Learning Outcomes

LO1 Explain why marketing managers should understand consumer behavior

LO2 Analyze the components of the consumer decision-making process

LO3 Explain the consumer’s postpurchase evaluation process

LO4 Identify the types of consumer buying decisions and discuss the significance of consumer involvement

LO5 Identify and understand the cultural factors that affect consumer buying decisions

LO6 Identify and understand the social factors that affect consumer buying decisions

LO7 Identify and understand the individual factors that affect consumer buying decisions

LO8 Identify and understand the psychological factors that affect consumer buying decisions
What is your buying behavior?

Using the scales below, enter your answers.

1 2 3 4 5

Very often Sometimes Never

I have felt others would be horrified if they knew of my spending habits.
I've bought things even though I couldn't afford them.
I've written a check when I knew I didn't have enough money in the bank to cover it.
I've bought myself something in order to make myself feel better.
I've felt anxious or nervous on days I didn't go shopping.
I've made only the minimum payments on my credit cards.

Now, total your score. Read the chapter and find out what your score means at the end.

Virgin Mobile USA courts Gen Y

Identifying changes in consumer behavior often requires picking up a small blip on a marketer’s radar that over time becomes more and more obvious. Virgin Mobile USA took advantage of Gen Yers’ discontent with the current product and service offerings in the wireless phone market by creating marketing campaigns and calling plans aimed directly at this group of consumers, including lots of ring tones, no contracts, and phones that play music and video.

Many Gen Yers associated existing brands, like Nextel, with their parents, so Virgin Mobile repositioned its line of phones with a new slogan: “Live without a plan. The phone of choice for hipsters, slackers, and many people in between.” Virgin Mobile’s pay-as-you-go plan appeals to Gen Yers because many of them do not have the credit card required to activate a phone. The pay-as-you-go plan also gives users more control over their minutes by offering them three options designed for individuals with different usage patterns—Month2Month, Day2Day, and Minute2Minute. To further entice Gen Yers, some Virgin handsets are cobranded with MTV; all of them bear hip names such as the Party Animal, Slider, Vox, Rave, and most recently Snapper, which is Java- and 3G-enabled and features a 1.8-inch, 65K color display.

Virgin Mobile offers other value-added benefits such as rings from popular artists like Mystikal, Linkin Park, and JayZ; movie theme rings; and the “rescue ring,” which is a preprogrammed incoming call to help you “escape from a bad date.” Over 40 percent of subscribers use *MTV, which allows users to access music news and gossip, play games, vote for videos, and text message the popular MTV show Total Request Live.

Over 60 percent of Virgin Mobile subscribers send more than 25 text messages per month—more than twice the activity of the average consumer.

Howard Handler, chief marketing officer of Virgin Mobile USA, says, “IM is a huge part of our customers’ lives. It’s an everyday form of communication for them.” For that reason, Virgin Mobile recently partnered with OZ to bring the AOL Instant Messenger service to the youth market.

Virgin Mobile USA’s Gen Y campaigns have been a big success. The company now has over three million subscribers—a remarkable achievement considering the product was launched just a little over three years ago—and continues to sign up thousands of young adults every day. Not only is Virgin Mobile attracting customers, but it is focusing on their needs and desires in terms of postpurchase services. In a study by Market Strategies, Inc., Virgin Mobile rated 95 percent in customer satisfaction. Another independent study rated Virgin Mobile USA number one in customer satisfaction among all prepaid wireless services.¹

If you get your phone from a carrier other than Virgin Mobile, what makes your current plan more appealing, and what might motivate you to switch? What factors are likely to affect mobile phone service purchasing decisions of Gen Yers in the future?
The Importance of Understanding Consumer Behavior

Consumers’ product and service preferences are constantly changing. In order to address this constant state of flux and to create a proper marketing mix for a well-defined market, marketing managers must have a thorough knowledge of consumer behavior. Consumer behavior describes how consumers make purchase decisions and how they use and dispose of the purchased goods or services. The study of consumer behavior also includes an analysis of factors that influence purchase decisions and product use.

Understanding how consumers make purchase decisions can help marketing managers in several ways. For example, if a manager knows through research that gas mileage is the most important attribute for a certain target market, the manufacturer can redesign the product to meet that criterion. If the firm cannot change the design in the short run, it can use promotion in an effort to change consumers’ decision-making criteria.

In the opening vignette, you learned that Virgin Mobile USA understood that Gen Yers wanted freedom and control over their calling plan and value-added services such as ring tones, instant messaging, and music. The company successfully appealed to this market segment by developing a marketing strategy that met its targeted consumers’ needs, wants, and desires.

The Consumer Decision-Making Process

When buying products, consumers generally follow the consumer decision-making process shown in Exhibit 5.1 on page 141: (1) need recognition, (2) information search, (3) evaluation of alternatives, (4) purchase, and (5) postpurchase behavior. These five steps represent a general process that can be used as a guide for studying how consumers make decisions. It is important to note, though, that consumers’ decisions do not always proceed in order through all of these steps. In fact, the consumer may end the process at any time or may not even make a purchase. The section on the types of consumer buying decisions later in the chapter discusses why a consumer’s progression through these steps may vary. Before addressing this issue, however, we will describe each step in the process in greater detail.

Need Recognition

The first stage in the consumer decision-making process is need recognition. Need recognition occurs when consumers are faced with an imbalance between actual and desired states. For example, have you ever gotten blisters from an old running shoe? Or maybe you have seen a TV commercial for a new sports car and wanted to buy it. Need recognition is triggered when a consumer is exposed to either an internal or an external stimulus. Internal stimuli are occurrences you experience, such as hunger or thirst. For example, you may hear your stomach growl and then realize that you are hungry. External stimuli are influences from an outside source such as someone’s recommenda-
tion of a new restaurant, the color of an automobile, the design of a package, a brand name mentioned by a friend, or an advertisement on television or radio.

A marketing manager’s objective is to get consumers to recognize an imbalance between their present status and their preferred state. Advertising and sales promotion often provide this stimulus. Surveying buyer preferences provides marketers with information about consumer wants and needs that can be used to tailor products and services. For example, Procter & Gamble frequently surveys consumers regarding their wants and needs. P&G used the Internet to test market its Crest Whitestrips home-bleaching kit, as well as its extensions of the initial product such as Whitestrips Premium/Whitestrips Premium Plus and Night Effects/Night Effects Premium. The test revealed that 80 percent of potential buyers were women between the ages of 35 and 54, thus identifying the best target market for the product. The company was then able to fine-tune its marketing plan before launching the product nationwide. In another example of how far P&G will go to learn about market trends, the company videotapes consumers at home in its own version of reality TV to learn things about them that surveys do not reveal.

Marketing managers can create wants on the part of the consumer. A want exists when someone has an unfulfilled need and has determined that a particular good or service will satisfy it. When college students move in to their own apartment or dorm room, they often need to furnish it and want new furniture rather than hand-me-downs from their parents. A want can be for a specific product, or it can be for a certain attribute or feature of a product. In this example, the college students not only need home furnishings, but also want items that reflect their personal sense of style. Similarly, consumers may want ready-to-eat meals, drive-through dry-cleaning service, and Internet shopping to fill their need for convenience.

Another way marketers create new products and services is by observing trends in the marketplace. IKEA, the home furnishing giant, watches the home decor trends and then creates affordable, trendy furniture. For example, marketers at IKEA realized that Generation Y consumers prefer furniture that is stylish, easy to clean, multifunctional, and portable. As a result, IKEA uses “bold orange, pink and green colors.” The wood boasts a lacquered finish that can be wiped clean and doesn’t need polish. IKEA also
offers a space-saving, multifunction desk that can be converted into a dining table; it has wheels so that it can be easily moved.4

Consumers recognize unfulfilled wants in various ways. The two most common occur when a current product isn’t performing properly and when the consumer is about to run out of something that is generally kept on hand. Consumers may also recognize unfulfilled wants if they become aware of a product that seems superior to the one currently used. Such wants are usually created by advertising and other promotional activities. For example, aware of the popularity of MP3s and consumers’ desire to take their music with them, car stereo manufacturers such as Sonicblue and Kenwood have added MP3 interfaces. Other companies, including Apple, Microsoft, RCA, and Creative Technology, are hoping to fulfill consumer desires for smaller audio and video players, referred to as portable media centers. The newest devices have wireless Internet connection capabilities providing access to downloadable movies and TV as well as music and video games. But Apple continues to lead the field with its iPod Shuffle and Nano and extensive downloadable music and TV programs.5

Marketers selling their products in global markets must carefully observe the needs and wants of consumers in various regions. Unilever hit on an unrecognized need of European consumers when it introduced Persil Tablets, premeasured laundry detergent in tablet form. Though the tablets are more expensive than regular detergents, Unilever found that European consumers considered laundry a chore and wanted the process to be as simple and uncomplicated as possible. Unilever launched the tablets as a less messy and more convenient alternative. The laundry tablets were an immediate success in the United Kingdom and enabled Unilever’s Persil brand to beat out rival Procter & Gamble’s best-selling Ariel powder detergent.6

INFORMATION SEARCH

After recognizing a need or want, consumers search for information about the various alternatives available to satisfy it. For example, as gasoline prices increase, many people are searching for information on vehicles that use alternatives to gasoline, such as Honda’s hybrid models. An information search can occur internally, externally, or both. In an internal information search, the person recalls information stored in the memory. This stored information stems largely from previous experience with a product. For example, while traveling with your family, you encounter a hotel where you stayed during spring break earlier that year. By searching your memory, you can probably remember whether the hotel had clean rooms and friendly service.

In contrast, an external information search seeks information in the outside environment. There are two basic types of external information sources: nonmarketing-controlled and marketing-controlled. A nonmarketing-controlled information source is not associated with marketers promoting a product. These information sources include personal experiences (trying or observing a new product); personal sources (family, friends, acquaintances, and coworkers who may recommend a product or service); and public sources, such as Underwriters Laboratories, Consumer Reports, and other rating organizations that comment on products and services. For example, if you are in the mood to go to the movies, you may search your memory for past experiences at various cinemas when determining which one to go to (personal experience). To choose which movie you will see, you may rely on the recommendation of a friend or family member (personal sources). Alternatively, you may read the critical reviews in the newspaper or online (public sources). Marketers gather information on how these information sources work and use it to attract customers. For example, car manufacturers know that younger customers are likely to get information from friends and family, so they try to develop enthusiasm for their products via word of mouth.

On the other hand, a marketing-controlled information source is biased toward a specific product, because it originates with marketers promoting that product. Marketing-controlled information sources include mass-media advertising (radio, newspaper, television, and magazine advertising), sales promotion (contests, displays, premiums, and so forth), salespeople, product labels and packaging, and the Internet. Many
consumers, however, are wary of the information they receive from marketing-controlled sources, believing that most marketing campaigns stress the product's attributes and ignore its faults. These sentiments tend to be stronger among better educated and higher-income consumers. For instance, in spite of extensive advertising highlighting its philanthropic activities, Philip Morris continues to have a poor reputation among consumers. In fact, after a survey revealed that an extensive image campaign had not changed consumer opinion about the company, Philip Morris decided to change its corporate name to Altria to shift the focus away from the Philip Morris brand and onto the company’s other brands like Kraft Foods, Maxwell House, Nabisco, Oscar Meyer, Post, and Tang. In another example, surveys showed that consumers were skeptical about quality assurance advertisements made by Bridgestone's Firestone Tires in the wake of the company's massive tire recall.7

The extent to which an individual conducts an external search depends on his or her perceived risk, knowledge, prior experience, and level of interest in the good or service. Generally, as the perceived risk of the purchase increases, the consumer enlarges the search and considers more alternative brands. For example, suppose that you want to purchase a surround sound system for your home stereo. The decision is relatively risky because of the expense and technical nature of the stereo system, so you are motivated to search for information about models, prices, options, compatibility with existing entertainment products, and capabilities. You may decide to compare attributes of many speaker systems because the value of the time expended finding the “right” stereo will be less than the cost of buying the wrong system. In contrast, more than 60 percent of bar patrons don’t know what they will drink until seconds before they place their order, challenging the marketers of alcoholic beverages to find ways of “educating” potential customers on the spot.8

A consumer’s knowledge about the product or service will also affect the extent of an external information search. A consumer who is knowledgeable and well informed about a potential purchase is less likely to search for additional information. In addition, the more knowledgeable consumers are, the more efficiently they will conduct the search process, thereby requiring less time to search. For example, many consumers know that AirTran and other discount airlines have much lower fares, so they generally use the discounters and do not even check fares at other airlines.

The extent of a consumer’s external search is also affected by confidence in one’s decision-making ability. A confident consumer not only has sufficient stored information about the product but also feels self-assured about making the right decision. People lacking this confidence will continue an information search even when they know a great deal about the product. Consumers with prior experience in buying a certain product will have less perceived risk than inexperienced consumers. Therefore, they will spend less time searching and limit the number of products that they consider.
A third factor influencing the external information search is product experience. Consumers who have had a positive prior experience with a product are more likely to limit their search to items related to the positive experience. For example, when flying, consumers are likely to choose airlines with which they have had positive experiences, such as consistent on-time arrivals. They will avoid airlines with which they had a negative experience, such as lost luggage.

Product experience can also play a major role in a consumer's decision to make a high-risk purchase. For example, TiVo, the maker of personal video recorders, found that due to the expensive and complex nature of its product, advertising was only moderately effective in generating sales. Instead, personal experience is the most important factor in the decision to purchase a PVR.9

Finally, the extent of the search is positively related to the amount of interest a consumer has in a product. A consumer who is more interested in a product will spend more time searching for information and alternatives. For example, suppose you are a dedicated runner who reads jogging and fitness magazines and catalogs. In searching for a new pair of running shoes, you may enjoy reading about the new brands available and spend more time and effort than other buyers in deciding on the right shoe.

The consumer's information search should yield a group of brands, sometimes called the buyer's evoked set (or consideration set), which are the consumer's most preferred alternatives. From this set, the buyer will further evaluate the alternatives and make a choice. Consumers do not consider all brands available in a product category, but they do seriously consider a much smaller set. For example, from the many brands of pizza available, consumers are likely to consider only the alternatives that fit their price range, location, take-out/delivery needs, and taste preferences. Having too many choices can, in fact, confuse consumers and cause them to delay the decision to buy or, in some instances, cause them to not buy at all.

EVALUATION OF ALTERNATIVES AND PURCHASE

After getting information and constructing an evoked set of alternative products, the consumer is ready to make a decision. A consumer will use the information stored in memory and obtained from outside sources to develop a set of criteria. These standards help the consumer evaluate and compare alternatives. One way to begin narrowing the number of choices in the evoked set is to pick a product attribute and then exclude all products in the set that don’t have that attribute. For example, assume Jane and Jill, both college sophomores, are looking for their first apartment. They need a two-bedroom apartment, reasonably priced, and located near campus. They want the apartment to have a swimming pool, washer and dryer, and covered parking. Jane and Jill begin their search with all apartments in the area and then systematically eliminate possibilities that lack the features they need. Hence, if there are 50 alternatives in the area, they may reduce their list to just 10 apartments that possess all of the desired attributes.

Another way to narrow the number of choices is to use cutoffs. Cutoffs are either minimum or maximum levels of an attribute that an alternative must pass to be considered. Suppose Jane and Jill set a maximum of $1,000 to spend on combined rent. Then all apartments with rent higher than $1,000 will be eliminated, further reducing the list of apartments from ten to eight. A final way to narrow the choices is to rank the attributes under consideration in order of importance and evaluate the products based on how well each performs on the most important attributes. To reach a final decision on one of the remaining eight apartments, Jane and Jill may decide proximity to campus is the most important attribute. As a result, they will choose to rent the apartment closest to campus.

If new brands are added to an evoked set, the consumer’s evaluation of the existing brands in that set changes. As a result, certain brands in the original set may become more desirable. Suppose Jane and Jill find two apartments located equal distance from campus, one priced at $800 and the other at $750. Faced with this choice, they may decide that the $800 apartment is too expensive given that a comparable apartment is cheaper. If they add a $900 apartment to the list, however, then they may perceive the $800 apartment as more reasonable and decide to rent it.
The goal of the marketing manager is to determine which attributes have the most influence on a consumer's choice. Several attributes may collectively affect a consumer's evaluation of products. A single attribute, such as price, may not adequately explain how consumers form their evoked set. Moreover, attributes the marketer thinks are important may not be very important to the consumer. For example, if you are buying a laptop computer or iBook, you will first have to determine which computers are in your price range. But, in making a final decision, you may also consider weight, screen size, software included, processor speeds, CD and DVD drives, service packages, and reputation.

A brand name can also have a significant impact on a consumer's ultimate choice. One online survey found that Johnson & Johnson has the best corporate reputation among American companies, benefiting from its heritage as the premier maker of baby powder and shampoo. Respondents uniformly cited the familiarity and comfort they feel in using J&J products on their children. When faced with dozens of products on the drugstore shelf, consumers naturally gravitate toward J&J products. By providing consumers with a certain set of promises, brands in essence simplify the consumer decision-making process so consumers do not have to rethink their options every time they need something.10

Following the evaluation of alternatives, the consumer decides which product to buy or decides not to buy a product at all. If he or she decides to make a purchase, the next step in the process is an evaluation of the product after the purchase.

**LO3**

**Postpurchase Behavior**

When buying products, consumers expect certain outcomes from the purchase. How well these expectations are met determines whether the consumer is satisfied or dissatisfied with the purchase. For example, if a person bids on a used car stereo from eBay and wins, he may have fairly low expectations regarding performance. If the stereo's performance turns out to be of superior quality, then the person's satisfaction will be high because his expectations were exceeded. Conversely, if the person bid on a new car stereo expecting superior quality and performance, but the stereo broke within one month, he would be very dissatisfied because his expectations were not met. Price often influences the level of expectations for a product or service.

For the marketer, an important element of any postpurchase evaluation is reducing any lingering doubts that the decision was sound. This is particularly important because 75 percent of all consumers say they had a bad experience in the last year with a product or service they purchased.11 When people recognize inconsistency between their values or opinions and their behavior, they tend to feel an inner tension called cognitive dissonance. For example, suppose a person who normally tans in a tanning bed decides to try a new “airbrush” tanning method, called a “Hollywood” or “mystic” tanning. Mystic tanning costs $30 to $50, significantly more than “fake tanner” or a tanning bed. Prior to spending more on the tan, the person may feel inner tension or anxiety, which is a feeling of dissonance. This feeling occurs because she knows the product has
some disadvantages, such as being expensive, and some advantages, such as being free of harmful ultraviolet rays. In this case, the disadvantage of higher cost battles the advantage of no harmful UV rays.12

Consumers try to reduce dissonance by justifying their decision. They may seek new information that reinforces positive ideas about the purchase, avoid information that contradicts their decision, or revoke the original decision by returning the product. To ensure satisfaction, thereby reducing dissonance, consumers using the “mystic tanning” mentioned above may ask several friends about their experiences, do online research, and talk with the tanning booth representative to obtain additional information about the procedure. In some instances, people deliberately seek contrary information in order to refute it and reduce dissonance. Dissatisfied customers sometimes rely on word of mouth to reduce cognitive dissonance, by letting friends and family know they are displeased.

Marketing managers can help reduce dissonance through effective communication with purchasers. For example, a customer service manager may slip a note inside the package congratulating the buyer on making a wise decision. Postpurchase letters sent by manufacturers and dissonance-reducing statements in instruction booklets may help customers feel at ease with their purchase. Advertising that displays the product’s superiority over competing brands or guarantees can also help relieve the possible dissonance of someone who has already bought the product. In the tanning example, the tanning salon may offer a 100 percent money-back guarantee. The mystictan.com Web site explains the procedure and even shows endorsements from various celebrities, including actor Kevin Dillon. Because the company offers this additional information and communicates effectively with its customers, they are more likely to understand the procedure and the expected results; hence, it is likely that the outcome will meet or exceed their expectations rather than being disappointing.13

**LO4**

**Types of Consumer Buying Decisions and Consumer Involvement**

All consumer buying decisions generally fall along a continuum of three broad categories: routine response behavior, limited decision making, and extensive decision making (see Exhibit 5.2 on page 147). Goods and services in these three categories can best be described in terms of five factors: level of consumer involvement, length of time to make a decision, cost of the good or service, degree of information search, and the number of alternatives considered. The level of consumer involvement is perhaps the most significant determinant in classifying buying decisions. **Involvement** is the amount of time and effort a buyer invests in the search, evaluation, and decision processes of consumer behavior.

Frequently purchased, low-cost goods and services are generally associated with **routine response behavior**. These goods and services can also be called low-involvement products because consumers spend little time on search and decision before making the purchase. Usually, buyers are familiar with several different brands in the product category but stick with one brand. Consumers engaged in routine response behavior normally don’t experience need recognition until they are exposed to advertising or see the product displayed on a store shelf. Consumers buy first and evaluate later, whereas the reverse is true.

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**LO3**

**Explain the consumer’s post-purchase evaluation process**

**Cognitive Dissonance**

**To Reduce Dissonance**
- Consumer can
  - justify decision
  - seek new information
  - avoid contradictory information
  - return product

**Satisfied Customer**

**Product or Service**

**Marketing can**
- send postpurchase thank you or letter
- display product superiority in ads
- offer guarantees

**Product or Service**

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Involvement

The amount of time and effort a buyer invests in the search, evaluation, and decision processes of consumer behavior.

Routine Response Behavior

The type of decision making exhibited by consumers buying frequently purchased, low-cost goods and services; requires little search and decision time.
for extensive decision making. A consumer who has previously purchased a whitening toothpaste and was satisfied with it will probably walk to the toothpaste aisle and select that same brand without spending 20 minutes examining all other alternatives.

Limited decision making typically occurs when a consumer has previous product experience but is unfamiliar with the current brands available. Limited decision making is also associated with lower levels of involvement (although higher than routine decisions) because consumers do expend moderate effort in searching for information or in considering various alternatives. But what happens if the consumer’s usual brand of whitening toothpaste is sold out? Assuming that toothpaste is needed, the consumer will be forced to choose another brand. Before making a final decision, the consumer will likely evaluate several other brands based on their active ingredients, their promotional claims, and the consumer’s prior experiences.

Consumers practice extensive decision making when buying an unfamiliar, expensive product or an infrequently bought item. This process is the most complex type of consumer buying decision and is associated with high involvement on the part of the consumer. This process resembles the model outlined in Exhibit 5.1. These consumers want to make the right decision, so they want to know as much as they can about the product category and available brands. People usually experience cognitive dissonance only when buying high-involvement products. Buyers use several criteria for evaluating their options and spend much time seeking information. Buying a home or a car, for example, requires extensive decision making.

The type of decision making that consumers use to purchase a product does not necessarily remain constant. For instance, if a routinely purchased product no longer satisfies, consumers may practice limited or extensive decision making to switch to another brand. And people who first use extensive decision making may then use limited or routine decision making for future purchases. For example, when a family gets a new puppy, they will spend a lot of time and energy trying out different toys to determine which one the dog prefers. Once the new owners learn that the dog prefers a bone to a ball, however, the purchase no longer requires extensive evaluation and will become routine.

**FACTORS DETERMINING THE LEVEL OF CONSUMER INVOLVEMENT**

The level of involvement in the purchase depends on the following five factors:

- *Previous experience:* Level of involvement typically decreases. After repeated product trials, consumers learn to make quick choices. Because consumers are familiar with the product and know whether it will satisfy their needs, they become less involved in the purchase. For example, a consumer purchasing cereal has many brands to choose from—just think of any grocery store cereal aisle. If the consumer always buys the same brand because it satisfies his hunger, then he has a low level of involvement. When a consumer purchases cereal for the first time, however, it likely will be a much more involved purchase.

- *Interest:* Involvement is directly related to consumer interests, as in cars, music, movies, bicycling, or electronics. Naturally, these areas of interest vary from one individual to another. A person highly involved in bike racing will be very interested in the type of bike she owns and will spend quite a bit of time evaluating different bikes. If a person wants a bike only for recreation, however, he

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**limited decision making**
The type of decision making that requires a moderate amount of time for gathering information and deliberating about an unfamiliar brand in a familiar product category.

**extensive decision making**
The most complex type of consumer decision making, used when buying an unfamiliar, expensive product or an infrequently bought item; requires use of several criteria for evaluating options and much time for seeking information.
may be fairly uninvolved in the purchase and just look for a bike from the most convenient location.

- **Perceived risk of negative consequences:** As the perceived risk in purchasing a product increases, so does a consumer's level of involvement. The types of risks that concern consumers include financial risk, social risk, and psychological risk. First, financial risk is exposure to loss of wealth or purchasing power. Because high risk is associated with high-priced purchases, consumers tend to become extremely involved. Therefore, price and involvement are usually directly related: As price increases, so does the level of involvement. For example, someone who is purchasing a new car for the first time (higher perceived risk) will spend much more time and effort making this purchase than someone who has purchased several new cars (lower perceived risk). Second, consumers take social risks when they buy products that can affect people's social opinions of them (for example, driving an old, beat-up car or wearing unstylish clothes). Third, buyers undergo psychological risk if they feel that making the wrong decision might cause some concern or anxiety. For example, some consumers feel guilty about eating foods that are not healthy, such as regular ice cream rather than fat-free frozen yogurt.

- **Situation:** The circumstances of a purchase may temporarily transform a low-involvement decision into a high-involvement one. High involvement comes into play when the consumer perceives risk in a specific situation. For example, an individual might routinely buy low-priced brands of liquor and wine. When the boss visits, however, the consumer might make a high-involvement decision and buy more prestigious brands.

- **Social visibility:** Involvement also increases as the social visibility of a product increases. Products often on social display include clothing (especially designer labels), jewelry, cars, and furniture. All these items make a statement about the purchaser and, therefore, carry a social risk.

**MARKETING IMPLICATIONS OF INVOLVEMENT**

Marketing strategy varies according to the level of involvement associated with the product. For high-involvement product purchases, marketing managers have several responsibilities. First, promotion to the target market should be extensive and informative. A good ad gives consumers the information they need for making the purchase decision, as well as specifying the benefits and unique advantages of owning the product. For example, Philips Magnavox, the leading manufacturer of high-definition, flat-screen televisions, features a print ad that not only provides extensive product information, such as size parameters and screen alternatives (wide or standard), but also appeals to consumers' sense of style and their need to save space. Most importantly, the ad's tagline is aimed at both men and women as a couple: “The Philips High-Definition Flat TV as seen from two points of view. His. And Hers.”

Purchasing online involves added risk for many consumers, even in limited decision-making situations. To overcome the challenges of getting shoppers to complete purchases online, Landsend.com created a virtual three-dimensional model that customers
can use to try on clothes. It also offers an online “personal shopper” to help customers identify items they might like. Purchase rates have been 26 percent higher among online shoppers who use the model and 80 percent higher among customers who use the personal shopper.\(^{15}\)

For low-involvement product purchases, consumers may not recognize their wants until they are in the store. Therefore, in-store promotion is an important tool when promoting low-involvement products. Marketing managers focus on package design so the product will be eye-catching and easily recognized on the shelf. Examples of products that take this approach are Campbell’s soups, Tide detergent, Velveeta cheese, and Heinz ketchup. In-store displays also stimulate sales of low-involvement products. A good display can explain the product’s purpose and prompt recognition of a want. Displays of health and beauty aid items in supermarkets have been known to increase sales many times above normal. Coupons, cents-off deals, and two-for-one offers also effectively promote low-involvement items.

Linking a product to a higher-involvement issue is another tactic that marketing managers can use to increase the sales of a low-involvement product. For example, many food products are no longer just nutritious but also low in carbohydrate, fat, or cholesterol. Although packaged food may normally be a low-involvement product, reference to health issues raises the involvement level. To take advantage of aging baby boomers’ interest in healthier foods, producers of Silk soy milk and Gardenburger meatless burgers, both of which contain soy protein, tout soy’s health benefits, such as reducing the risk of coronary heart disease, preventing certain cancers, and reducing the symptoms of menopause. Sales of soy-based products, long shunned in the United States for their taste, have skyrocketed as a result of these health claims.\(^{16}\)

**Factors Influencing Consumer Buying Decisions**

The consumer decision-making process does not occur in a vacuum. On the contrary, underlying cultural, social, individual, and psychological factors strongly influence the decision process. These factors have an effect from the time a consumer perceives a stimulus through postpurchase behavior. Cultural factors, which include culture and values, subculture, and social class, exert the broadest influence over consumer decision making. Social factors sum up the social interactions between a consumer and influential groups of people, such as reference groups, opinion leaders, and family members. Individual factors, which include gender, age, family life-cycle stage, personality, self-concept, and lifestyle, are unique to each individual and play a major role in the type of products and services consumers want. Psychological factors determine how consumers perceive and interact with their environments and influence the ultimate decisions consumers make. They include perception, motivation, learning, beliefs, and attitudes. Exhibit 5.3 on page 150 summarizes these influences.
Cultural Influences on Consumer Buying Decisions

Of all the factors that affect consumer decision making, cultural factors exert the broadest and deepest influence. Marketers must understand the way people’s culture and its accompanying values, as well as their subculture and social class, influence their buying behavior.

CULTURE AND VALUES

Culture is the essential character of a society that distinguishes it from other societal groups. The underlying elements of every culture are the values, language, myths, customs, rituals, and laws that shape the behavior of the people, as well as the material artifacts, or products, of that behavior as they are transmitted from one generation to the next. Exhibit 5.4 lists some defining components of American culture.

Culture is pervasive. Cultural values and influences are the ocean in which individuals swim, and yet most are completely unaware that it is there. What people eat, how they dress, what they think and feel, and what language they speak are all dimensions of culture. It encompasses all the things consumers do without conscious choice because their culture’s values, customs, and rituals are ingrained in their daily habits.

Culture is functional. Human interaction creates values and prescribes acceptable behavior for each culture. By establishing common expectations, culture gives order to society. Sometimes these expectations are enacted into laws. For example, drivers in our culture must stop at a red light. Other times these expectations are taken for granted. For example, grocery stores and hospitals are open 24 hours whereas banks are open only during bankers’ hours.

Culture is learned. Consumers are not born knowing the values and norms of their

Exhibit 5.4
Components of American Culture

<table>
<thead>
<tr>
<th>Component</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values</td>
<td>Success through hard work</td>
</tr>
<tr>
<td></td>
<td>Emphasis on personal freedom</td>
</tr>
<tr>
<td>Language</td>
<td>English as the dominant language</td>
</tr>
<tr>
<td>Myths</td>
<td>George Washington never told a lie.</td>
</tr>
<tr>
<td></td>
<td>Abraham Lincoln walked a mile to return a penny.</td>
</tr>
<tr>
<td>Customs</td>
<td>Bathing daily</td>
</tr>
<tr>
<td></td>
<td>Shaking hands when greeting new people</td>
</tr>
<tr>
<td></td>
<td>Standard gratuity of 15 to 20 percent at restaurants</td>
</tr>
<tr>
<td>Rituals</td>
<td>Thanksgiving Day dinner</td>
</tr>
<tr>
<td></td>
<td>Singing the “Star Spangled Banner” before baseball games</td>
</tr>
<tr>
<td></td>
<td>Going to religious services on the appropriate day</td>
</tr>
<tr>
<td>Laws</td>
<td>Child labor laws</td>
</tr>
<tr>
<td></td>
<td>Sherman Anti-Trust Act guarantees competition</td>
</tr>
<tr>
<td>Material artifacts</td>
<td>Diamond engagement rings</td>
</tr>
<tr>
<td></td>
<td>Cell phones</td>
</tr>
</tbody>
</table>

society. Instead, they must learn what is acceptable from family and friends. Children learn the values that will govern their behavior from parents, teachers, and peers. As members of our society, they learn to shake hands when they greet someone, to drive on the right-hand side of the road, and to eat pizza and drink Coca-Cola.

Culture is dynamic. It adapts to changing needs and an evolving environment. The rapid growth of technology in today’s world has accelerated the rate of cultural change. Television has changed entertainment patterns and family communication and has heightened public awareness of political and other news events. Automation has increased the amount of leisure time we have and, in some ways, has changed the traditional work ethic. Cultural norms will continue to evolve because of our need for social patterns that solve problems.

In the United States, rapidly increasing diversity is causing major shifts in culture. For example, the growth of the Hispanic community is influencing American food, music, clothing, and entertainment. Additionally, African American culture has been embraced by the mainstream. Indeed, African American women make up one of the fastest-growing segments of the American population. The projected growth rate of this segment is 8 percent compared to 4 percent for the total U.S. population. Additionally, “one in two married black women is the primary decision maker in buying a house, versus one in four married white women.” Traditionally, marketers have not taken advantage of the opportunity to market to African American women. Now, however, many companies are taking note of this rapidly growing segment of the population. For example, Kraft’s Honey Bunches of Oats cereal developed an advertising campaign that focused on black women. Research showed that African American women do not like to eat cereal when others are around, so the print ad shows a black woman eating a bowl of cereal alone with the caption “Take a breather. This moment is yours. Just you and your bowl of Honey Bunches of Oats.”17 Avon has hired Venus and Serena Williams, sisters and tennis stars, to be spokespersons for its color cosmetics and a new jewelry line. But they are doing more than just promoting Avon products. They are also recruiting African American sales representatives. In addition to featuring the famous tennis stars, Avon has used a multicultural beauty advisory board to develop new products for African American women. In fact, Avon is revamping all its promotional materials to reflect the demographics of the United States.18

The most defining element of a culture is its values—the enduring beliefs shared by a society that a specific mode of conduct is personally or socially preferable to another mode of conduct. People’s value systems have a great effect on their consumer behavior. Consumers with similar value systems tend to react alike to prices and other marketing-related inducements. Values also correspond to consumption patterns. For example, Americans place a high value on convenience. This value has created lucrative markets for products such as breakfast bars, energy bars, and nutrition bars that allow consumers to eat on the go.19 Values can also influence consumers’ TV viewing habits or the magazines they read. For instance, people who strongly object to violence avoid crime shows, and those who oppose pornography do not buy Hustler. Core American values—those considered central to the American way of life—are presented in Exhibit 5.5 on page 152.

The personal values of target consumers have important implications for marketing managers. When marketers understand the core values that underlie the attitudes that
Analyzing Marketing Opportunities

Part 2

Core American Values

| Success | Americans admire hard work, entrepreneurship, achievement, and success. Those achieving success in American society are rewarded with money, status, and prestige. For example, Bill Gates, once a nerdy computer buff, built Microsoft Corporation into an internationally known giant. Gates is now one of the richest people in the world. |
| Materialism | Americans value owning tangible goods. American society encourages consumption, ownership, and possession. Americans judge others based on their material possessions; for example, the type of car they own, where they live, and what type of clothes they wear. |
| Freedom | The American culture was founded on the principle of religious and political freedom. The U.S. Constitution and the Bill of Rights assure American citizens the right to life, liberty, and the pursuit of happiness. These freedoms are fundamental to the legal system and the moral fiber of American culture. The Internet, for example, is built on the principle of the right to free speech. Lawmakers who have attempted to limit the material available on the Internet have met with tough opposition from proponents of free speech. Spam has become such a major problem in recent years, however, that individuals are becoming more receptive to laws restricting spam even if they limit spammers’ free speech. |
| Progress | Technological advances, as well as advances in medicine, science, health, and the quality of products and services, are important to Americans. Each year, for example, more than 20,000 new or improved consumer products are introduced on America’s supermarket shelves.* |
| Youth | Americans are obsessed with youth and spend a good deal of time on products and procedures that make them feel and look younger. Americans spend millions each year on health and beauty aids, health clubs, and healthy foods. Media and advertising encourage the quest for youth by using young, attractive, slim models, such as those in ads from fashion designer Calvin Klein. |
| Capitalism | Americans believe in a free enterprise system characterized by competition and the chance for monetary success. Capitalism creates choices, quality, and value for Americans. Laws prohibit monopolistic control of a market and regulate free trade. Americans encourage small business success, such as that achieved by Apple Computer, Wal-Mart, and McDonald’s, all of which started as small enterprises with a better idea that toppled the competition. |


shape the buying patterns of America’s consumers and how these values were molded by experiences, they can target their message more effectively. For example, the personal value systems of older consumers, baby boomers, Generation Xers, and Generation Yers are quite different. The key to understanding older consumers, or everyone born before 1945, is recognizing the impact of the Great Depression and World War II on their lives. Facing these two immense challenges shaped a generation characterized by discipline, self-denial, financial and social conservatism, and a sense of obligation. Boomers, those individuals nurtured in the bountiful postwar period between 1945 and 1964, believe they are entitled to the wealth and opportunity that seemed endless in their youth. Generation Xers are very accepting of diversity and individuality. They are also a very entrepreneurial-driven generation, ready to tackle life's challenges for themselves rather than as part of a crowd.20 Gen Yers are more serious and socially conscious than Gen Xers. Some of the defining events of their lives include Columbine, the O. J. Simpson trial, the Clinton impeachment, the 2000 presidential election, and the terrorist attacks of September 11, 2001. They grew up with cable television, computers, debit cards, and cell phones, making them the most well connected generation to date—a fact that has important implications for word-of-mouth influence.

Gen Yers are notorious for being one of the most difficult market segments to reach. They are the “most unpredictable, advertising-saturated and marketing-skeptical group of adults America has ever seen,”21 and they also have a tendency to ignore media. When Toyota launched its new Scion, the marketing department put the car on display outside coffee shops and raves to encourage word-of-mouth marketing. From its approximately $13,000 price to its design, the vehicle is focused on Gen Yers’ lifestyle. The seats fully recline for a nap between classes; a 15-volt outlet allows students to connect their computer, and the audio system reads MP3 files. The importance of these features to Gen Yers is underscored by a study conducted by MTV. It asked Gen Yers how many hours a day they spent Web surfing, chatting with friends, and downloading music. Surprisingly, the survey revealed that these consumers are spending more than 24 hours a day on these activities—a result that can be explained by Gen Yers’ ability to multitask. They can download music, watch TV, and talk to friends via instant messaging all at the same time.
Values represent what is most important in people’s lives. Therefore, marketers watch carefully for shifts in consumers’ values over time. For example, millions of Americans have an interest in spirituality, as evidenced by the soaring sales of books with religious or spiritual themes and the popularity of television shows with similar themes. Similarly, after the September 11 terrorist attacks, when many people were fearful and concerned about self-protection, gun sales soared as did the sale of drugs to cure anthrax.

**UNDERSTANDING CULTURE DIFFERENCES**

Underlying core values can vary across cultures. Most Americans are more concerned about their health than their weight. But for many Brazilian women, being thin is more important than being healthy. In fact, one survey found that 75 percent of Brazilian women over the age of 20 who wanted to lose weight had taken prescription diet drugs for obesity even though less than one-third of the women were obese and the drugs presented the risk of side effects such as heart and lung damage. In contrast, most Chinese women do not place a high value on thinness and show little concern about being overweight.22

As more companies expand their operations globally, the need to understand the cultures of foreign countries becomes more important. A firm has little chance of selling products in a culture it does not understand. Like people, products have cultural values and rules that influence their perception and use. Culture, therefore, must be understood before the behavior of individuals within the cultural context can be understood. Colors, for example, may have different meanings in global markets than they do at home. In China, white is the color of mourning and brides wear red. In the United States, black is for mourning and brides wear white. American designers at Universal Studios had to learn about Japanese culture when planning a new theme park for Japan. Surveys showed that many of their original ideas for Japanese attractions would not appeal to Japanese consumers who were hoping for an authentic American theme park that catered to their cultural differences. After extensive surveys and product testing, the result was a Universal Studios theme park with an orderly clockwise layout, Japanese-style American food, and a Jurassic Park water slide designed to prevent riders from getting wet.23

Language is another important aspect of culture that global marketers must deal with. When translating product names, slogans, and promotional messages into foreign languages, they must be careful not to convey the wrong message. General Motors discovered too late that Nova (the name of an economical car) literally means “doesn’t go” in Spanish; Coors encouraged its English-speaking customers to “Turn it loose,” but the phrase in Spanish means “Suffer from diarrhea.”

Though marketers expanding into global markets generally adapt their products and business formats to the local culture, some fear that increasing globalization, as well as the proliferation of the Internet, will result in a homogeneous world culture in the future. U.S. companies in particular, they fear, are Americanizing the world by exporting bastions of American culture, such as McDonald’s fast-food restaurants, Starbucks coffeehouses, Microsoft software, and American movies and entertainment.

**SUBCULTURE**

A culture can be divided into subcultures on the basis of demographic characteristics, geographic regions, national and ethnic background, political beliefs, and religious beliefs. A **subculture** is a homogeneous group of people who share elements of the overall culture as well as cultural elements unique to their own group. Within subcultures, people’s

---

**subculture**

A homogeneous group of people who share elements of the overall culture as well as unique elements of their own group.
attitudes, values, and purchase decisions are even more similar than they are within the broader culture. Subcultural differences may result in considerable variation within a culture in what, how, when, and where people buy goods and services.

In the United States alone, countless subcultures can be identified. Many are concentrated geographically. People belonging to the Mormon religion, for example, are clustered mainly in Utah; Cajuns are located in the bayou regions of southern Louisiana. Many Hispanics live in states bordering Mexico, whereas the majority of Chinese, Japanese, and Korean Americans are found on the West Coast.

Other subcultures are geographically dispersed. Computer hackers, people who are hearing or visually impaired, Harley-Davidson bikers, military families, university professors, and gays may be found throughout the country. Yet they have identifiable attitudes, values, and needs that distinguish them from the larger culture. For example, Nokia Corporation sells phones that flash or vibrate for people with hearing problems while other companies, such as Nike and Pfizer, have aired commercials featuring people with various disabilities. Similarly, Burger King has had good results in Chicago targeting people who work at night and crave dinner-type food in the morning by advertising and offering burgers in the morning instead of waiting until 10:30 A.M. like most of its competitors.

Once marketers identify subcultures, they can design special marketing programs to serve their needs. According to the U.S. Census Bureau, the Hispanic population is the largest and fastest-growing subculture, increasing four times as fast as the general population. To tap into this large and growing segment, marketers have been spending a larger percentage of their marketing budgets advertising to Hispanics. Companies like Procter & Gamble, Anheuser-Busch, Hershey, and Chuck E. Cheese all have Hispanic marketing campaigns, as do major league sports teams like the Texas Rangers and the Dallas Mavericks. The campaigns often feature both English and Spanish advertising and appeal to cultural pride.

Other companies have been successful in targeting much smaller subcultures that are often overlooked. For example, Shaklee Corporation, a multilevel marketing company, has targeted subcultures such as the Amish, Mennonites, and Hasidic Jews. To recruit salespeople in these subcultures, Shaklee caters to their special needs. For example, Amish and Mennonite salespeople can earn a “bonus buggy” instead of the more traditional new car. To accommodate Hasidic customers, Shaklee toughened standards on its kosher products.

**SOCIAL CLASS**

The United States, like other societies, has a social class system. A social class is a group of people who are considered nearly equal in status or community esteem, who regularly socialize among themselves both formally and informally, and who share behavioral norms.

A number of techniques have been used to measure social class, and a number of criteria have been used to define it. One view of contemporary U.S. status structure is shown in Exhibit 5.6 on page 155.

As you can see from Exhibit 5.6, the upper and upper middle classes comprise the small segment of affluent and wealthy Americans. The upper social classes are more likely than other classes to contribute something to society—for example, by volunteer work or active participation in civic affairs. In terms of consumer buying patterns, the affluent are more likely to own their own home and purchase new cars and trucks and are less likely to smoke. The very rich flex their financial muscles by spending more on vacation homes, vacations and cruises, and housekeeping and gardening services. The most affluent consumers are more likely to attend art auctions and galleries, dance performances, operas, the theater, museums, concerts, and sporting events. Marketers often pay attention to the superwealthy. For example, the Mercedes-Benz Maybach 62, touted as the “world’s most luxurious
### Exhibit 5.6

#### U.S. Social Classes

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Upper Classes</strong></td>
<td></td>
</tr>
<tr>
<td>Capitalist class</td>
<td>1%</td>
</tr>
<tr>
<td>People whose investment decisions shape the national economy; income mostly from assets, earned or inherited; university connections</td>
<td></td>
</tr>
<tr>
<td>Upper middle class</td>
<td>14%</td>
</tr>
<tr>
<td>Upper-level managers, professionals, owners of medium-sized businesses; well-to-do, stay-at-home homemakers who decline occupational work by choice; college-educated; family income well above national average</td>
<td></td>
</tr>
<tr>
<td><strong>Middle Classes</strong></td>
<td></td>
</tr>
<tr>
<td>Middle class</td>
<td>33%</td>
</tr>
<tr>
<td>Middle-level white-collar, top-level blue-collar; education past high school typical; income somewhat above national average; loss of manufacturing jobs has reduced the population of this class</td>
<td></td>
</tr>
<tr>
<td>Working class</td>
<td>32%</td>
</tr>
<tr>
<td>Middle-level blue-collar, lower-level white-collar; income below national average; largely working in skilled or semi-skilled service jobs</td>
<td></td>
</tr>
<tr>
<td><strong>Lower Classes</strong></td>
<td></td>
</tr>
<tr>
<td>Working poor</td>
<td>11–12%</td>
</tr>
<tr>
<td>Low-paid service workers and operatives; some high school education; below mainstream in living standard; crime and hunger are daily threats</td>
<td></td>
</tr>
<tr>
<td>Underclass</td>
<td>8–9%</td>
</tr>
<tr>
<td>People who are not regularly employed and who depend primarily on the welfare system for sustenance; little schooling; living standard below poverty line</td>
<td></td>
</tr>
</tbody>
</table>

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Car,” is aimed at this group. Priced at $375,000, the car features electronic doors, reclining seats with footrests, a workstation with media capability, a champagne cooler, and lots more. Similarly, New York–based designer Calvin Stewart sells A.P.O. jeans featuring fully customized denim embellished with diamond, gold, and platinum details—starting at $1,000 a pair.28

The majority of Americans today define themselves as middle class, regardless of their actual income or educational attainment. This phenomenon most likely occurs because working-class Americans tend to aspire to the middle-class lifestyle while some of those who do achieve affluence may downwardly aspire to respectable middle-class status as a matter of principle. Attaining goals and achieving status and prestige are important to middle-class consumers. People falling into the middle class live in the gap between the haves and the have-nots. They aspire to the lifestyle of the more affluent but are constrained by the economic realities and cautious attitudes they share with the working class.

The working class is a distinct subset of the middle class. Interest in organized labor is one of the most common attributes among the working class. This group often rates job security as the most important reason for taking a job. The working-class person depends heavily on relatives and the community for economic and emotional support. The emphasis on family ties is one sign of the group’s intensely local view of the world. They like the local news far more than do middle-class audiences who favor national and world coverage. They are also more likely to vacation closer to home.

Lifestyle distinctions between the social classes are greater than the distinctions within a given class. The most significant difference between the classes occurs between the middle and lower classes, where there is a major shift in lifestyles. Members of the lower class typically have incomes at or below the poverty level. This social class has the highest unemployment rate, and many individuals or families are subsidized through the welfare system. Many are illiterate, with little formal education. Compared to more affluent consumers, lower-class consumers have poorer diets and typically purchase very different types of foods when they shop.

Social class is typically measured as a combination of occupation, income, education, wealth, and other variables. For instance, affluent upper-class consumers are more likely to be salaried executives or self-employed professionals with at least an undergraduate degree. Working-class or middle-class consumers are more likely to be hourly service workers or blue-collar employees with only a high school education. Educational attainment, however, seems to be the most reliable indicator of a person’s social and
Those with college degrees or graduate degrees are more likely to fall into the upper classes, while those people with some college experience fall closest to traditional concepts of the middle class.

Marketers are interested in social class for two main reasons. First, social class often indicates which medium to use for advertising. Suppose an insurance company seeks to sell its policies to middle-class families. It might advertise during the local evening news because middle-class families tend to watch more television than other classes do. If the company wants to sell more policies to upscale individuals, it might place a print ad in a business publication like the Wall Street Journal. The Internet, long the domain of more educated and affluent families, is becoming an important advertising outlet for advertisers hoping to reach blue-collar workers and homemakers. As the middle class rapidly adopts the medium, marketers are having to do more research to find out which Web sites will reach their audience.

Second, knowing what products appeal to which social classes can help marketers determine where to best distribute their products. For example, a survey of consumer spending in the Washington, D.C. area reveals a stark contrast between Brie-eaters and Velveeta-eaters. The buyers of Brie, the soft and savory French cheese, are concentrated in the upscale neighborhoods of Northwest D.C. and the western suburbs of Montgomery County, Maryland, and Fairfax County, Virginia, where most residents are executives, white-collar professionals, or politicians. Brie fans tend to be college-educated professionals with six-figure incomes and an activist spirit. In contrast, aficionados of Velveeta, a processed cheese marketed by Kraft, are concentrated in the middle-class, family-filled suburbs of Prince George’s County and the predominantly black D.C. neighborhoods. Velveeta buyers tend to be married with children, high school educated, and employed at modestly paying service and blue-collar jobs.29

Exhibit 5.7
Social Class and Education

<table>
<thead>
<tr>
<th>Educational Profile</th>
<th>Median Household Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Those with less than a 9th grade education</td>
<td>$17,261</td>
</tr>
<tr>
<td>Those with a 9th–12th grade education (no diploma)</td>
<td>$21,737</td>
</tr>
<tr>
<td>High school graduates</td>
<td>$35,744</td>
</tr>
<tr>
<td>College graduates, B.A.</td>
<td>$64,406</td>
</tr>
<tr>
<td>College graduates, M.A.</td>
<td>$74,476</td>
</tr>
<tr>
<td>Professional degree holders</td>
<td>$100,000</td>
</tr>
</tbody>
</table>


LO6 Social Influences on Consumer Buying Decisions

Most consumers are likely to seek out the opinions of others to reduce their search and evaluation effort or uncertainty, especially as the perceived risk of the decision increases. Consumers may also seek out others’ opinions for guidance on new products or services, products with image-related attributes, or products where attribute information is lacking or uninformative. Specifically, consumers interact socially with reference groups, opinion leaders, and family members to obtain product information and decision approval.
**REFERENCE GROUPS**

All the formal and informal groups that influence the buying behavior of an individual are that person’s reference groups. Consumers may use products or brands to identify with or become a member of a group. They learn from observing how members of their reference groups consume, and they use the same criteria to make their own consumer decisions.

Reference groups can be categorized very broadly as either direct or indirect (see Exhibit 5.8). Direct reference groups are face-to-face membership groups that touch people’s lives directly. They can be either primary or secondary. **Primary membership groups** include all groups with which people interact regularly in an informal, face-to-face manner, such as family, friends, and coworkers. In contrast, people associate with **secondary membership groups** less consistently and more formally. These groups might include clubs, professional groups, and religious groups.

Consumers also are influenced by many indirect, nonmembership reference groups they do not belong to. **Aspirational reference groups** are those a person would like to join. To join an aspirational group, a person must at least conform to the norms of that group. (Norms are the values and attitudes deemed acceptable by the group.) Thus, a person who wants to be elected to public office may begin to dress more conservatively, as other politicians do. He or she may go to many of the restaurants and social engagements that city and business leaders attend and try to play a role that is acceptable to voters and other influential people. Similarly, teenagers today may dye their hair and experiment with body piercing and tattoos. Athletes are an aspirational group for several market segments. To appeal to the younger market, Coca-Cola signed basketball star LeBron James to be the spokesperson for its Sprite and POWERade brands, and Nike signed a sneaker deal with him reportedly worth $90 million. Coca-Cola and Nike assumed James would encourage

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**Exhibit 5.8**

Types of Reference Groups

<table>
<thead>
<tr>
<th>Reference groups</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct</strong></td>
</tr>
<tr>
<td>Face-to-face membership</td>
</tr>
<tr>
<td><strong>Indirect</strong></td>
</tr>
<tr>
<td>Nonmembership</td>
</tr>
</tbody>
</table>

- **Primary** Small, informal group
- **Secondary** Large, formal group
- **Aspirational** Group that someone would like to join
- **Nonaspirational** Group that someone wants to avoid being identified with
consumers to drink Coke brands and buy Nike shoes because they would like to identify with him. Read the “Global Perspectives” box for an example of how aspirational brands and social class have created a unique market in Poland.

Nonaspirational reference groups, or dissociative groups, influence our behavior when we try to maintain distance from them. A consumer may avoid buying some types of clothing or car, going to certain restaurants or stores, or even buying a home in a certain neighborhood in order to avoid being associated with a particular group.

The activities, values, and goals of reference groups directly influence consumer behavior. For marketers, reference groups have three important implications: (1) they serve as information sources and influence perceptions; (2) they affect an individual’s aspiration levels; and (3) their norms either constrain or stimulate consumer behavior. For example, Teenage Research Unlimited, an Illinois research firm devoted to uncovering what’s cool in the teen market, recently identified four loose groups among today’s teens based on their interests in clothes, music, and activities. Tracking these groups reveals how products become cool and how groups influence the adoption of cool products by other groups. According to Teenage Research Unlimited, a trend or fad often starts with “Edge” teens who have the most innovative tastes. These teens are on the cutting edge of fashion and music, and they wear their attitude all over their bodies in the form of tattoos, body piercing, studded jewelry, or colored tresses. Certain fads embraced by Edgers will spark an interest in the small group of teens called “Influencers,” who project the look other teens covet. Influencers also create their own trends like rap music, baggy jeans, and pro sports clothes. Once a fad is embraced and adopted by Influencers, the look becomes cool and desirable. “Conformers” and “Passives” comprise the majority of the teen population, but they will not embrace a fad until it gets its seal of approval from the Influencers.

The Polish Profile

During its 11 years of preparation for full membership in the European Union, Poland became a nation of contradictions. Modern buildings are going up in the cities, while villages and small towns remain underdeveloped. Forty-two percent of the population have mobile phones, 26 percent have lap tops or personal computers, and 20 percent have Internet access, yet 42 percent say they cannot afford to meet their basic needs.

The average monthly salary in Poland is around 500 euros ($600), and only 6 percent of all people paying taxes earn more than 7,400 euros ($8,100) a year. Thus, class structures are not clearly defined. In financial terms, Poland has almost no upper class (only a few hundred millionaires) and a very small middle class. Nevertheless, in terms of education and family ties, both segments exist in significant numbers.

Typically, Polish consumers spend most of their money on food, energy, and telecommunications. More than a third do not buy meat, fruits, and vegetables, however, either because they cannot afford to or because they grow their own. Some of their income goes for clothes, but proportionally very little is spent on leisure, education, or holidays. With such limited incomes, Polish consumers generally have little opportunity to broaden their horizons or try novelties.

Given this overall financial picture, marketers must adjust their offerings to match the buying behavior of Polish consumers, for whom price is the key purchase criterion. For marketers, this often means selling older technology or slightly poorer quality and less functional equipment, lowering profit margins, or changing a brand’s positioning. For example, Western Europe’s mainstream brands, like Lipton tea, are considered premium brands in Poland. Lipton competes with Saga, the local brand, and even though Saga is gaining on Lipton, Lipton has a higher market share because its unit price is not a barrier for people with aspirations to the Western European lifestyle.

Marketers must also pay attention to the psychographic and aspirational aspects of the market. The availability of reputable international brands in Poland has aroused desire, and people now aspire to premium brands and buy more expensive brands that they can afford. Aspirations toward foreign brands, promising better quality and a modern lifestyle, allow global brands to find their market positions. A good example is the popularity of Mercedes-Benz automobiles. Poland is second to Germany in terms of the number of Mercedes on the road, but in Poland, they are often 15 years old or older. The aspirational image of the brand plays a very important role, albeit at a secondhand price.

What kind of strategies could a global marketer use to succeed in Poland? What opportunities do you see for global marketers in Poland? For domestic marketers?
Understanding the effect of reference groups on a product is important for marketers as they track the life cycle of their products. Retailer Abercrombie & Fitch noticed it was beginning to lose its target audience of college students when its stores began attracting large numbers of high school students trying to be more like college students. To solve the problem, A&F created its Hollister store chain specifically for high school students.33

In Japan, companies have long relied on the nation’s high school girls to give them advice during product testing. Fads that catch on among teenage girls often become big trends throughout the country and among Japanese consumers in general. Food manufacturers frequently recruit Tokyo schoolgirls to sample potato chip recipes or chocolate bars. Television networks survey high school girls to fine-tune story lines for higher ratings on prime-time shows. Other companies pay girls to keep diaries of what they buy. Warner-Lambert hired high school girls to help choose a new gum flavor. After extensive chewing and comparing, the girls settled on a flavor that became Trickle, now Japan’s best-selling bubble gum.34

**OPINION LEADERS**

Reference groups frequently include individuals known as group leaders, or opinion leaders—those who influence others. Obviously, it is important for marketing managers to persuade such people to purchase their goods or services. Many products and services that are integral parts of Americans’ lives today got their initial boost from opinion leaders. For example, DVDs and SUVs (sport-utility vehicles) were purchased by opinion leaders well ahead of the general public.

Opinion leaders are often the first to try new products and services out of pure curiosity. They are typically self-indulgent, making them more likely to explore unproven but intriguing products and services. Technology companies have found that teenagers, because of their willingness to experiment, are key opinion leaders for the success of new technologies. For example, text messaging became popular with teenagers before it gained widespread appeal. As a result, many technology companies include it in their marketing programs targeted to teens. Similarly, Jet Blue Airways, Redken, FreshLook Color Contacts, and Bombay Sapphire gin advertise on Fashion Week TV. The show reaches 20,000 viewers described as “fashion insiders and media and socialite attendees.” In addition to their commercials, these advertisers are featured in Fashion Week programs and VIP lounges. One VIP lounge showcased airline seats and flight attendants both outfitted in Jet Blue regalia. The flight attendants wore FreshLook Contacts and served Bombay Sapphire martinis. By reaching opinion leaders, these companies hope to start a trend that will carry into the mass market.35

Opinion leadership is a casual, face-to-face phenomenon and usually inconspicuous, so locating opinion leaders can be a challenge. Thus, marketers often try to create opinion leaders. They may use high school cheerleaders to model new fall fashions or civic leaders to promote insurance, new cars, and other merchandise. Revatex, the maker of JNCO jeans, sponsors extreme-sports athletes who appeal to the teen market. It also gives free clothes to trendsetters among teens in the hopes they will influence others to purchase the brand. JNCO outfits big-name DJs in the rave scene, as well as members of hip, alternative bands favored by the teen crowd. Similarly, the Web site of New York retailer Alloy (http://www.alloy.com) offers style tips, quizzes on topics like “Are you a teenage drama queen?” and “What is your ideal guy type?” as well as gossip about teen idols such as hip-hop star Mary J. Blige.36

On a national level, companies sometimes use movie stars, sports figures, and other celebrities to promote products, hoping they are appropriate opinion leaders. The effectiveness of celebrity endorsements varies, though, depending largely on how credible and attractive the spokesperson is and how familiar people are with him or her. Endorsements are most likely to succeed if a reasonable association between the spokesperson and the product can be established. Respected organizations such as the American Heart Association or the American Cancer Society may also serve as opinion leaders. Marketers may seek endorsements from them as well as from schools, churches, cities, the military, and fraternal organizations as a form of group opinion leadership.
Salespeople often ask to use opinion leaders’ names as a means of achieving greater personal influence in a sales presentation.

**How Blogs Are Defining Today’s Opinion Leaders**

Increasingly, marketers are looking to Web logs, or blogs, as they’re commonly called, to find opinion leaders. In 2005, 10 percent of consumers read blogs—twice as many as in the previous year. The problem, though, is that with over 25 million unique blogs and 70,000 new ones coming online every day, it’s getting harder to separate the true opinion leaders from intermediate Web users who are just looking to share random thoughts or vacation photos with family and friends. One way marketers are doing this is by looking to teen blogs to identify the social trends that are shaping consumer behavior.

During the research phase of development for its teen-targeted RED Blogs service, AOL discovered that over 50 percent of teens do not mind sharing their feelings in public forums. This is especially evident at social networking sites like Myspace, FaceBook, and Xanga, where teens and twenty-somethings post extensive personal profiles, photo collections, links to user groups they belong to, and detailed descriptions of their social events.

Raised with MTV, 500-channel cable services, a rapidly maturing Internet, and ever-expanding cell phone capabilities, teens have unprecedented access to the world around them. Furthermore, they are no longer passive observers of the culture their parents have created. They can follow their favorite bands, actors, or athletes via their Web sites and blogs and expect to interact with them instead of just admiring them from afar. With their unprecedented ability to network and communicate with each other, young people rely on each others’ opinions more than marketing messages when making purchase decisions. And blogs are becoming a key way that teens communicate their opinions. Consequently, today’s marketers are reading teen blogs, developing products that meet the very specific needs that teens express there, and learning unique and creative ways to put key influencers in charge of marketing their brands for them.

**FAMILY**

The family is the most important social institution for many consumers, strongly influencing values, attitudes, self-concept—and buying behavior. For example, a family that strongly values good health will have a grocery list distinctly different from that of a family that views every dinner as a gourmet event. Moreover, the family is responsible for the socialization process, the passing down of cultural values and norms to children. Children learn by observing their parents’ consumption patterns, and so they will tend to shop in a similar pattern.

Decision-making roles among family members tend to vary significantly, depending on the type of item purchased. Family members assume a variety of roles in the purchase process. Initiators suggest, initiate, or plant the seed for the purchase process. The initiator can be any member of the family. For example, Sister might initiate the product search by asking for a new bicycle as a birthday present. Influencers are those members of the family whose opinions are valued. In our example, Mom might function as a price-range watchdog, an influencer whose main role is to veto or approve price ranges. Brother may give his opinion on certain makes of bicycles. The decision maker is the family member who actually makes the decision to buy or not to buy. For example, Dad or Mom is likely to choose the final brand and model of bicycle to buy after seeking further information from Sister about cosmetic features such as color and imposing additional criteria of his or her own, such as durability and safety. The purchaser (probably Dad or Mom) is the one who actually exchanges money for the product. Finally, the consumer is the actual user—Sister, in the case of the bicycle.

Marketers should consider family purchase situations along with the distribution of consumer and decision-maker roles among family members. Ordinary marketing views the individual as both decision maker and consumer. Family marketing adds several other possibilities: Sometimes more than one family member or all family members are involved in the decision; sometimes only children are involved in the decision; sometimes more than one consumer is involved; and sometimes the decision maker and the
consumer are different people. Exhibit 5.9 represents the patterns of family purchasing relationships that are possible.

Children can have great influence over the purchase decisions of their parents. In many families, with both parents working and short on time, children are encouraged to participate. In addition, children in single-parent households become more involved in family decisions at an earlier age. Children are especially influential in decisions about food and eating out, so food companies listen closely to what children want. Children also are more interested in entertainment than food. Therefore, McDonald's and Burger King spend about $4 billion annually on toys for their kids; Quaker Oatmeal features hidden treasures. Ketchup, margarine, jelly, and even peanut butter now come in squeezable bottles designed to allow small hands to create pictures. Promotions for food products aimed at children include a Web site that illustrates how to build a fort with french fries and books that teach children to count using Cheerios, M&Ms, and Oreos. Children influence purchase decisions for many more products and services than food. Even though they are usually not the actual purchasers of such items, children often participate in decisions about toys, clothes, vacations, recreation, automobiles, and many other products.

**REVIEW LEARNING OUTCOME**

Identify and understand the social factors that affect consumer buying decisions

**LO7**

**Individual Influences on Consumer Buying Decisions**

A person's buying decisions are also influenced by personal characteristics that are unique to each individual, such as gender, age and life-cycle stage; and personality, self-concept, and lifestyle. Individual characteristics are generally stable over the course of one's life. For instance, most people do not change their gender, and the act of changing personality or lifestyle requires a complete reorientation of one's life. In the case of age and life-cycle stage, these changes occur gradually over time.

**GENDER**

Physiological differences between men and women result in different needs, such as health and beauty products. Just as important are the distinct cultural, social, and economic roles played by men and women and the effects that these have on their decision-making processes. For example, many networks have programming targeted to women, while Spike TV calls itself the “first network for men.” Two magazines are geared to men...
who like to shop: Cargo is modeled after Lucky, a women’s shopping magazine; and Vitals, a free magazine, is positioned as a “luxury shopping magazine” for men.39

Indeed, men and women do shop differently. Studies show that men and women share similar motivations in terms of where to shop—that is, seeking reasonable prices, merchandise quality, and a friendly, low-pressure environment—but they don’t necessarily feel the same about shopping in general. Most women enjoy shopping. Their male counterparts claim to dislike the experience and shop only out of necessity. Further, men desire simple shopping experiences, stores with less variety, and convenience. Men are more interested than women in stores that are easy to shop in, are near home or office, or have knowledgeable personnel.40 The Internet appeals to men who find it an easy way to shop for clothing and gifts. Many Internet retailers are designing their sites to attract male gift buyers. Banana Republic’s Web site prompts customers purchasing gifts to choose a price range and then returns many suggestions for gifts in that range. To help its male shoppers, intimate apparel retailer Victoria’s Secret lets women create password-protected wish lists and then zap them to their significant others to ensure there’s no mistaking colors or sizes.

Trends in gender marketing are influenced by the changing roles of men and women in society. For instance, as women around the world are working and earning more, many industries are attracting new customers by marketing to women. The video game industry, which has traditionally targeted 18- to 22-year-old men with games featuring guns and explosions, is developing games based on popular female characters, like Barbie and Nancy Drew, aimed at capturing female customers. In South Korea, major credit-card companies target working women by offering benefits attractive to women such as discounts at department and bridal stores and disfigurement insurance for plastic surgery.41

The changing roles of women are also forcing companies that have traditionally targeted women to develop new strategies. One reason is because women’s decision making tends to be multi-minded and integrative, meaning that they consider and move back and forth among many criteria, as opposed to being single-minded and focused. They tend to view shopping as a learning process, educating themselves on the available options and typically adding criteria as they learn more. It is not unusual for a woman to shift back to an earlier stage of the decision process as she learns something that may cause her even to change categories. For example, a woman may have decided to buy an SUV because her friends all love theirs and she likes the looks of the new models. Once on the showroom floor, however, she may see a new minivan that offers great storage and fuel mileage. Suddenly, she’s including minivans in her consideration set and has added two new criteria to the qualifying list.42

AGE AND FAMILY LIFE-CYCLE STAGE

The age and family life-cycle stage of a consumer can have a significant impact on consumer behavior. How old a consumer is generally indicates what products he or she may be interested in purchasing. Consumer tastes in food, clothing, cars, furniture, and recreation are often age related. For example, researchers from American Demographics magazine and the research firm Encino examined the correlation between television shows and the age of viewers. As expected, the target audience of many TV shows directly coincided with the viewers. American Juniors on Fox was most popular with the 13–16 age range, 8 Simple Rules for Dating My Teenage Daughter on ABC was most popular with the 17–20 age range, and Big Brother on CBS was most popular with the 21–25 age range. For more mature audiences, the most popular shows were Desperate Housewives, Sex and the City, Lost, The Sopranos, and crime shows like CSI and its various spinoffs.43

Related to a person’s age is his or her place in the family life cycle. As Chapter 7 explains in more detail, the family life cycle is an orderly series of stages through which
consumers’ attitudes and behavioral tendencies evolve through maturity, experience, and changing income and status. Marketers often define their target markets in terms of family life cycle, such as “young singles,” “young married with children,” and “middle-aged married without children.” For instance, young singles spend more than average on alcoholic beverages, education, and entertainment. New parents typically increase their spending on health care, clothing, housing, and food and decrease their spending on alcohol, education, and transportation. Households with older children spend more on food, entertainment, personal care products, and education, as well as cars and gasoline. After their children leave home, spending by older couples on vehicles, women’s clothing, health care, and long-distance calls typically increases. For instance, the presence of children in the home is the most significant determinant of the type of vehicle that’s driven off the new-car lot. Parents are the ultimate need-driven car consumers, requiring larger cars and trucks to haul their children and all their belongings. It comes as no surprise then that for all households with children, SUVs rank either first or second among new-vehicle purchases followed by minivans.

Marketers should also be aware of the many nontraditional life-cycle paths that are common today and provide insights into the needs and wants of such consumers as divorced parents, lifelong singles, and childless couples. Three decades ago, married couples with children under 18 accounted for about half of U.S. households. Today, such families make up only 23 percent of all households, while people living alone or with nonfamily members represent more than 30 percent. Furthermore, according to the U.S. Census Bureau, the number of single-mother households grew by 25 percent over the last decade. The shift toward more single-parent households is part of a broader societal change that has put more women on the career track. Although many marketers continue to be wary of targeting nontraditional families, Charles Schwab targeted single mothers in an advertising campaign featuring Sarah Ferguson, the Duchess of York and a divorced mom. The idea was to appeal to single mothers’ heightened awareness of the need for financial self-sufficiency.44

PERSONALITY, SELF-CONCEPT, AND LIFESTYLE

Each consumer has a unique personality. **Personality** is a broad concept that can be thought of as a way of organizing and grouping how an individual typically reacts to situations. Thus, personality combines psychological makeup and environmental forces. It includes people’s underlying dispositions, especially their most dominant characteristics. Although personality is one of the least useful concepts in the study of consumer behavior, some marketers believe that personality influences the types and brands of products purchased. For instance, the type of car, clothes, or jewelry a consumer buys may reflect one or more personality traits.

**Self-concept**, or self-perception, is how consumers perceive themselves. Self-concept includes attitudes, perceptions, beliefs, and self-evaluations. Although self-concept may change, the change is often gradual. Through self-concept, people define their identity, which in turn provides for consistent and coherent behavior.

Self-concept combines the **ideal self-image** (the way an individual would like to be) and the **real self-image** (how an individual actually perceives himself or herself). Generally, we try to raise our real self-image toward our ideal (or at least narrow the gap). Consumers seldom buy products that jeopardize their self-image. For example, someone who sees herself as a trendsetter wouldn’t buy clothing that doesn’t project a contemporary image.
Human behavior depends largely on self-concept. Because consumers want to protect their identity as individuals, the products they buy, the stores they patronize, and the credit cards they carry support their self-image. No other product quite reflects a person’s self-image as much as the car he or she drives. For example, many young consumers do not like family sedans like the Honda Accord or Toyota Camry and say they would buy one for their mom, but not for themselves. Likewise, younger car buyers may avoid minivans because they do not want to sacrifice the youthful image they have of themselves just because they have new responsibilities. To combat decreasing sales, marketers of the Nissan Quest minivan decided to reposition it as something other than a “mom mobile” or “soccer mom car.” They chose the ad copy “Passion built it. Passion will fill it up,” followed by “What if we made a minivan that changed the way people think of minivans?”

By influencing the degree to which consumers perceive a good or service to be self-relevant, marketers can affect consumers’ motivation to learn about, shop for, and buy a certain brand. Marketers also consider self-concept important because it helps explain the relationship between individuals’ perceptions of themselves and their consumer behavior.

An important component of self-concept is body image, the perception of the attractiveness of one’s own physical features. For example, individuals who have cosmetic surgery often experience significant improvement in their overall body image and self-concept. Moreover, a person’s perception of body image can be a stronger reason for trying to lose weight than either good health or other social factors. With the median age of Americans rising, many companies are introducing products and services aimed at aging baby boomers who are concerned about their age and physical appearance. Bank of America has featured Harley-riding seniors in its advertisements for its private-bank marketing campaign, and high-end anti-aging creams are flying off department store shelves. Finally marketers are also seeing boomers respond to products aimed at younger audiences. For instance, new Starwood “W” Hotels, designed and advertised to attract a young, hip crowd, are attracting large numbers of boomers.

Personality and self-concept are reflected in lifestyle. A lifestyle is a mode of living, as identified by a person’s activities, interests, and opinions. Psychographics is the analytical technique used to examine consumer lifestyles and to categorize consumers. Unlike personality characteristics, which are hard to describe and measure, lifestyle characteristics are useful in segmenting and targeting consumers. Lifestyle and psychographic analysis explicitly addresses the way consumers outwardly express their inner selves in their social and cultural environment.

Many companies now use psychographics to better understand their market segments. For many years, marketers selling products to mothers conveniently assumed that all moms were fairly homogeneous and concerned about the same things—the health and well-being of their children—and that they could all be reached with a similar message. But recent lifestyle research has shown that there are traditional, blended, and nontraditional moms, and companies like Procter & Gamble and Pillsbury are using strategies to reach these different types of mothers. Psychographics is also effective with other segments. Gap, one of the leading proponents of “lifestyle” advertising, consistently uses celebrities to market each season’s line. In an attempt to bring back baby boomers and their children, Gap used stars such as Madonna, Missy Elliot, Sarah Jessica Parker, and Josh Duhamel in its advertising campaigns. Cord jeans for women and other products were featured in 30- and 60-second TV spots. To further entice consumers, a limited edition CD remix was offered in stores and online.

Psychographics and lifestyle segmentation are discussed in more detail in Chapter 7.
Psychological Influences on Consumer Buying Decisions

An individual’s buying decisions are further influenced by psychological factors: perception, motivation, learning, and beliefs and attitudes. These factors are what consumers use to interact with their world. They are the tools consumers use to recognize their feelings, gather and analyze information, formulate thoughts and opinions, and take action. Unlike the other three influences on consumer behavior, psychological influences can be affected by a person’s environment because they are applied on specific occasions. For example, you will perceive different stimuli and process these stimuli in different ways depending on whether you are sitting in class concentrating on the instructor, sitting outside of class talking to friends, or sitting in your dorm room watching television.

PERCEPTION

The world is full of stimuli. A stimulus is any unit of input affecting one or more of the five senses: sight, smell, taste, touch, hearing. The process by which we select, organize, and interpret these stimuli into a meaningful and coherent picture is called perception. In essence, perception is how we see the world around us and how we recognize that we need some help in making a purchasing decision.

People cannot perceive every stimulus in their environment. Therefore, they use selective exposure to decide which stimuli to notice and which to ignore. A typical consumer is exposed to more than 2,500 advertising messages a day but notices only between 11 and 20.

The familiarity of an object, contrast, movement, intensity (such as increased volume), and smell are cues that influence perception. Consumers use these cues to identify and define products and brands. The shape of a product’s packaging, such as Coca-Cola’s signature contour bottle, for instance, can influence perception. Color is another cue, and it plays a key role in consumers’ perceptions. Packaged foods manufacturers use color to trigger unconscious associations for grocery shoppers who typically make their shopping decisions in the blink of an eye. Red, for instance, used on packages of Campbell’s soups and SunMaid raisins, is associated with prolonged and increased eating. Green is associated with environmental well-being and healthy, low-fat foods. Healthy Choice entrées and SnackWells cookies use green. Premium products, like Sheba cat food, Ben & Jerry’s ice cream, and Godiva chocolate use black, brown, and gold on their packaging to convey their use of superior ingredients. The shape and look of a product’s packaging can also influence perception. Ivory Soap created special packaging based on the original late nineteenth-century design to take advantage of a consumer trend toward simplifying life by emphasizing the brand’s heritage and image of purity.

What is perceived by consumers may also depend on the stimulus’s vividness or shock value. Graphic warnings of the hazards associated with a product’s use are perceived more readily and remembered more accurately than less vivid warnings or warnings that are written in text. “Sexier” ads excel at attracting the attention of younger consumers. Companies like Calvin Klein and Guess use sensuous ads to “cut through the clutter” of competing ads and other stimuli to capture the attention of the target audience.

Two other concepts closely related to selective exposure are selective distortion and selective retention. Selective distortion occurs when consumers change or distort information that conflicts with their feelings or beliefs. For example, suppose a college student buys a Sonicblue Rio MP3 player. After the purchase, if the student gets new information about an alternative brand, such as an Apple iPod, he or she may distort the information to make it more consistent with the prior view that the Sonicblue Rio is just as good as the iPod, if not better. Business travelers who fly often may distort or discount information about airline crashes because they must use air travel constantly in their jobs.
Selective retention is remembering only information that supports personal feelings or beliefs. The consumer forgets all information that may be inconsistent. After reading a pamphlet that contradicts one’s political beliefs, for instance, a person may forget many of the points outlined in it. Similarly, consumers may see a news report on suspected illegal practices by their favorite retail store, but soon forget the reason the store was featured on the news.

Which stimuli will be perceived often depends on the individual. People can be exposed to the same stimuli under identical conditions but perceive them very differently. For example, two people viewing a TV commercial may have different interpretations of the advertising message. One person may be thoroughly engrossed by the message and become highly motivated to buy the product. Thirty seconds after the ad ends, the second person may not be able to recall the content of the message or even the product advertised.

Marketing Implications of Perception
Marketers must recognize the importance of cues, or signals, in consumers' perception of products. Marketing managers first identify the important attributes, such as price or quality, that the targeted consumers want in a product and then design signals to communicate these attributes. For example, consumers will pay more for candy in expensive-looking foil packages. But shiny labels on wine bottles signify less expensive wines; dull labels indicate more expensive wines. Marketers also often use price as a signal to consumers that the product is of higher quality than competing products. Gibson Guitar Corporation briefly cut prices on many of its guitars to compete with Japanese rivals Yamaha and Ibanez but found that it sold more guitars when it charged more for them. Consumers perceived that the higher price indicated a better quality instrument.51

Of course, brand names send signals to consumers. The brand names of Close-Up toothpaste, DieHard batteries, and Caress moisturizing soap, for example, identify important product qualities. Names chosen for search engines and sites on the Internet, such as Yahoo!, Amazon.com, and Excite, are intended to convey excitement, intensity, and vastness. Companies may even change their names to send a message to consumers. As today’s utility companies increasingly enter unregulated markets, many are shaking their stodgy "Power & Light & Electric" names in favor of those that let consumers know they are not just about electricity anymore, such as Reliant Resources, Entergy, and Cinergy.

Consumers also associate quality and reliability with certain brand names. Companies watch their brand identity closely, in large part because a strong link has been established between perceived brand value and customer loyalty. Brand names that consistently enjoy high perceived value from consumers include Kodak, Disney, National Geographic, Mercedes-Benz, and Fisher-Price. Naming a product after a place can also add perceived value by association. Brand names using the words Santa Fe, Dakota, or Texas convey a sense of openness, freedom, and youth, but products named after other locations might conjure up images of pollution and crime.

Marketing managers are also interested in the threshold level of perception: the minimum difference in a stimulus that the consumer will notice. This concept is sometimes referred to as the “just-noticeable difference." For example, how much would Apple have to drop the price of its iPod Shuffle before consumers recognized it as a bargain—$25? $50? or more? One study found that the just-noticeable difference in a stimulus is about a 20 percent change. For example, consumers will likely notice a 20 percent price decrease more quickly than a 15 percent decrease. This marketing principle can be applied to other marketing variables as well, such as package size or loudness of a broadcast advertisement.52

Another study showed that the bargain-price threshold for a name brand is lower than that for a store brand. In other words, consumers perceive a bargain more readily when stores offer a small discount on a name-brand item than when they offer the same discount on a store brand; a larger discount is needed to achieve a similar effect for a store brand.53 Researchers also found that for low-cost grocery items, consumers typically do not see past the second digit in the price. For instance, consumers do not
perceive any real difference between two comparable cans of tuna, one priced at $1.52 and the other at $1.59, because they ignore the last digit. 54

Besides changing such stimuli as price, package size, and volume, marketers can change the product or attempt to reposition its image. Realtors, for example, have changed a property’s address to enhance its image. In fact, one San Francisco real estate company almost lost a major deal when one of its potential clients refused to move into an office whose address was 444 Market Street because of the association of the number four with death in the Chinese community. The company saved the deal by renovating the lobby to include a new entrance and changing the building’s address to One Front Street. 55 But marketers must be careful when adding features. How many new services will discounter Target Stores need to add before consumers perceive it as a full-service department store? How many sporty features will General Motors have to add to a basic two-door sedan before consumers start perceiving it as a sports car?

Marketing managers who intend to do business in global markets should be aware of how foreign consumers perceive their products. For instance, in Japan, product labels are often written in English or French, even though they may not translate into anything meaningful. Many Japanese associate foreign words on product labels with the exotic, the expensive, and high quality.

Marketers have often been suspected of sending advertising messages subconsciously to consumers in what is known as subliminal perception. The controversy began when a researcher claimed to have increased popcorn and Coca-Cola sales at a movie theater after flashing “Eat popcorn” and “Drink Coca-Cola” on the screen every five seconds for 1/300th of a second, although the audience did not consciously recognize the messages. Almost immediately consumer protection groups became concerned that advertisers were brainwashing consumers, and this practice was pronounced illegal in California and Canada. Although the researcher later admitted to making up the data and scientists have been unable to replicate the study since, consumers are still wary of hidden messages that advertisers may be sending.

**MOTIVATION**

By studying motivation, marketers can analyze the major forces influencing consumers to buy or not buy products. When you buy a product, you usually do so to fulfill some kind of need. These needs become motives when aroused sufficiently. For instance, suppose this morning you were so hungry before class that you needed to eat something. In response to that need, you stopped at McDonald’s for an Egg McMuffin. In other words, you were motivated by hunger to stop at McDonald’s. Motives are the driving forces that cause a person to take action to satisfy specific needs.

Why are people driven by particular needs at particular times? One popular theory is Maslow’s hierarchy of needs, shown in Exhibit 5.10 on page 167, which arranges needs in ascending order of importance: physiological, safety, social, esteem, and self-actualization. As a person fulfills one need, a higher level need becomes more important.

The most basic human needs are physiological—that is the needs for food, water, and shelter. Because they are essential to survival, these needs must be satisfied first. Ads showing a juicy hamburger or a runner gulping down Gatorade after a marathon are examples of appeals to satisfy the physiological needs of hunger and thirst.

Safety needs include security and freedom from pain and discomfort. Marketers sometimes appeal to consumers’ fears and anxieties about safety to sell their products. For example, aware of the aging population’s health fears, the retail medical imaging centers Heart Check America and HealthScreen America advertise that they offer consumers a full body scan for early detection of health problems such as coronary disease and cancer. On the other hand, some companies or industries advertise to allay consumer fears. For example, in the wake of the September 11 terrorist attacks, the airline industry found itself having to conduct an image campaign to reassure consumers about the safety of air travel. 56

After physiological and safety needs have been fulfilled, social needs—especially love and a sense of belonging—become the focus. Love includes acceptance by one’s peers, as
well as sex and romantic love. Marketing managers probably appeal more to this need than to any other. Ads for clothes, cosmetics, and vacation packages suggest that buying the product can bring love. The need to belong is also a favorite of marketers, especially those marketing products to teens. Shoes and clothing brands such as Nike, adidas, Tommy Hilfiger, Gap, JNCO, and Abercrombie & Fitch score high with teenagers as “cool” brands. Teens who wear these labels feel and look like they belong to the in-crowd.

Love is acceptance without regard to one’s contribution. Esteem is acceptance based on one’s contribution to the group. Self-esteem needs include self-respect and a sense of accomplishment. Esteem needs also include prestige, fame, and recognition of one’s accomplishments. Mont Blanc pens, Mercedes-Benz automobiles, and Neiman Marcus stores all appeal to esteem needs. Most high-end spas and health clubs appeal to consumers’ self-esteem needs. Like exclusive country clubs, clubs such as Chicago’s East Bank Club are designed to make members feel proud of their commitment to fitness while also giving them a sense of social accomplishment. In fact, the clubs can be so effective that even during an economic recession, patrons will not give up their membership because to do so would be a public admission of financial problems.57

Asian consumers, in particular, are strongly motivated by status and appearance. Asians tend to be conscious of their place in a group, institution, or society as a whole. The importance of gaining social recognition turns Asians into some of the most image-conscious consumers in the world. Status-conscious Asians will not hesitate to spend freely on premium brands, such as BMW, Mercedes-Benz, and the best Scotch whiskey and French cognac. Indeed, marketers of luxury products such as Gucci, Louis Vuitton, and Prada find that demand for their products is so strong among image-conscious consumers that their sales are generally unaffected by economic downturns. In some cases, companies have been able to make up for sluggish European and U.S. sales by raising prices and volume in Asia.

The highest human need is self-actualization. It refers to finding self-fulfillment and self-expression, reaching the point in life at which “people are what they feel they should be.”
Maslow felt that very few people ever attain this level. Even so, advertisements may focus on this type of need. For example, American Express ads convey the message that acquiring its card is one of the highest attainments in life. Microsoft appealed to consumers’ needs for self-actualization when it chose “Your Potential Our Passion” as the Windows XP slogan; similarly, the U.S. Army changed its slogan from “Be all that you can be” to “Army of One,” and the U.S. Navy adopted a slogan urging young people to “Accelerate Your Life.”

LEARNING

Almost all consumer behavior results from learning, which is the process that creates changes in behavior through experience and practice. It is not possible to observe learning directly, but we can infer when it has occurred by a person’s actions. For example, suppose you see an advertisement for a new and improved cold medicine. If you go to the store that day and buy that remedy, we infer that you have learned something about the cold medicine.

There are two types of learning: experiential and conceptual. Experiential learning occurs when an experience changes your behavior. For example, if the new cold medicine does not relieve your symptoms, you may not buy that brand again. Conceptual learning, which is not acquired through direct experience, is the second type of learning. Assume, for example, that you are standing at a soft drink machine and notice a new diet flavor with an artificial sweetener. Because someone has told you that diet beverages leave an aftertaste, you choose a different drink. You have learned that you would not like this new diet drink without ever trying it.

Reinforcement and repetition boost learning. Reinforcement can be positive or negative. If you see a vendor selling frozen yogurt (stimulus), buy it (response), and find the yogurt to be quite refreshing (reward), your behavior has been positively reinforced. On the other hand, if you buy a new flavor of yogurt and it does not taste good (negative reinforcement), you will not buy that flavor of yogurt again (response). Without positive or negative reinforcement, a person will not be motivated to repeat the behavior pattern or to avoid it. Thus, if a new brand evokes neutral feelings, some marketing activity, such as a price change or an increase in promotion, may be required to induce further consumption. Learning theory is helpful in reminding marketers that concrete and timely actions are what reinforce desired consumer behavior.

Repetition is a key strategy in promotional campaigns because it can lead to increased learning. Most marketers use repetitious advertising so that consumers will learn what their unique advantage is over the competition. Generally, to heighten learning, advertising messages should be spread over time rather than clustered together.

A related learning concept useful to marketing managers is stimulus generalization. In theory, stimulus generalization occurs when one response is extended to a second stimulus similar to the first. Marketers often use a successful, well-known brand name for a family of products because it gives consumers familiarity with and knowledge about each product in the family. Such brand-name families spur the introduction of new products and facilitate the sale of existing items. Jell-O frozen pudding pops rely on the familiarity of Jell-O gelatin; Clorox bathroom cleaner relies on familiarity with Clorox bleach; and Dove shampoo relies on familiarity with Dove soap. Microsoft entered the video game industry, hoping that the Microsoft brand would guarantee sales for the Xbox. Initial response to the Xbox was strong based on Microsoft’s reputation. Since then Microsoft has worked hard to be successful in an industry dominated by other brand giants Sony and Nintendo. The latest generation Xbox 360, introduced in December 2005, has jaw-dropping high-definition graphics, unmatched online play, and compelling digital entertainment; it plays music and movies stored in an array of devices including MP3 players and displays photos from digital cameras. Branding is examined in more detail in Chapter 9.

Another form of stimulus generalization occurs when retailers or wholesalers design their packages to resemble well-known manufacturers’ brands. Such imitation often confuses consumers, who buy the imitation thinking it’s the original. U.S. manufacturers
in foreign markets have sometimes found little, if any, brand protection. In South Korea, Procter & Gamble’s Ivory soap competes head-on with the Korean brand Bory, which has an almost identical logo on the package. Consumers dissatisfied with Bory may attribute their dissatisfaction to Ivory, never realizing that Bory is an imitator. Counterfeit products are also produced to look exactly like the original. For example, counterfeit Levi’s jeans made in China are hot items in Europe, where Levi Strauss has had trouble keeping up with demand. The knockoffs look so much like the real thing that unsuspecting consumers don’t know the difference—until after a few washes, when the belt loops fall off and the rivets begin to rust.

The opposite of stimulus generalization is **stimulus discrimination**, which means learning to differentiate among similar products. Consumers may perceive one product as more rewarding or stimulating. For example, some consumers prefer Coca-Cola and others prefer Pepsi. Many insist they can taste a difference between the two brands.

With some types of products—such as aspirin, gasoline, bleach, paper towels—marketers rely on promotion to point out brand differences that consumers would otherwise not recognize. This process, called **product differentiation**, is discussed in more detail in Chapter 7. Usually, product differentiation is based on superficial differences. For example, Bayer tells consumers that it’s the aspirin “doctors recommend most.”

**BELIEFS AND ATTITUDES**

Beliefs and attitudes are closely linked to values. A **belief** is an organized pattern of knowledge that an individual holds as true about his or her world. A consumer may believe that Sony’s camcorder makes the best home videos, tolerates hard use, and is reasonably priced. These beliefs may be based on knowledge, faith, or hearsay.

Consumers tend to develop a set of beliefs about a product’s attributes and then, through these beliefs, form a **brand image**—a set of beliefs about a particular brand. In turn, the brand image shapes consumers’ attitudes toward the product.

An **attitude** is a learned tendency to respond consistently toward a given object, such as a brand. Attitudes rest on an individual’s value system, which represents personal standards of good and bad, right and wrong, and so forth; therefore, attitudes tend to be more enduring and complex than beliefs.

For an example of the nature of attitudes, consider the differing attitudes of consumers around the world toward the practice of purchasing on credit. Americans have long been enthusiastic about charging goods and services and are willing to pay high interest rates for the privilege of postponing payment. To many European consumers, doing what amounts to taking out a loan—even a small one—to pay for anything seems absurd. Germans especially are reluctant to buy on credit. Italy has a sophisticated credit and banking system well suited to handling credit cards, but Italians prefer to carry cash, often huge wads of it. Although most Japanese consumers have credit cards, card purchases amount to less than 1 percent of all consumer transactions. The Japanese have long looked down on credit purchases but acquire cards to use while traveling abroad.

If a good or service is meeting its profit goals, positive attitudes toward the product merely need to be reinforced. If the brand is not succeeding, however, the marketing manager must strive to
change target consumers’ attitudes toward it. Changes in attitude tend to grow out of an individual’s attempt to reconcile long-held values with a constant stream of new information. This change can be accomplished in three ways: changing beliefs about the brand’s attributes, changing the relative importance of these beliefs, and adding new beliefs.

**Changing Beliefs about Attributes**

The first technique is to turn neutral or negative beliefs about product attributes into positive ones. For example, many consumers believe that it is easier and cheaper to take traditional film to be developed than it is to print their own digital photos. To change this belief, Kodak has begun setting up kiosks in retail outlets that let consumers print their digital photos. The kiosks eliminate the need for consumers to purchase their own high-quality printer. Similarly, companies like It’s Never 2 Late are trying to change senior citizens’ belief that computers are too complicated for them to learn by providing software and hardware with larger type, fewer options, and more graphics to make it easier for seniors to use a PC.

Changing beliefs about a service can be more difficult because service attributes are intangible. Convincing consumers to switch hairstylists or lawyers or go to a mall dental clinic can be much more difficult than getting them to change brands of razor blades. Image, which is also largely intangible, significantly determines service patronage. For example, Tomra, a Norwegian recycling giant, hopes to increase the number of Americans who recycle by changing their perception that recycling is an unsavory chore. By building new rePlanet recycling kiosks in communities as an alternative to neighborhood recycling centers, Tomra is offering Americans a clean, convenient, service-oriented way to be responsible citizens. Service marketing is explored in detail in Chapter 9.

**Changing the Importance of Beliefs**

The second approach to modifying attitudes is to change the relative importance of beliefs about an attribute. Cole Haan, originally a men’s shoe outfitter, used boats and cars in its ads for years to associate the brand with active lifestyles, an important attribute for men. Now that it is selling women’s products, such as handbags and shoes, some of its ads use models and emphasize how the products look, an important attribute for women. The company hopes the ads will change customers’ perceptions and beliefs that it only sells men’s products.

Marketers can also emphasize the importance of some beliefs over others. For example, Chrysler’s Jeep unit positions itself as being rugged but promotes its luxury features. The newest Grand Cherokee have even more off-road capability, but very few owners ever take them off-road. Luxury features include a climate-control system with infrared beams that track drivers’ and passengers’ skin temperature to automatically adjust air conditioning and heat, his and her key rings that
remember settings for power seats and mirrors, a system to reprogram radio stations for different drivers, and many other comforts.

Adding New Beliefs
The third approach to transforming attitudes is to add new beliefs. Although changes in consumption patterns often come slowly, cereal marketers are betting that consumers will eventually warm up to the idea of cereal as a snack. A print ad for General Mills’s Cookie-Crisp cereal features a boy popping the sugary nuggets into his mouth while he does his homework. Koch Industries, the manufacturer of Dixie paper products, is also attempting to add new beliefs about the uses of its paper plates and cups with an advertising campaign aimed at positioning its product as a “home cleanup replacement.” Commercials pitch Dixie paper plates as an alternative to washing dishes after everyday meals.

U.S. companies attempting to market their goods overseas may need to help consumers add new beliefs about a product in general. Coca-Cola and PepsiCo have both found it challenging to sell their diet cola brands to consumers in India partly because diet foods of any kind are a new concept in that country where malnutrition was widespread not too many years ago. Indians also have deep-rooted attitudes that anything labeled “diet” is meant for a sick person, such as a diabetic. As a general rule, most Indians are not diet-conscious, preferring food prepared in the traditional manner that tastes good. Indians are also suspicious of the artificial sweeteners used in diet colas. India’s Health Ministry has required warning labels on cans and bottles of Diet Coke and Diet Pepsi saying “Not Recommended for Children.”

Review and Applications

**LO 1** Explain why marketing managers should understand consumer behavior. Consumer behavior describes how consumers make purchase decisions and how they use and dispose of the products they buy. An understanding of consumer behavior reduces marketing managers’ uncertainty when they are defining a target market and designing a marketing mix.

1.1 The type of decision making a consumer uses for a product does not necessarily remain constant. Why? Support your answer with an example from your own experience.

**LO 2** Analyze the components of the consumer decision-making process. The consumer decision-making process begins with need recognition, when stimuli trigger awareness of an unfulfilled want. If additional information is required to make a purchase decision, the consumer may engage in an internal or external information search. The consumer then evaluates the additional information and establishes purchase guidelines. Finally, a purchase decision is made.


**LO 3** Explain the consumer’s postpurchase evaluation process. Consumer postpurchase evaluation is influenced by prepurchase expectations, the prepurchase information search, and the consumer’s general level of self-confidence. Cognitive dissonance is the inner tension that a consumer experiences after
recognizing a purchased product’s disadvantages. When a purchase creates cognitive dissonance, consumers tend to react by seeking positive reinforcement for the purchase decision, avoiding negative information about the purchase decision, or revoking the purchase decision by returning the product.

3.1 Recall an occasion when you experienced cognitive dissonance about a purchase. In a letter to a friend, describe the event and explain what you did about it.

LO4 Identify the types of consumer buying decisions and discuss the significance of consumer involvement. Consumer decision making falls into three broad categories. First, consumers exhibit routine response behavior for frequently purchased, low-cost items that require very little decision effort; routine response behavior is typically characterized by brand loyalty. Second, consumers engage in limited decision making for occasional purchases or for unfamiliar brands in familiar product categories. Third, consumers practice extensive decision making when making unfamiliar, expensive, or infrequent purchases. High-involvement decisions usually include an extensive information search and a thorough evaluation of alternatives. In contrast, low-involvement decisions are characterized by brand loyalty and a lack of personal identification with the product. The main factors affecting the level of consumer involvement are previous experience, interest, perceived risk of negative consequences (financial, social, and psychological), situation, and social visibility.

4.1 Describe the three categories of consumer decision-making behavior. Name typical products for which each type of consumer behavior is used.

4.2 Describe the level of involvement and the involvement factors likely to be associated with buying a new computer. Do you think Apple’s Web site at http://www.apple.com simplifies or complicates the process for the average consumer? Explain.

LO5 Identify and understand the cultural factors that affect consumer buying decisions. Cultural influences on consumer buying decisions include culture and values, subculture, and social class. Culture is the essential character of a society that distinguishes it from other cultural groups. The underlying elements of every culture are the values, language, myths, customs, rituals, laws, and artifacts, or products, that are transmitted from one generation to the next. The most defining element of a culture is its values—the enduring beliefs shared by a society that a specific mode of conduct is personally or socially preferable to another mode of conduct. A culture can be divided into subcultures on the basis of demographic characteristics, geographic regions, national and ethnic background, political beliefs, and religious beliefs. Subcultures share elements of the overall culture as well as cultural elements unique to their own group. A social class is a group of people who are considered nearly equal in status or community esteem, who regularly socialize among themselves both formally and informally, and who share behavioral norms.

5.1 You are a new marketing manager for a firm that produces a line of athletic shoes to be targeted to the college student subculture. In a memo to your boss, list some product attributes that might appeal to this subculture and the steps in your customers’ purchase processes, and recommend some marketing strategies that can influence their decision.

LO6 Identify and understand the social factors that affect consumer buying decisions. Social factors include such external influences as reference groups, opinion leaders, and family. Consumers seek out others’ opinions for guidance on new products or services and products with image-related attributes or because attribute information is lacking or uninformative. Consumers may use products
or brands to identify with or become a member of a reference group. Opinion leaders are members of reference groups who influence others’ purchase decisions. Family members also influence purchase decisions; children tend to shop in similar patterns as their parents.

6.1 Family members play many different roles in the buying process: initiator, influencer, decision maker, purchaser, and consumer. Identify the person in your family who might play each of these roles in the purchase of a dinner at Pizza Hut, a summer vacation, Froot Loops breakfast cereal, an Abercrombie & Fitch sweater, golf clubs, an Internet service provider, and a new car.

7.1 Assume you are involved in the following consumer decision situations: (a) renting a DVD to watch with your roommates, (b) choosing a fast-food restaurant to go to with a new friend, (c) buying a popular music compact disc, (d) buying jeans to wear to class. List the individual factors that would influence your decision in each situation and explain your responses.

8.1 How do beliefs and attitudes influence consumer behavior? How can negative attitudes toward a product be changed? How can marketers alter beliefs about a product? Give some examples of how marketers have changed negative attitudes about a product or added or altered beliefs about a product.
**Application Exercise**

Principles of consumer behavior are evident in many areas of marketing. Perhaps the easiest place to see this critical foundation of marketing activity is in print ads.61

**Activities**

1. Review the main concepts in this chapter and create a checklist that itemizes them. Then, comb through your favorite magazines and newspapers for advertisements that illustrate each concept. To get a wide variety of ads, you will need to look through several magazines. If you don’t have many magazines at your disposal, go to the campus library periodical room. Photocopy the ads you select to support this chapter.

2. Because pictures can help reinforce understanding, consider doing this exercise for each chapter in the book. At the end of the semester, you will have a portfolio of ads that illustrate the concepts in the entire book, which can help you study. Simply look through your portfolio and try to recall the concepts at work in each advertisement. This exercise can be a prelude to a longer study session for comprehensive exams.

**Entrepreneurship Case**

**BACK TO THE FUTURE? CHOCOLATE LOUNGES TASTE SWEET SUCCESS**

The chocolate house dates back to seventeenth-century London, when members of society’s elite would gather in luxurious surroundings to relax and sip hot chocolate. Later, Europeans expanded on that idea and developed solid chocolate treats that sold in upscale boutiques. Lacking the resources and economy of established continents, bootstrapping American settlers pioneered the development of cheaper chocolate bars for the masses.

Centuries have passed, however, and the American palate has tired of the taste of mass-produced chocolate. The U.S. chocolate industry has experienced growth of less than 3 percent since the turn of the millennium, and the lack of industry innovation has left a bad taste in chocolate purveyors’ mouths, too. Enter Ethel’s Chocolate Lounges, named in honor of the matriarch of the Mars family, who founded the candy company with her husband Frank in 1911.

Now Ethel Mars’s name adorns the signs at the company’s latest attempt to breathe fresh life into chocolate. Aware that chocolate sales at upscale retail outlets, like Godiva and Starbucks grew by nearly 20 percent from 2002 to 2004, Mars opened Ethel’s...
Chocolate Lounge in the Lincoln Park neighborhood of Chicago in April 2005. More Ethel’s have opened since then, and the chic chocolate houses are Mars’s bet that well-heeled and sweet-toothed consumers will take to premium chocolate the same way that well-to-do coffee lovers flock to Starbucks for high-priced java. Ethel’s Lounges are designed to coddle patrons in the lap of luxury, but Mars president John Haugh maintains that what makes Ethel’s special is that it offers “approachable gourmet chocolate.” In other words, you don’t have to be a millionaire to enjoy the sweet taste of the good life.

Prices are not for everyone’s wallet, however. Truffles and Tea for Two, which features all 11 of Ethel’s truffles served on a silver platter, sells for $15. Chocolates and Cocoa for Two includes two cocoas and 10 pieces of chocolate for $18, and a box of 48 chocolates is $42. Five “Collections” offer over 50 individual chocolates that sell for between $.90 and $1.50.

Supporting Haugh’s claim of approachability, though, the menus at Ethel’s feature icons and descriptions of the chocolates’ contents so that customers won’t experience an unwanted surprise. A multitude of hot and cold beverages give visitors more reasons to extend their stays.

But it’s not just the chocolate that makes Ethel’s such a desirable destination. Advertising describes Ethel’s as “a place for chocolate and chitchat.” Generously stuffed pink couches with brown accents combine upscale modern and traditional looks to give the stores a hip and classy feel. For those who don’t immediately get it, a sign behind the counter reads, “Chocolate is the new black.” The stores’ appeal is their relaxing ambience and neighborhood vibe—like a modern American coffeehouse, these shops encourage socializing and extending lounging. The effect is carefully planned. Mars’s research revealed that even calorie-conscious consumers will splurge for the good stuff as long as a broader social experience comes with it.

Parallels to the Starbucks-led American coffee revival are obvious and inescapable. Confectionary industry insiders note that chocolate cafés are taking hold, and research confirms their belief. Datamonitor, a research firm specializing in trend identification, described chocolate as “the new coffee” on its list of the top ten trends to watch in 2006. The popularity of the Chocolate Bar in New York, billed as a “candy store for grown-ups,” and South Bend Chocolate’s ten chocolate cafés shows that the trend is for real. Even some Hershey’s stores now offer seating for patrons.

Joan Steuer, president of Chocolate Marketing, claims that, for women, enjoying chocolate in a luxurious lounge is like taking a candle-lit bubble bath. She notes, too, that much of the appeal is that the experience is testimony to the person’s upward mobility. It’s a perfect way to cater to the American desire to have the best that money can buy.62

Questions
1. What type of consumer buying decision best describes the choice to indulge at Ethel’s?
2. List the factors that might influence a consumer to spend money and time at Ethel’s. Which factor do you think will motivate a consumer the most? Why?
3. Review the core American values in Exhibit 5.5. Which value does the Ethel’s experience appeal to most? Explain.

COMPANY CLIPS

ReadyMade—Do-it-Yourself

In 2001 when Grace Hawthorne, CEO, and Shoshana Berger, editor-in-chief, came up with their idea for ReadyMade there were no other publications with their unique do-it-yourself (DIY) theme. ReadyMade was to be a magazine about fun and creative projects for the home. Since its development, the bimonthly magazine has enjoyed a loyal subscriber base and continues to gain readership across the country. All issues include numerous do-it-yourself (DIY) projects, each rated by its level of difficulty, as well as several feature articles exploring the latest in innovation and design. In this video, pay attention to ReadyMade’s methods as its magazine is launched. Note also how ReadyMade uses its knowledge of its consumer base to tailor the product.
Questions

1. While the ReadyMade magazine was still in the design stages, very little research was done to determine whether an interested market existed. Did this adversely affect the magazine as it moved forward to publication? Explain.

2. How does the cover of ReadyMade magazine reflect the principles of packaging design as influenced by the known behaviors of its consumers?

3. To what extent does ReadyMade rely on opinion leaders to promote the magazine? Is this a successful tactic?

BIZ FLIX

The Family Man (I)

See the theories in Chapter 5 at work in this clip from The Family Man, starring Nicolas Cage (Jack) and Tea Leoni (Kate). In the selected scene, Jack is still trying to adapt to his new life as husband, father, and tire salesman. He walks into the men’s department of a mall department store and begins to admire the suits. How does this scene relate to the many factors that affect the consumer decision-making process shown in Exhibit 5.1? Can you describe Jack’s decision using terms and concepts from the chapter?

Marketing & You Results

High scores suggest that you tend to shop for value, whereas lower scores indicate compulsive buying, or excessive shopping relative to your disposable income. Lower scores also suggest that you may use excessive shopping to deal with undesirable moods or negative feelings. Even though your mood might improve afterward, beware: the change is temporary, compulsive shopping behavior is very difficult to stop, and you can experience harmful consequences as a result.