides information about the stability of interactions between people and firms. In fact, a positive brand-consumer relation creates strong emotional attachments of the individual to the brand, thus increasing repurchase intentions which are aimed at maintaining a good relationship (Hüber et al., 2010). Moreover, the intensity of interactions is an important factor to be taken into consideration. Therefore, if a person has regular and frequent interactions with a brand, and they are consistently of good quality, the overall quality of the relation is expected to increase (Hüber et al., 2010). Another factor which positively influences the quality of the brand-consumer relation is the similarity of the partners involved. In particular, the concept of *self-congruence* (Hüber et al., 2010; p. 1114) describes a solid compatibility between brand's personality and individuals' "actual" self-concept (i.e. one's realistic perceptions of themselves) or "ideal" self-concept (i.e. one's idea of how they would like to be) (Hüber et al., 2010; p. 1114). It follows that self-congruence strengthens the meaningfulness of interactions between brands and consumers, since individuals feel that companies sufficiently satisfy their needs in both situations. By constructing a significant relationship based on the aforementioned components, consumers create

beliefs about the terms of a “mutual contract” with firms, also defined as a *psychological contract* (Gong & Wang, 2021; p. 608). By submitting to this commitment, customers form subjective perceptions about the promises made by a company, either deriving from advertisements and communications or from personal beliefs that are not necessarily promoted by the brand (Gong & Wang, 2021). According to this notion, a psychological breach of brand contract indicates consumers’ affective state of anger and resentment which derives from a cognitive evaluation that a brand has broken its promises and has failed to respect its obligations. Indeed, given the emotional attachment emerging from a brand-consumer relation, if a brand behaves in a manner contrary to expectations, people face a strong emotional suffering, which might include *feelings of betrayal, deeper psychological distress, a sense of injustice, resentment and wrongful harm* (Gong & Wang, 2021; p. 610). As a consequence, consumers who feel disappointed by the actions of a brand drastically lower their repurchase intentions, perceiving that the elements essential for a positive relation with a brand have been compromised. This phenomenon is particularly likely to be verified when consumers realize that a brand is no longer aligned with their personal values. Since the latter are essential elements in self-identity and are largely reflected in consumer preferences, people will rapidly lose trust and decrease their loyalty towards brands that engage in behaviors that contradict their value priorities. This is due to the fact that, in line with the aforementioned sections, consumers prefer to buy from brands that mirror their personal values and beliefs, enabling them to express their identity through their purchases. Consequently, value misalignment between consumers and brands is extremely harmful for the brand-consumer relation. In addition, studies have demonstrated that long-term consumers evaluate brand misconduct more negatively than those who have engaged in a short-time relationship. Therefore, the negative effects deriving from brands’ negative behaviors on repurchase intentions are exacerbated by the depth and duration of consumers’ emotional attachments (Hüber et al., 2010).

Furthermore, breaches in brands’ conduct could trigger people into engaging in behaviors meant to harm the brand (i.e. *dysfunctional consumer behavior*) (Gong & Wang, 2021; p. 610). One of the most common actions is *spreading the brand’s negative word-of-mouth* (Gong & Wang, 2021; p. 611), meaning that consumers attempt to destroy the brand’s reputation by sharing with other people their related negative experience and feelings through different means (e.g. during conversations or on

social media). Secondly, consumers could respond to perceived violations of conduct by *retaliating the brand*, thus adopting “intentionally destructive behaviors directed toward a brand” (Gong & Wang, 2021; p. 611). Lastly, another common practice employed for punishing a company is *brand boycotting*, which corresponds to consumers’ withdrawal from any relation with a brand (Gong & Wang, 2021; p. 611).

To compensate for their wrongdoing, brands have multiple options for reparative actions, including brand apology and restitution (Gong & Wang, 2021). The former refers to a firm’s *acknowledgement of responsibility and expression of regret* (Gong & Wang, 2021; p. 612), which demonstrates to consumers a sincere commitment to avoid future repetition of a certain negative behavior, thus reducing anger or resentment feelings. This process is necessary to guide people toward forgiving a violation of their relationship with a brand, as the company genuinely demonstrates responsibility for its actions. On the other hand, brand reparation involves *offering compensation for loss caused by the brand* (Gong & Wang, 2021; p. 613), which increases consumers’ perception of justice and satisfaction, mitigating their negative feelings. Hence, also compensating for firms’ misconduct largely contributes to incentivizing individuals’ forgiveness.

Overall, the analysis of the consequences of brand misconduct on consumer-brand relation and repurchase intentions is meaningful for the discussion as it underlines the importance of personal values in shaping consumer preferences and shopping behavior. In particular, it has been demonstrated that a breach between individuals’ and brands’ values results in negative perceptions of the brand, damaging its reputation in the market. Ultimately, these events distance consumers from companies which no longer represent their personal values, consequently reducing their repurchase intentions.

CHAPTER III

3.1. Exploring the influence of social media users' values and perceptions on brand related activities and consumer preferences

Social media has rapidly become a structural part of people's lives, particularly among younger generations. Users use social media platforms to share personal experiences, opinions and feelings on a daily basis, thereby creating a continuous flow of information which largely influences consumer preferences. In fact, online communities allow individuals to create and share contents which provide them with information regarding commercial products, such as prices, availability and attributes (Malik et al., 2016). Moreover, research demonstrates that consumers perceive reviews found on social media about brands and products as more reliable and trustworthy, thus they look for companies' related information more on such platforms than on specialized websites (Nikolinakou & Phua, 2019). It follows that social media has a strong influence on consumer perceptions and behavior, as it creates a public forum where everyone can freely express their opinions on commercial companies and products, helping others in their purchasing decisions (Malik et al., 2016). Specifically, the economic decision-making process is based on a threefold organization: *information, consideration and purchase* (Malik et al., 2016; p. 259). This means that some consumers will buy a certain product, make their opinions about it and they will finally share them with other people. Afterwards, many of these experiences will be shared on social media communities, finally guiding other users in their decision-making process (Malik et al., 2016). Considering the increasing number of alternatives available on the market, the majority of firms have adapted their marketing strategies to emerging consumer habits and behavior. Therefore, they highly rely on social media means of advertisement, including user-generated contents, influencers' marketing and brand communities (Nikolinakou & Phua, 2019). This shift towards online tools for brand communication brings a subsequent positive growth of companies' sales, reputation and image, which contributes to attracting new consumers and increasing engagement (Malik et al., 2016).

As mentioned, social media represents a digital means for self-expression. As a consequence, users share contents and participate in social media discourses according to their inner traits, including values and personality. Furthermore, individual differences delineate why and how social media is used in the first place. Interestingly, research studies (Chen et al., 2014) have focused on the use of words and written expressions to identify individuals' value orientations, which extensively explain variations in online behavior. As values determine what is important in people's lives, they also influence users' choice of words, both in writing and in conversations. Analyzing the sets of values from Schwartz's value circle (Figure 2), it is possible to find meaningful associations between online word use and moral standards (Chen et al., 2014). To begin with, self-transcendence values show positive correlations with words that express focus on others, such as inclusivity, humans and first-person plural expressions. In addition, they are related with complex words and phrases that indicate "in-depth thinking". On the other hand, people that conform with self-enhancement values tend to use simpler words and rarely use social media to give suggestions and recommendations to others. Conservation values are frequently associated with the utilization of words that communicate certainty, for instance "always" and "everything", together with sentences pertaining to family. Additionally, users who embody this category of values demonstrate to be more self-constrained when writing on social media platforms. Lastly, openness-to-change value orientation suggests a frequent use of swear words and a vocabulary that indicates absolute certainty (Chen et al., 2014; pp. 412-413). The study described suggests that the way in which users interact on social media is a useful predictor of their personal values, which allows firms to better capture potential customers.

In addition to the aforementioned, personal values are meaningful indicators of how users are likely to engage in brand-related social media activities, ranging from posting *product reviews*, *sharing promotions* and *user-created contents* (e.g. #justdoit for Nike) (Nikolinakou & Phua, 2019; p. 13). To address this issue, value-orientations will be again derived from Schwartz's value circle (Figure 2). According to A. Nikolinakou and J. Phua, conservation values represent the most significant drivers of individuals' involvement with brands on social media platforms, substantially influencing brand sharing and content creation. Indeed, such activities are viewed as a way to help other consumers in their economic choices, while reinforcing relations with trustworthy and reliable companies, which equally represent behaviors related to this type of morals. As for sharing brand reviews and brand

information, the analysis evidence that such activities are likely to be performed in response to self-enhancement values. This correlation is explained by the fact that people who present a strong affection for self-enhancement value-orientations tend to use social media as instruments for enhancing their self-concept, thus they will prefer to post contents that make them feel unique and distinctive (Nikolinakou & Phua, 2019). Conversely, it is estimated that individuals characterized by openness-to-change values perceive content creation as a way to express their creativity and receive continuous stimuli. Hence, they will favor content creation for brand-related activities on social media, as it increases their opportunities of interacting with online communities. On a final note, self-transcendence values are negatively correlated with brand engagement on social media. This result derives from consumers' skepticism in regard to philanthropic initiatives that companies frequently promote online (Nikolinakou & Phua, 2019). Despite the intent to demonstrate concern about social issues, users that give importance to self-transcendence values perceive firms' attempts to be more ethical as inauthentic. In turn, their likelihood for posting brand-related contents on social media is extremely low (Nikolinakou & Phua, 2019).

The emergence of social media in the marketing sphere has brought about evident changes in consumer preferences and behavior. The studies illustrated highlight the significance of social media platforms in shaping individuals' perceptions about brands and products, with reviews and interactions playing a fundamental role in economic decision-making. Moreover, this research provides interesting insights relating to the significant influence of personal values in determining how people engage with brands on social media, which could facilitate a precise targeting of consumers.

3.2. Social media algorithms and users' self-identities: the impact of TikTok generation Z's self-perceptions, personal values and behavior

As previously analyzed, social media has a significant influence on people's perceptions and decision-making process. To provide a meaningful example of this growing phenomenon, it will be addressed how social media *TikTok* constitutes a key driver in shaping self-identities and behaviors of Gen Z (i.e. people born during the late 1990s and early 2000s) (Eldridge, 2024). Precisely, a brief study

conducted by C.G. Ionescu and M. Licu will illustrate the impact of TikTok's algorithm on perceived identities and personal values.

Since the launch of the digital application in 2016, TikTok has rapidly become the most popular social media among generation Z all over the world, counting over one billion users monthly (Ionescu & Licu, 2023). The platform's success can be attributed to its extremely personalized algorithm, which shows users an unlimited stream of contents aligned with their personality and inner values, enhancing positive experiences and promoting psychological well-being (Ionescu & Licu, 2023). In spite of that, this personalized approach generates cognitive biases and could lead to the radicalization of personal beliefs, as users lack direct access to contents misaligned to their self-identity. Furthermore, the algorithm used for content sharing has been declared severely addictive, especially for younger generations. In fact, they perceive the videos they watch on TikTok as representative of their *social, sexual* and *cultural identities* (Ionescu & Licu, 2023; p. 2), as well as of their personal values and interests. The study uses the metaphor of the *Crystal Framework* (Ionescu & Licu, 2023; p. 3) to describe users' attitudes on TikTok as resembling the properties of crystals. In particular, people recognize some aspects of their self-identities, including personal values and personality traits, in the posts they engage with in their feeds. Therefore, the algorithm used on TikTok *reflects back* (Ionescu & Licu, 2023; p. 4) some users' personal characteristics, resembling the properties of crystals. Because of the generated positive experiences, users refer to the platform as a *safe space* (Ionescu & Licu, 2023; p. 4) where they can freely express themselves and belong to a community. In turn, people engage with contents that influence their self-perceptions and behaviors.

Nonetheless, there are potential risks associated with how the algorithm used on TikTok represents users' identities. For instance, according to the *Identity Strainer Theory* (Ionescu & Licu, 2023; p. 3), the platform's feeds suppress contents associated with social minorities, based on individuals' characteristics including *race, ethnicity, body size and physical appearance, together with LGBTQ+ identities* (Ionescu & Licu, 2023; p. 3). Specifically, this occurs unless users proactively engage with videos related to the aforementioned social identities, for example by liking related videos and following creators belonging to those groups. It follows that this mechanism reinforces personal values and beliefs by consistently offering an interactive content that perfectly aligns with individuals'

identities, suggesting a reluctance to access videos and profiles that have a lower correspondence with their values. Although TikTok's algorithm is considered one of the most dangerous for creating this *filter bubble effect* (i.e. the effect of algorithms that isolated people from information and perspectives they haven't already expressed an interest in) (GFCGlobal), it does not have a direct knowledge of people's values in real life, nor it attempts to change them (Ionescu & Licu, 2023). However, it is important to consider that social media have a profound influence on users' self-perception, as well as on personal development concerning identity, personal values and both online and offline behavior.

In conclusion, despite concerns regarding the tailored approach of its algorithm, TikTok represents a powerful force in shaping users' self-perceptions, personal values and behavioral patterns. As social media continues to evolve, it is essential to examine the delicate balance between personalization and preservation of diversity, in order to ensure more inclusivity and equity on social media platforms.

3.3. Research question “How do personal values influence people’s economic decisions?” and findings

According to social-psychologist Shalom H. Schwartz, human values can be understood as abstract representations of desired end-states that serve as guiding principles in our life. For the purpose of this thesis, it has been reported Schwartz's “Theory of Basic Human Values”, which identifies ten fundamental values recognized universally across cultures. This theory is particularly relevant for the discussion as it is used as a reference point by the majority of the consumer and marketing studies examined in the thesis. A core concept of Schwartz's argument is the interconnectedness of values within a circular structure (Figure 2), which explains the conflicts often arising between opposing values and the relations among the four main value-dimensions (i.e. *openness to change*, *self-transcendence*, *self-enhancement* and *conservation*). The thesis discusses that the prioritization of these ten basic values is widely consistent across different cultures, underscoring the universal applicability of Schwartz's model. However, life circumstances as well as other personal factors explain individual differences in the hierarchy of values. Additionally, the theory posits that values significantly influence behavioral choices, with individuals typically choosing actions that fulfill their higher-priority values while overlooking those of lower priority. The analysis of Schwartz's theory is

particularly relevant to this thesis, as it illustrates that personal values can serve as a foundation for understanding individual differences in various behaviors, including consumer choices.

Before addressing consumer preferences and economic decision-making processes, this research indicates how values are reflected in human behavior and decisional patterns. On a general note, personal ethics influence the appeal of behavioral choices, making actions that promote valued objectives seem attractive, while those that hinder these objectives are perceived as unattractive. Furthermore, the achievement of actions that contribute to value-fulfillment generates a positive growth in people's well-being, since this process leads to a favorable view of self-affirmation. Concerning the broader domain of Behavioral Economics, the thesis discusses the role of ethics on heuristics and cognitive performance. Specifically, it is suggested that the main values that form people's identity are responsible for predictable patterns of behavior. In fact, the studies analyzed evidence that personal value systems serve as a filter through which individuals process information, emotions, and biases, guiding them towards decisions that align with their core beliefs and priorities. This mechanism is explained by the mediating role that values play between our rational and irrational cognitive systems (i.e. System 1 and System 2) (§ 1.1.), which emphasizes systematic variations in how individuals with varied motivational profiles approach decision challenges according to their value-priorities. In addition, this thesis presents new developments in Prospect Theory, demonstrating that personal values have an evident impact in the diversity of Kahneman and Tversky's value function (Figure 1) among different value-orientations. Overall, by analyzing behavioral economic theories and studies on personal values, this research demonstrates the importance of cognitive biases and value orientations in shaping decision-making processes. In turn, these psychological processes influence all aspects of life, including economic decisions and consumer preferences.

Having provided a general framework on the relation between human values and behavior, the thesis focuses on the influence of personal ethics and consumption. Depending on the type of moral principles and their importance in individuals' lives, human values influence consumer preferences through various mechanisms. Generally, they affect both the evaluation of the object and the formation of related attitudes that guide consumption behavior. In fact, consumers are inclined to buy products which have a meaning similar to a certain value or to a set of values which they embody. On a second

stance, a strong affection for a certain value directs the evaluation of a product's meaning into someone's personal sphere, implying that the judgment of commercial goods is driven by the subjective importance assigned to higher-priorities values. As argued in relation to behavioral choices, when consumers perceive that a product or brand aligns with their values, they find it more attractive, increasing their purchase intentions. This decisional model demonstrates that values are seen as precursors to perceived product utility, further highlighting their role in shaping consumer preferences. Therefore, consumer studies analyzed in this thesis underline that consumption goods are often viewed not just as means to an end, but rather as representations of social statuses and personal values.

Specifically in relation to brand preferences, the research explores evidence suggesting that value structures deeply influence the relation between consumers and companies. Broadly speaking, consumption plays a significant role in influencing and displaying one's identity and priorities, leading consumers to prefer purchasing products from companies that reflect and share their values. Consequently, the findings proposed in the thesis demonstrate that brand concepts representing human values are potential instruments to predict which type of consumers are likely to be captured by brand-identities as well as advertisement campaigns. In light of these arguments, this thesis claims that the process of value co-creation is increasingly important for building brand identities that resonate with consumers through more personalized experiences. In fact, as the latter form emotional attachments to firms based on shared values, they are more likely to continue purchasing from those brands, despite the presence of competitors. To provide a concrete example, it is shown how most companies have chosen to address socio-ecological issues to align with the growing trend of consumers who highly value sustainability in their purchasing decisions. In addition, the discussion examines the impact that brand misconduct has on the brand-consumer relation. Indeed, analyzing this phenomenon is particularly meaningful, as it highlights the role of personal values in shaping consumer preferences and behavior. In particular, based on empirical research, the thesis demonstrates that a misalignment between an individual's values and those of a company leads to negative brand perceptions, consequently harming its market reputation. This disconnection ultimately drives consumers away from companies that no longer reflect their values, thereby decreasing their repurchase intentions.

The final part of this thesis focuses on the relation between social media, personal values and users' perceptions. The relevance of this brief analysis is given by the increasing influence that social media has on consumer preferences and behavior. Therefore, the research summarizes findings that emphasize the crucial role social media platforms play in shaping individuals' perceptions of brands and products. Particularly, it demonstrated that online engagement activities, including reviews and interactions, are fundamental to economic decision-making. Additionally, these studies offer valuable insights into how personal values greatly influence people's engagement with brands on social media. On a final note, the specific case of social media TikTok is examined as an interesting example on how the platform shapes the construction of personal identity among youths. Among other considerations, the thesis describes the metaphor of the *Crystal Framework*, which posits that people often see reflections of their self-identities, including personal values and personality traits, in the posts they interact with on their feeds. Consequently, TikTok's algorithm "reflects back" users' personal characteristics, resembling the properties of crystals. It follows that TikTok is a powerful influence in shaping users' self-perceptions, personal values and behavioral patterns, leading to further consequences on economic preferences and decision-making processes.

To summarize, this dissertation aimed to answer a specific research question: *How do personal values influence people's economic decisions?* The discussion demonstrates how psychological theories can be applied to understand the subjective relationships consumers build with the commercialized world around them. Overall, the studies employed for this research show that personal values influence the products people find attractive, as well as their purchasing decisions, and the personal relationships they establish with brands.

3.4. Implications of the research

This thesis analyzes personal values as means to comprehend economic decision-making processes and consumer preferences. Consequently, the results and findings reported have potential impacts in personal well-being as well as in marketing, advertising and brand strategies.

First, the research provides meaningful insights on the relation between human values and behavior, specifically focusing on consumption. Under an individual perspective, recognizing how value-

satisfying purchases enhance personal satisfaction and psychological well-being would lead to more thoughtful purchase decisions. In turn, this process would also increase personal fulfillment and authenticity which positively promote happiness as well as facilitate pursuing personal life goals. In fact, being aware of how their values influence their economic preferences and decisions, individuals would be more able to ensure that their actions align with their personal beliefs. This alignment would foster a sense of personal authenticity and integrity, as people make choices that truly represent who they are and what they stand for. Furthermore, consistency between values and actions largely contributes to a stable and confident sense of the self, meaning that awareness of the link between values and economic decisions would help consumers maintain coherence in their actions. Therefore, this coherence would reduce internal conflict and cognitive dissonance, thus limiting potential disconnect between moral principles and purchases. Additionally, understanding the influence of personal values in economic decision-making would allow consumers to adopt more socially and environmentally conscious shopping habits. In fact, people who exhibit higher levels of *conservation* and *self-transcendence* values (§ 2.3.) would contribute to broader environmental benefits by prioritizing sustainable brands and products, as these choices strongly align with their core value orientations. Moreover, this approach could minimize the *intention-behavior gap* (§ 2.3.) that hinders people's successful adoption of more ethical consumption habits.

Concerning implications for market companies, there are several aspects that businesses could consider in order to implement more tailored strategies and better meet the needs and desires of their target audiences. On a general note, the thesis presents research findings that underline the importance for companies to build identities that resonate with consumers' values. Companies should focus on the process of value co-creation with their customers (§ 2.5.) which would foster personalized consumer experiences. In fact, through this process brand personality becomes more vivid and relatable, as people actively participate to companies' self-identity construction (i.e. *I am what I buy*) (Huang et al., 2012; p. 22). Consecutively, this approach would allow precise brand messaging and positioning that is essential for establishing enduring relations with consumers and positively contributing to a brand's reputation in the market. Additionally, firms have to commit to non-contradictory value orientations (§ 2.5.), as to avoid sending conflicting messages that would limit the creation of strong emotional connections and brand loyalty. Moreover, by identifying and

understanding the personal values of different consumer segments, companies could create more targeted and effective advertising campaigns. For instance, considering the case of sustainability (§ 2.6.), a brand could emphasize its sustainability practices and eco-friendly products in its messaging to attract consumers with strong environmental values. Lastly, the analysis of the findings underlines how promoting activities for customer engagement further enhances brand perception. This is particularly evident for social media contents that brands increasingly produce and promote via their target customers, for instance #GoPro and Apple #ShotoniPhone (Nikolinakou & Phua, 2019). Accordingly, companies should differentiate their audiences on the basis of the human values framework (Figure 2) which would allow them to understand what types of branded content people would be more motivated to create and share. This implies that brands should concentrate on the values that characterize users in order to encourage online activities such as *sharing of information, promotions, reviews, ads, and stories, as well as the creation of brand-related content* (Nikolinakou & Phua, 2019; p. 20), thus building personalized consumer-brand relations. Companies should therefore emphasize online activities that could resonate with *conservation* (e.g. word-of-mouth), *openness-to-change* (e.g. content creation through videos, images and stories) or *self-enhancement* (e.g. informational posts) values to maximize customer engagement (Nikolinakou & Phua, 2019; p. 20). In summary, recognizing the influence of personal values in consumer preferences would allow marketers to create more authentic, relevant, and resonant experiences. Consequently, aligning marketing strategies with consumer values would lead to more effective and meaningful consumer engagement, stronger brand loyalty, and better differentiation in the marketplace.

CONCLUSION

Departing from the research question “How do personal values influence people’s economic decisions?”, this thesis has explored the role of personal values in guiding economic decision-making and consumer preferences.

Firstly, the thesis has presented Behavioral Economics theories concerning decision-making biases and bounded rationality, in order to provide a theoretical framework on the psychological mechanisms that influence consumption behavior. These theories have demonstrated that economic choices are largely determined by irrational factors, which derive from individuals’ inner characteristics as well as external contexts. Furthermore, the research has examined Schwartz’s theory on “Basic Human Values”, which served to introduce the meanings of “personal values” and to outline ten broad categories of human values inherent to individuals independently from their social and cultural environment. This theory is particularly relevant as it is used as a reference point by the majority of the consumer and marketing studies discussed in the thesis.

Considering this theoretical background, the research methodology of this thesis has been based on exploring psychology and marketing studies that investigate the significance of human values in product and brand selection, revealing a strong correlation between value orientations and consumer preferences. Overall, the studies examined have highlighted how psychological mechanisms rooted in personal values guide individuals’ behavior and translate into economic decisions. Moreover, the research has illustrated that individual differences in personal values among people lead to varied economic choices, further evidencing the relation between moral principles and economic decision-making processes.

Subsequently, the research has focused on the intersection between human values, brand identity and brand preferences. In particular, it analyzed how marketing strategies and brand communication tools have evolved to reflect the increasing influence of personal values in economic decisions. Besides, the growing importance of sustainability has been presented as a contemporary example of the impact

of consumer values on brands' advertisement and identity-creation. Concerning the relationship between firms and consumers, the thesis described the potential consequences related to cases of brand misconduct, illustrating how negative behavior can alienate consumers whose values no longer align with those of the brand. The research concluded with a brief investigation on the relationship between social media and users' self-perceptions, ultimately describing the influence of social media platform *TikTok* on generation Z's personal values and behaviors.

In conclusion, this thesis has delved into the intricate relationship between personal values and consumer preferences across different levels of product choice, from categories to specific brands. By exploring the predictive power of values in such consumer scenarios, this study contributes to the theoretical framework concerning the underlying drivers that guide purchasing decisions. Ultimately, this research attempts to enhance classic understanding of consumer behavior, as well as to provide valuable insights for building marketing strategies that align with the values that truly resonate with target audiences, increasing purchase intentions. Overall, the aim of this analysis was to gain a clearer picture of how deeply personal values shape the way individuals engage with the vast landscape of products and brands, highlighting the profound connection between inner beliefs and consumer choices.

In essence, at the heart of every consumer decision lies the power of personal values.

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