5 Consumer Markets and Consumer Buyer Behavior

Chapter Preview

In the previous chapter, you studied how marketers obtain, analyze, and use information to develop customer insights and assess marketing programs. In this chapter and the next, we continue with a closer look at the most important element of the marketplace—customers. The aim of marketing is to affect how customers think and act. To affect the *whats*, *whens*, and *hows* of buyer behavior, marketers must first understand the *whys*. In this chapter, we look at *final consumer* buying influences and processes. In the next chapter, we'll study the buyer behavior of *business customers*. You'll see that understanding buyer behavior is an essential but very difficult task.

To get a better sense of the importance of understanding consumer behavior, we begin by first looking at Apple. What makes Apple users so fanatically loyal? Just what is it that makes them buy a Mac computer, an iPod, an iPhone, an iPad, or all of these? Partly, it's the way the equipment works. But at the core, customers buy from Apple because the brand itself is a part of their own self-expression and lifestyle. It's a part of what the loyal Apple customer is.

Apple: The Keeper of All Things Cool

Few brands engender such intense loyalty as that found in the hearts of core Apple buyers. Whether they own a Mac computer, an iPod, an iPhone, or an iPad, Apple devotees are granitelike in their devotion to the brand. At one end are the quietly satisfied Mac users, folks who own a Mac and use it for e-mailing, browsing, and social networking. At the other extreme, however, are the Mac zealots—the so-called MacHeads or Macolytes. The *Urban Dictionary* defines a Macolyte as "one who is fanatically devoted to Apple products," as in "He's a Macolyte; don't even *think* of mentioning Microsoft within earshot."

The chances are good that you know one of these MacHeads. Maybe you *are* one. They're the diehards who buy all the latest Apple products and accessories to maximize their Mac lives. They virtually live in the local Apple store. Some have even been known to buy two iPhones—one for themselves and the other just to take apart, to see what it looks like on the inside, and maybe, just to marvel at Apple's ingenious ability to cram so much into a tight little elegant package.

There's at least a little MacHead in every Apple customer. Mac enthusiasts see Apple founder Steve Jobs as the Walt Disney of technology. Say the word *Apple* in front of Mac fans, and they'll go into rhapsodies about the superiority of the brand. Some MacHeads even tattoo the Apple logo on their bodies. According to one industry observer, a Mac or iPhone comes "not just as a machine in a box, it [comes] with a whole community" of fellow believers.

What is it that makes Apple buyers so loyal? Why do they buy a Mac instead of an HP or a Dell, or an iPhone instead of brands from Nokia, LG, or Motorola? Ask the true believers, and they'll tell you simply that Apple's products work better and do more or are simpler to use. But Apple buyer behavior has much deeper roots. Apple puts top priority on understanding its customers and what makes them tick deep down. It knows that, to Apple buyers, a Mac computer or an iPhone is much more than just a piece of electronics equipment. It's a part of the buyer's own self-expression and lifestyle—a part of what each person is. When you own a Mac, you are anything but mainstream. You're an independent thinker, an innovator, and ahead of the crowd.

Apple plays to these deep-seated customer buying needs and motives in everything it makes and sells. By one account:

> Apple is the epitome of cool—a company that has gained a cultlike following because it somehow manages to breathe new life into every category it touches. From sleek laptops to the even sleeker iPhone, Apple products are imaginative, irreverent, pleasing to the eye, and fun to use. Apple has shown "a marketing and creative genius with a rare ability to get inside the imaginations

Thanks to Apple's deep understanding of consumer behavior, the Apple brand engenders an intense loyalty in the hearts of core Apple customers. This consumer love affair with Apple has produced stunning sales and profit results.

of consumers and understand what will captivate them," says one analyst. Apple has been "obsessed with the Apple user's experience."

Apple's obsession with understanding customers and deepening their Apple experience shows in everything the company does. For example, a visit to an Apple retail store is a lot more than a simple shopping trip. Apple stores are very seductive places. The store design is clean, simple, and just oozing with style—much like an iPod or iPhone. The stores invite shoppers to stay a while, use the equipment, and soak up all of the exciting new technology:

Apple plays to deep-seated customer buying needs in everything it makes and sells. The company has gained a cultlike following because it somehow manages to breathe new life into every category it touches.

> It was two o'clock in the morning but in the subterranean retailing mecca in Midtown Manhattan, otherwise known as the Apple store, it might as well have been midafternoon. Late one night shortly before Christmas, parents pushed strollers, and tourists straight off the plane mingled with nocturnal New Yorkers, clicking through iPod playlists, cruising the Internet on Macs, and touch-padding their way around iPhones. And through the night, cheerful sales staff stayed busy, ringing up customers at the main checkout counter and on handheld devices in an uninterrupted stream of brick-and-mortar commerce.
>
> Not only has the company made many of its stores feel like gathering places, but the bright lights and equally bright acoustics create a buzz that makes customers feel more like they are at an event than a retail store. Apple stores encourage a lot of purchasing, to be sure. But they also encourage lingering, with dozens of fully functioning computers, iPods, and iPhones for visitors to try—for hours on end. The policy has even given some stores, especially those in urban neighborhoods, the feel of a community center. You don't visit an Apple store; you experience it.

Apple's keen understanding of customers and their needs helped the brand to build a core segment of enthusiastic disciples. The most recent American Consumer Satisfaction Index gave Apple a market-leading customer-satisfaction score of 84, a full 10 points above the rest of the pack in the personal computer industry. Another survey showed that Apple commands the strongest repurchase intent of any personal computer brand: 81 percent of households with an Apple as their primary home personal computer plan to repurchase an Apple.

In turn, the consumer love affair with Apple has produced stunning sales and profit results. In the past five years, despite the worst economic conditions since the Great Depression, Apple sales have nearly tripled to a record $36.5 billion, while earnings soared more than fourfold. The company was worth only $5 billion in 2000; it's worth about $170 billion today. Apple captures more than 30 percent of the U.S. cell phone market with the iPhone and more than 73 percent of the MP3 market with the iPod and iTunes. Last year alone, it sold more than 20 million iPhones and 54 million iPods. Apple now claims a 9 percent share of the U.S. personal computer market—third behind HP and Dell. But it dominates the high-end, accounting for an amazing 90 percent of dollars spent on computers costing more than $1,000.

"To say Apple is hot just doesn't do the company justice," concludes one Apple watcher. "Apple is smoking, searing, blisteringly hot, not to mention hip, with a side order of funky. Gadget geeks around the world have crowned Apple the keeper of all things cool." Just ask your Macolyte friends. In fact—they've probably already brought it up.[1]

Consumer buyer behavior
The buying behavior of final consumers—individuals and households that buy goods and services for personal consumption.

Consumer market
All the individuals and households that buy or acquire goods and services for personal consumption.

The Apple example shows that factors at many levels affect consumer buying behavior. Buying behavior is never simple, yet understanding it is an essential task of marketing management. **Consumer buyer behavior** refers to the buying behavior of final consumers—individuals and households that buy goods and services for personal consumption. All of these final consumers combine to make up the **consumer market**. The American consumer market consists of more than 308 million people who consume more than $10 trillion worth of goods and services each year, making it one of the most attractive consumer markets in the world. The world consumer market consists of more than 6.8 billion people who annually consume an estimated $70 trillion worth of goods and services.[2]

Objective OUTLINE

Objective 1 **Define the consumer market and construct a simple model of consumer buyer behavior.**
Model of Consumer Behavior (pp 134–135)

Objective 2 **Name the four major factors that influence consumer buyer behavior.**
Characteristics Affecting Consumer Behavior (pp 135–150)

Objective 3 **List and define the major types of buying decision behavior and the stages in the buyer decision process.**
Types of Buying Decision Behavior (pp 150–152)
The Buyer Decision Process (pp 152–156)

Objective 4 **Describe the adoption and diffusion process for new products.**
The Buyer Decision Process for New Products (pp 156–158)

Consumers around the world vary tremendously in age, income, education level, and tastes. They also buy an incredible variety of goods and services. How these diverse consumers relate with each other and with other elements of the world around them impacts their choices among various products, services, and companies. Here we examine the fascinating array of factors that affect consumer behavior.

Author Comment Despite the simple-looking model in Figure 5.1, understanding the *whys* of buying behavior is very difficult. Says one expert, "the mind is a whirling, swirling, jumbled mass of neurons bouncing around. . . ."

Model of Consumer Behavior (pp 134–135)

Consumers make many buying decisions every day, and the buying decision is the focal point of the marketer's effort. Most large companies research consumer buying decisions in great detail to answer questions about what consumers buy, where they buy, how and how much they buy, when they buy, and why they buy. Marketers can study actual consumer purchases to find out what they buy, where, and how much. But learning about the *whys* of consumer buying behavior is not so easy—the answers are often locked deep within the consumer's mind.

Often, consumers themselves don't know exactly what influences their purchases. "The human mind doesn't work in a linear way," says one marketing expert. "The idea that the mind is a computer with storage compartments where brands or logos or recognizable packages are stored in clearly marked folders that can be accessed by cleverly written ads or commercials simply doesn't exist. Instead, the mind is a whirling, swirling, jumbled mass of neurons bouncing around, colliding and continuously creating new concepts and thoughts and relationships inside every single person's brain all over the world."[3]

The central question for marketers is as follows: How do consumers respond to various marketing efforts the company might use? The starting point is the stimulus-response model of buyer behavior shown in **Figure 5.1**. This figure shows that marketing and other stimuli enter the consumer's "black box" and produce certain responses. Marketers must figure out what is in the buyer's black box.

Marketing stimuli consist of the four Ps: product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment: economic, technological, political, and cultural. All these inputs enter the buyer's black box, where they are turned into a set of buyer responses: the buyer's brand and company relationship behavior and what he or she buys, when, where, and how often.

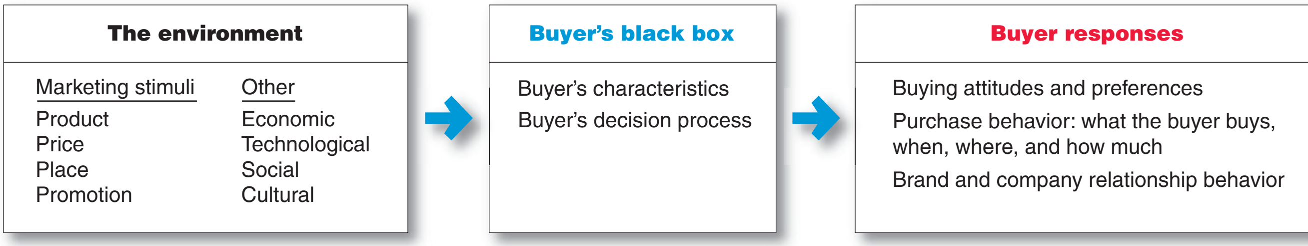


FIGURE | 5.1
Model of Buyer Behavior

We can measure the whats, wheres, and whens of consumer buying behavior. But it's very difficult to "see" inside the consumer's head and figure out the *whys* of buying behavior (that's why it's called the black box). Marketers spend a lot of time and dollars trying to figure out what makes customers tick.

Marketers want to understand how the stimuli are changed into responses inside the consumer's black box, which has two parts. First, the buyer's characteristics influence how he or she perceives and reacts to the stimuli. Second, the buyer's decision process itself affects his or her behavior. We look first at buyer characteristics as they affect buyer behavior and then discuss the buyer decision process.

Author Comment | Many levels of factors affect our buying behavior—from broad cultural and social influences to motivations, beliefs, and attitudes lying deep within us. For example, why *did* you buy *that* specific cell phone?

Characteristics Affecting Consumer Behavior (pp 135–150)

Consumer purchases are influenced strongly by cultural, social, personal, and psychological characteristics, as shown in **Figure 5.2**. For the most part, marketers cannot control such factors, but they must take them into account.

Cultural Factors

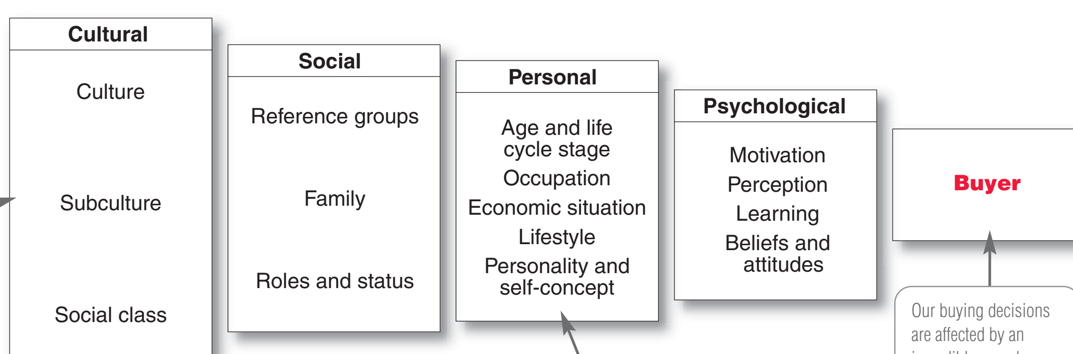
Cultural factors exert a broad and deep influence on consumer behavior. Marketers need to understand the role played by the buyer's *culture, subculture*, and *social class*.

Culture

Culture
The set of basic values, perceptions, wants, and behaviors learned by a member of society from family and other important institutions.

Culture is the most basic cause of a person's wants and behavior. Human behavior is largely learned. Growing up in a society, a child learns basic values, perceptions, wants, and behaviors from his or her family and other important institutions. A child in the United States normally learns or is exposed to the following values: achievement and success, individualism, freedom, hard work, activity and involvement, efficiency and practicality, material comfort, youthfulness, and fitness and health. Every group or society has a culture, and cultural influences on buying behavior may vary greatly from country to country. A failure to adjust to these differences can result in ineffective marketing or embarrassing mistakes.

FIGURE | 5.2
Factors Influencing Consumer Behavior



Many brands now target specific subcultures—such as Hispanic American, African American, and Asian American consumers—with marketing programs tailored to their specific needs and preferences. For example, P&G's CoverGirl Queen cosmetics line was inspired by Queen Latifah to "celebrate the beauty of women of color."

People's buying decisions reflect and contribute to their lifestyles—their whole pattern of acting and interacting in the world. For example, Pottery Barn sells more than just home furnishings. It sells an upscale yet casual, family- and friend-focused lifestyle.

Our buying decisions are affected by an incredibly complex combination of external and internal influences.

Marketers are always trying to spot *cultural shifts* so as to discover new products that might be wanted. For example, the cultural shift toward greater concern about health and fitness has created a huge industry for health-and-fitness services, exercise equipment and clothing, organic foods, and a variety of diets. The shift toward informality has resulted in more demand for casual clothing and simpler home furnishings.

Subculture

Subculture
A group of people with shared value systems based on common life experiences and situations.

Each culture contains smaller **subcultures**, or groups of people with shared value systems based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions. Many subcultures make up important market segments, and marketers often design products and marketing programs tailored to their needs. Examples of four such important subculture groups include Hispanic American, African American, Asian American, and mature consumers.

Hispanic American Consumers. The nation's nearly 50 million Hispanic consumers have an annual buying power of more than $950 billion, a figure that will grow to an estimated $1.4 trillion by 2013. Hispanic consumer spending has grown at more than twice the rate of general-market spending over the past four years.[4]

Although Hispanic consumers share many characteristics and behaviors with the mainstream buying pubic, there are also distinct differences. They tend to be deeply family oriented and make shopping a family affair; children have a big say in what brands they buy. Perhaps more important, Hispanic consumers, particularly first-generation immigrants, are very brand loyal, and they favor brands and sellers who show special interest in them.

Companies such as P&G, AT&T, Verizon, McDonald's, Toyota, Walmart, Burger King, and many others have developed special targeting efforts for this large consumer group. For example, Walmart converted two existing stores in Phoenix and Houston to serve local Hispanic consumers under the name Supermercado de Walmart. And Burger King sponsors an annual FÚTBOL KINGDOM national soccer tour in eight major Hispanic markets across the United States. The family-oriented tour treats visitors to innovative street-level soccer events for all ages and skill levels, including skills challenges such as Domina como Rey (ball control), Los Reyes del Balon (speed), and Mata Penales (blocking ability). The BK FÚTBOLADORES soccer team puts on exhibitions featuring head-to-head demonstrations. It's a "one-of-a-kind experience that has been incredibly successful with Hispanics around the United States," says Burger King's director of multicultural marketing.[5]

Targeting Hispanic Americans: Burger King sponsors an annual family-oriented FÚTBOL KINGDOM national soccer tour in eight major Hispanic markets across the United States.

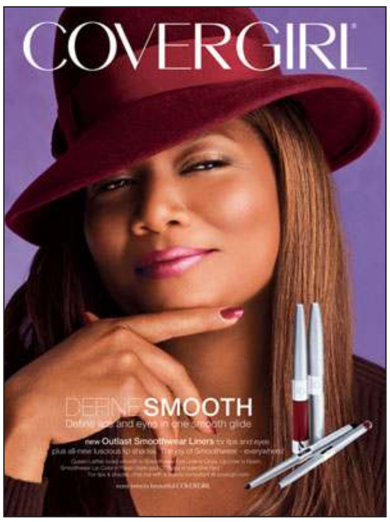
Even within the Hispanic market, there exist many distinct subsegments based on nationality, age, income, and other factors. For example, a company's product or message may be more relevant to one nationality over another, such as Mexicans, Costa Ricans, Argentineans, or Cubans. Companies must also vary their pitches across different Hispanic economic segments.

Thus, companies often target specific subsegments within the larger Hispanic community with different kinds of marketing efforts. Consider two campaigns created by the Hispanic agency Conill Advertising for two very different Toyota brands: the full-size Tundra pickup truck and the Lexus.[6]

The Tundra is a high-volume seller among Mexican immigrants in the Southwest who are characterized as *Jefes*, local heroes considered pillars of strength in their communities. To reach that consumer, Conill devised a campaign that catered to *El Jefe's* penchant for the national Mexican sport of *charreadas* (Mexican-style rodeos). The pitch: The Tundra is as tough as the guy who gets behind the wheel.

Conill's campaign for Lexus couldn't be more different. For Lexus, the agency targeted the luxury market in Miami, reaching out to affluent Hispanic Americans who appreciate refinement, art, and culture with a campaign that centered on art and design. The result was a brightly displayed Lexus print campaign placed in local Hispanic lifestyle magazines that helped move Lexus from the fourth-ranked player in the Miami luxury car market to market leader in only 18 months.

African American Consumers. With an annual buying power of $913 billion, estimated to reach $1.2 trillion by 2013, the nation's 42 million African American consumers also attract much marketing attention. The U.S. black population is growing in affluence and sophistication. Although more price conscious than other segments, blacks are also strongly motivated by quality and selection. Brands are important. So is shopping. Black consumers seem to enjoy shopping more than other groups, even for something as mundane as groceries.[7]



P&G's roots run deep in targeting African American consumers. For example, its Cover Girl Queen Latifah line is specially formulated "to celebrate the beauty of women of color."

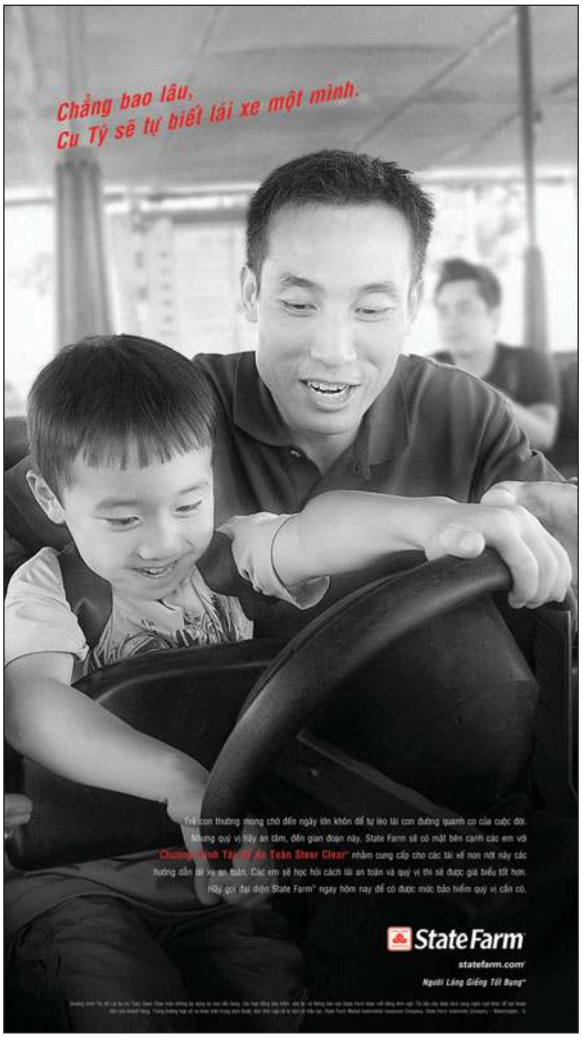
In recent years, many companies have developed special products, appeals, and marketing programs for African American consumers. For example, P&G's roots run deep in this market. P&G has long been the leader in African American advertising, spending nearly twice as much as the second-place spender. It has a long history of using black spokespeople in its ads, beginning in 1969 with entertainer Bill Cosby endorsing Crest. Today, you'll see Angela Bassett promoting the benefits of Olay body lotion for black skin, Derek Jeter discussing the virtues of Gillette razors and deodorant, and Queen Latifah in commercials promoting a CoverGirl line for women of color.[8] In addition to traditional product marketing efforts, P&G also supports a broader "My Black Is Beautiful" movement.[9]

Created by a group of African American women at P&G, the campaign aims "to ignite and support a sustained national conversation by, for, and about black women." P&G discovered that black women spend, on average, three times more than the general market on beauty products. Yet, 71 percent of black women feel they're portrayed worse than other women in media and advertising. Supported by brands such as Crest, Pantene Pro-V Relaxed & Natural, CoverGirl Queen Collection, and Olay Definity, the goals of the My Black Is Beautiful movement are to make all black girls and women feel beautiful regardless of skin tone or origin and, of course, to forge a closer relationship between P&G brands and African American consumers in the process. With P&G as the main sponsor, My Black Is Beautiful includes traditional television programming and Webisodes featuring interviews, vignettes, and style tips focusing on African American beauty.

Asian American Consumers. Asian Americans are the most affluent U.S. demographic segment. They now number nearly 15 million and wield more than $500 billion in annual spending power, expected to reach $750 billion in 2013. They are the second-fastest-growing population subsegment after Hispanic Americans. And like Hispanic Americans, they are a diverse group. Chinese Americans constitute the largest group, followed by Filipinos, Asian Indians, Vietnamese, Korean Americans, and Japanese Americans. Asian consumers may be the most tech-savvy segment; more than 90 percent of Asian Americans go online regularly and are most comfortable with Internet technologies such as online banking.[10]

As a group, Asian consumers shop frequently and are the most brand conscious of all the ethnic groups. They can be fiercely brand loyal. As a result, many firms are now targeting the Asian American market, companies like State Farm, McDonald's, Verizon, Toyota, and Walmart. For example, among its many other Asian American targeting efforts, McDonald's has built a special Web site for this segment (www.myinspirasian.com), offered in both English and Asian languages. The fun and involving, community-oriented site highlights how McDonald's is working with and serving the Asian American community.

State Farm has also developed comprehensive advertising, marketing, and public relations campaigns that have helped it to gain significant brand equity and market share among Asian American consumers. It even recast its familiar "Like a good neighbor, State Farm is there," tagline so that it would retain the spirit of the original line but better resonate



Targeting Asian Americans: State Farm has developed comprehensive advertising, marketing, and public relations campaigns that have helped it to gain significant brand equity among Asian American consumers.

with each Asian American market. For example, the Chinese version translates back into English as "With a good neighbor, you are reassured every day." But State Farm's commitment to the Asian American community goes well beyond just slogans. "Being a good neighbor today means investing in tomorrow's leaders," says State Farm's vice president of multicultural business development. Over the years, State Farm has invested in "providing leadership opportunities for [Asian American] youth, teen auto-safety programs, youth and college education-excellence opportunities, financial education for all age groups, and community development."[11]

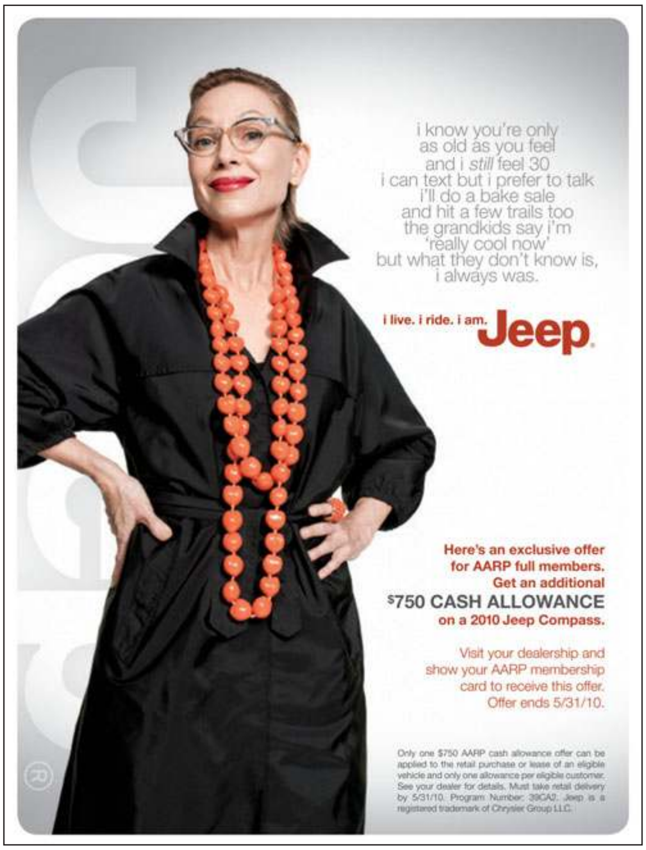
Mature Consumers. As the U.S. population ages, mature consumers are becoming a very attractive market. By 2015, when all the baby boomers will be 50-plus, people ages 50 to 75 will account for 40 percent of adult consumers. By 2030, adults ages 65 and older will represent nearly 20 percent of the population. And these mature consumer segments boast the most expendable cash. The 50-plus consumer segment now accounts for nearly 50 percent of all consumer spending, more than any current or previous generation. They have 2.5 times the discretionary buying power of those ages 18 to 34. As one marketing executive puts it, they have "assets, not allowances." Despite some financial setbacks resulting from the recent economic crisis, mature consumers remain an attractive market for companies in all industries, from pharmaceuticals, furniture, groceries, beauty products, and clothing to consumer electronics, travel and entertainment, and financial services.[12]

For decades, many marketers stereotyped mature consumers as doddering, impoverished shut-ins who are less willing to change brands. One problem: Brand managers and advertising copywriters tend to be younger. "Ask them to do an ad targeting the 50-plus demographic," bemoans one marketer, "and they'll default to a gray-haired senior living on a beach trailed by an aging golden retriever." For example, in a recent survey, advertising professionals regarded the term *over the hill* as meaning people over 57. In contrast, baby boomer respondents related the term to people over age 75.[13]

As a group, however, mature consumers are anything but "stuck in their ways." To the contrary, a recent AARP study showed that older consumers for products such as stereos, computers, and mobile phones are more willing to shop around and switch brands than their younger counterparts. For example, notes one expert, "some 25 percent of Apple's iPhones—the epitome of cool, cutting-edge product—have been bought by people over 50."[14]

And in reality, people whose ages would seem to place them squarely in the "old" category usually don't act old or see themselves that way. Thanks to advances in longevity, people are redefining what the mature life stage means. "They're having a second middle-age before becoming elderly," says a generational marketing expert. Marketers need to appeal to these consumers in a vibrant but authentic way.[15]

Today's mature consumers create an attractive market for convenience services. For example, Home Depot and Lowe's now target older consumers who are less enthusiastic about do-it-yourself chores than with "do-it-for-me" handyman services. And their desire to be active and look as young as they feel makes more-mature consumers good candidates for cosmetics and personal care products, health foods, fitness products, and other items that combat the effects of aging. The best strategy is to appeal to their active, multidimensional lives. For example, a recent Jeep ad in the *AARP magazine* features a mature consumer who's nowhere near "elderly," at least in her own view. "I know you're only as old as you feel, and I *still* feel 30. I can text, but I prefer to talk. I'll do a bake sale and hit a few trails, too. The grandkids say I'm 'really cool now,' but what they don't know is, I always was." The ad concludes: "I live. I ride. I am. Jeep."



Targeting mature consumers: In this AARP magazine ad, Jeep targets the mature consumers who see themselves as anything but elderly. "The grandkids say I'm 'really cool now,' but what they don't know is, I always was."

Social Class

Almost every society has some form of social class structure. **Social classes** are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors. Social scientists have identified the seven American social classes shown in **Figure 5.3**.

Social class is not determined by a single factor, such as income, but is measured as a combination of occupation, income, education, wealth, and other variables. In some social systems, members of different classes are reared for certain roles and cannot change their social positions. In the United States, however, the lines between social classes are not fixed and rigid; people can move to a higher social class or drop into a lower one.

Marketers are interested in social class because people within a given social class tend to exhibit similar buying behavior. Social classes show distinct product and brand preferences in areas such as clothing, home furnishings, leisure activity, and automobiles.

Social Factors

A consumer's behavior also is influenced by social factors, such as the consumer's *small groups*, *family*, and *social roles* and *status*.

Groups and Social Networks

Many small **groups** influence a person's behavior. Groups that have a direct influence and to which a person belongs are called membership groups. In contrast, reference groups serve as direct (face-to-face) or indirect points of comparison or reference in forming a person's attitudes or behavior. People often are influenced by reference groups to which they do not belong. For example, an aspirational group is one to which the individual wishes to belong, as when a young basketball player hopes to someday emulate basketball star LeBron James and play in the National Basketball Association (NBA).

Social class
Relatively permanent and ordered divisions in a society whose members share similar values, interests, and behaviors.

Group
Two or more people who interact to accomplish individual or mutual goals.

Marketers try to identify the reference groups of their target markets. Reference groups expose a person to new behaviors and lifestyles, influence the person's attitudes and self-concept, and create pressures to conform that may affect the person's product and brand choices. The importance of group influence varies across products and brands. It tends to be strongest when the product is visible to others whom the buyer respects.

Word-of-Mouth Influence and Buzz Marketing. Word-of-mouth influence can have a powerful impact on consumer buying behavior. The personal words and recommendations of trusted friends, associates, and other consumers tend to be more credible than those coming from commercial sources, such as advertisements or salespeople. Most word-of-mouth influence happens naturally: Consumers start chatting about a brand they use or feel strongly about one way or the other. Often, however, rather than leaving it to chance, marketers can help to create positive conversations about their brands.

Marketers of brands subjected to strong group influence must figure out how to reach **opinion leaders**—people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert social influence on others. Some experts call this group *the influentials* or *leading adopters*. When these influentials talk, consumers listen. Marketers try to identify opinion leaders for their products and direct marketing efforts toward them.

Opinion leader
A person within a reference group who, because of special skills, knowledge, personality, or other characteristics, exerts social influence on others.

Buzz marketing involves enlisting or even creating opinion leaders to serve as "brand ambassadors" who spread the word about a company's products. Many companies now create

FIGURE | 5.3
The Major American Social Classes

America's social classes show distinct brand preferences. Social class is not determined by a single factor but by a combination of all of these factors.

Income · Occupation · Education · Wealth

Upper Class
Upper Uppers (1 percent): The social elite who live on inherited wealth. They give large sums to charity, own more than one home, and send their children to the finest schools.

Lower Uppers (2 percent): Americans who have earned high income or wealth through exceptional ability. They are active in social and civic affairs and buy expensive homes, educations, and cars.

Middle Class
Upper Middles (12 percent): Professionals, independent businesspersons, and corporate managers who possess neither family status nor unusual wealth. They believe in education, are joiners and highly civic minded, and want the "better things in life."

Middle Class (32 percent): Average-pay white- and blue-collar workers who live on "the better side of town." They buy popular products to keep up with trends. Better living means owning a nice home in a nice neighborhood with good schools.

Working Class
Working Class (38 percent): Those who lead a "working-class lifestyle," whatever their income, school background, or job. They depend heavily on relatives for economic and emotional support, advice on purchases, and assistance in times of trouble.

Lower Class
Upper Lowers (9 percent): The working poor. Although their living standard is just above poverty, they strive toward a higher class. However, they often lack education and are poorly paid for unskilled work.

Lower Lowers (7 percent): Visibly poor, often poorly educated unskilled laborers. They are often out of work, and some depend on public assistance. They tend to live a day-to-day existence.

brand ambassador programs in an attempt to turn influential but everyday customers into brand evangelists. A recent study found that such programs can increase the effectiveness of word-of-mouth marketing efforts by as much as 50 percent.[16] For example, JetBlue's CrewBlue program employs real customers to create buzz on college campuses.[17]

> Over the past few years, the JetBlue CrewBlue program has recruited a small army of college student ambassadors—all loyal JetBlue lovers. CrewBlue representatives advise JetBlue on its campus marketing efforts, talk up the brand to other students, and help organize campus events, such as JetBlue's BlueDay. Held each fall on 21 campuses, the highly successful event urges students to wear outlandish blue costumes (and, on occasion, blue skin and hair). Students with the best costumes are each given a pair of free airline tickets.
>
> The CrewBlue ambassadors are crucial to the success of JetBlue's campus marketing efforts: "Students know what kinds of activities are important to other kids, what we should say to them in our marketing, and how we should say it," says a JetBlue marketing executive. You might think that such brand ambassadors would be perceived as hucksters—or, worse, as annoying evangelists

Brand ambassadors: JetBlue's CrewBlue program employs real customers to create buzz on college campuses.

best avoided. Not so, says the executive. "Our brand ambassadors are seen by their college friends as entrepreneurial, creative people." What they aren't, he adds, are the super-cool people on campus who are typically thought of as influentials. The best ambassadors, says the executive, are "friendly, everyday brand loyalists who love to talk to people."

Online social networks
Online social communities—blogs, social networking Web sites, or even virtual worlds—where people socialize or exchange information and opinions.

Online Social Networks. Over the past few years, a new type of social interaction has exploded onto the scene—online social networking. **Online social networks** are online communities where people socialize or exchange information and opinions. Social networking media range from blogs (Gizmodo) and message boards (Craigslist) to social networking Web sites (Facebook and Twitter) and virtual worlds (Second Life). This new form of consumer-to-consumer and business-to-consumer dialog has big implications for marketers.

Marketers are working to harness the power of these new social networks and other "word-of-Web" opportunities to promote their products and build closer customer relationships. Instead of throwing more one-way commercial messages at consumers, they hope to use the Internet and social networks to *interact* with consumers and become a part of their conversations and lives (see Real Marketing 5.1).

For example, brands ranging from Burger King and American Greetings to the Chicago Bulls are tweeting on Twitter. Jeep connects with customers via a community page that links to photos on Flickr, the company's Facebook and MySpace pages, and a list of enthusiast groups. Southwest Airlines employees share stories with each other and customers on the company's "Nuts about Southwest" blog. And during the 2010 winter Olympics, VISA launched a "Go World" microsite featuring athlete videos, photos, and widgets that tied into nets like Facebook. VISA customized the campaign for global markets, featuring a different set of athletes for Canada and Russia.[18]

Using online social networks: Blendtec has developed a kind of cult following for its flood of "Will It Blend?" videos on YouTube, resulting in a fivefold increase in Blendtec's sales.

Other companies regularly post ads or custom videos on video-sharing sites such as YouTube. For example, Toyota developed two YouTube channels to market its Corolla. One of these channels, Sketchies 11, hosted a competition offering cash and prizes worth $40,000 for the best user-generated comedy sketches. The most-watched video received some 900,000 views. Similarly, small Blendtec has developed a kind of cult following for its flood of "Will It Blend?" videos, in which the seemingly indestructible Blendtec Total Blender grinds everything from a hockey puck and a golf club to an iPhone and iPad into dust. The low-cost, simple idea led to a fivefold increase in Blendtec's sales.[19]

But marketers must be careful when tapping into online social networks. Results are difficult to measure and control. Ultimately, the users control the content, so social network marketing attempts can easily backfire. We will dig deeper into online social networks as a marketing tool in Chapter 17.

Family

Family members can strongly influence buyer behavior. The family is the most important consumer buying organization in society, and it has been researched extensively. Marketers are interested in the roles and influence of the husband, wife, and children on the purchase of different products and services.

Husband-wife involvement varies widely by product category and by stage in the buying process. Buying roles change with evolving consumer lifestyles. In the United States, the wife traditionally has been the main purchasing agent for the family in the areas of food, household products, and clothing. But with 70 percent of women holding jobs outside the

Real Marketing 5.1

Word of Web: Harnessing the Power of Online Social Influence

People love talking with others about things that make them happy—including their favorite products and brands. Say you really like JetBlue Airways—they fly with flair and get you there at an affordable price. Or you just plain love your new Sony GPS camera—it's too cool to keep to yourself. In the old days, you'd have chatted up these brands with a few friends and family members. But these days, thanks to online technology, anyone can share brand experiences with thousands, even millions, of other consumers via the Web.

In response, marketers are now feverishly working to harness today's newfound technologies and get people talking about and interacting with their brands online. Whether it's creating online brand ambassadors, tapping into existing online influentials and social networks, or developing conversation-provoking events and videos, the Web is awash with marketer attempts to create brand conversations and involvement online.

A company can start by creating its own online brand evangelists. For example, Sony used online brand ambassadors to jump-start the launch of its new GPS camera, a high-tech device that lets you record the exact location of every picture you take and later map them out online using Google Maps. The company selected 25 customers who like to travel, take pictures, and blog; gave them a camera; and taught them how to use it. Then it encouraged the ambassadors to show the camera to friends, associates, and anyone else who asked; hand out discount coupons; and blog weekly about their travel and picture-taking adventures on a dedicated Sony microsite and a host of social networking sites.

Similarly, Coca-Cola recently launched Expedition 206, which dispatched three "Happiness Ambassadors"—chosen in an online vote—on a 365-day journey across the 206 countries where Coca-Cola products are sold. Their mission was to document "what makes people happy" around the world and share their experiences with consumers worldwide through blogs, tweets, videos, and pictures posted on Facebook, Twitter, YouTube, Flickr, and an official Expedition 206 Web site. Fans following the adventure served as "virtual travel agents," suggesting places the Happiness Ambassadors might go and what they might do. The ambassadors generated lots of online buzz, all within the context of Coca-Cola's broader "Open Happiness" marketing campaign. The idea was to create brand-related conversations, not immediate sales. "It's not about having the Coca-Cola brand first and foremost," said a Coca-Cola social media marketer. "It's about telling the story that involves . . . what Coca-Cola is about, optimism and joy."

Beyond creating their own brand ambassadors, companies looking to harness the Web's social power can work with the army of self-made influencers already plying today's Internet—independent bloggers. The blogosphere has exploded onto the scene in recent years. Two-thirds of all U.S. Internet users now read blogs regularly and nearly one-third write one. Believe it or not, there are almost as many people making a living as bloggers as there are lawyers. No matter what the interest area, there are probably hundreds of bloggers covering it. Moreover, research shows that 90 percent of bloggers post about their favorite and least favorite brands.

As a result, most companies try to form relationships with influential bloggers. For example, Panasonic recruited five big-name tech bloggers to travel to a recent consumer electronics show and share their impressions, including Panasonic product reviews, with their readers via blog posts, Twitter updates, and YouTube videos. Although Panasonic paid the bloggers' travel and event expenses and loaned them digital camcorders and cameras, it had—and wanted—no say in what the bloggers posted. And the bloggers freely and fully disclosed Panasonic's sponsorship. Still, the resulting "sponsored conversations" let Panasonic tap into the groundswell of Internet buzz surrounding the show. "When you give [bloggers] equipment and they love it, just like any other consumer they'll evangelize it," says a Panasonic spokesperson.

The key is to find bloggers who have strong networks of relevant readers, a credible voice, and a good fit with the brand. For example, companies ranging from P&G and Johnson & Johnson to Walmart work closely with influential "mommy bloggers." And you'll no doubt cross paths with the likes of climbers blogging for North Face, bikers blogging for Harley-Davidson, and shoppers blogging for Whole Foods Market or Trader Joe's.

Perhaps the best way to generate brand conversations and social involvement on the Web is simply to do something conversation worthy—to actually involve people with the brand online. Pepsi's Mountain Dew brand

Harnessing online influence: Mountain Dew runs "DEWmocracy" campaigns that invite avid Mountain Dew customers to participate at all levels in launching a new Mountain Dew flavor.

runs "DEWmocracy" campaigns that invite avid Mountain Dew customers to participate at all levels in launching a new Mountain Dew flavor, from choosing and naming the flavor to designing the can to submitting and selecting TV commercials and even picking an ad agency and media. Presented through a dedicated Web site, as well as Facebook, Twitter, Flickr, and other public network pages, DEWmocracy has been a perfect forum for getting youthful, socially savvy Dew drinkers talking with each other and the company about the brand. For example, Mountain Dew's Facebook fan page grew fivefold at the launch of the latest DEWmocracy campaign.

Ironically, one of the simplest means of capturing social influence through the Web is one of the oldest—produce a good ad that gets people talking. But in this day and age, both the ads and the media have changed. Almost every brand, large and small, is now creating innovative brand-sponsored videos, posting them online, and hoping they'll go viral. The videos range from traditional 60-second ads to intricate 10- or 12-minute film shorts. Last year's ten most innovative viral videos, as rated by social media guide Mashable.com, included everything from a very creative three-minute ad for a small Charlotte, North Carolina, ad agency to longer videos from giants such as Samsung and Volkswagen. Such videos can create lots of attention and talk. One five-minute action video for Inspired Bicycles garnered 15 million rapt views, while a 12-minute love story for Schweppes drew nearly four million views and critical acclaim.

So, whether through online ambassadors, bloggers, social networks, or talked-about videos and events, companies are finding innovative ways to tap social influence online. Called word-of-Web, it's growing fast as *the* place to be—for both consumers and marketers. Last year, the time consumers spent on social networking sites nearly tripled; marketer spending at those sites nearly kept pace. "Social [media] is one of the key trends driving business," says a social marketing executive. "It's more than pure marketing. It's about fast connections with customers and building an ongoing relationship."

Sources: Elisabeth A. Sullivan, "Blog Savvy," *Marketing News*, November 15, 2009, p. 8; Mark Penn, "America's Newest Profession: Bloggers for Hire," *Wall Street Journal*, April 21, 2009, www.wsj.com; Emily Fredrix, "Coca-Cola Sends 3 Bloggers Around the World," *Forbes*, October 21, 2009, accessed at www.forbes.com; Ellen McGirt, "Mr. Social: Ashton Kutcher Plans to Be the Next New-Media Mogul," *Fast Company*, December 1, 2009, accessed at www.fastcompany.com; Lisa Lacy, "Nielsen: Social Ad Spending Up Sharply," September 25, 2009, www.clickz.com/3635095/print; Josh Warner, "The Ten Most Viral Videos of 2009," December 7, 2009, accessed at www.mashable.com, December 7, 2009; Natalie Zmuda, "Why Mountain Dew Let Skater Dudes Take Control of Its Marketing," *Advertising Age*, February 22, 2010, p. 30; Laurie Sullivan, "Mountain Dew Fans Crowdsourced Ad Media Buys," *MediaPost News,* May 24, 2010, accessed at www.mediapost.com; and information from www.expedition206.com/e206_ambassadors.aspx and www.youtube.com/watch?v=MhAmMosaG7Y, accessed March 2010.

home and the willingness of husbands to do more of the family's purchasing, all this is changing. A recent study found that 65 percent of men grocery shop regularly and prepare at least one meal a week for others in the household. At the same time, women now influence 65 percent of all new car purchases, 91 percent of new home purchases, and 92 percent of vacation purchases. In all, women make almost 85 percent of all family purchases and control some 73 percent of all household spending. Says one analyst, "today's woman is . . . the designated chief operating officer of the home."[20]

Such changes suggest that marketers in industries that have sold their products to only men or only women are now courting the opposite sex. For example, today women account for 50 percent of all technology purchases. ● So consumer electronics companies are increasingly designing products that are easier to use and more appealing to female buyers:[21]

> Consumer electronics engineers and designers are bringing a more feminine sensibility to products historically shaped by masculine tastes, habits, and requirements. Designs are more "feminine and softer," rather than masculine and angular. But many of the new touches are more subtle, like the wider spacing of the keys on a Sony netbook computer. It accommodates the longer fingernails that women tend to have. Some of the latest cell phones made by LG Electronics have the cameras' automatic focus calibrated to arms' length. The company observed that young women are fond of taking pictures of themselves with a friend. Men, not so much. Nikon and Olympus recently introduced lines of lighter, more compact, and easy-to-use digital, single-lens reflex cameras that were designed with women in mind because they tend to be a family's primary keeper of memories.

Family buying: Family buying roles are changing. For example, 65 percent of men grocery shop regularly while women influence 50 percent of all new technology purchases. Technology companies are redesigning their products accordingly.

However, marketers must be careful to avoid insensitive stereotypes. For example, last year Dell launched the Della Web site, geared toward women. The Web site emphasized colors, computer accessories, and tips for counting calories and finding recipes. Many women consumers were offended, describing the site as "slick but disconcerting" and "condescending." On the flip side, one stay-at-home dad and blogger ("Rebel Dad") took diaper brand Pampers to task for sending him its annual Mother's Day e-mail, with the friendly and personalized greeting: "Happy Mother's Day, Brian!" Said Rebel Dad in a letter to Pampers, "Every year, you blanket me (and, presumably tens of thousands of other dads) with a sweet reminder that one [you] still assume that every person who wants diaper coupons is a woman. That's dumb."[22]

Children may also have a strong influence on family buying decisions. The nation's 36 million children ages 8 to 12 wield an estimated $30 billion in disposable income. They also influence an additional $150 billion that their families spend on them in areas such as food, clothing, entertainment, and personal care items. One study found that kids significantly influence family decisions about everything from where they take vacations to what cars and cell phones they buy.[23]

For example, to encourage families to take their children out to eat again following the recent recession, casual restaurants reached out to children with everything from sophisticated children's menus and special deals to a wealth of kid-focused activities. At Applebee's, children eat free on Mondays with the purchase of an adult entrée. Carrabba's Italian Grill gives children a ball of dough, pepperoni slices, and cheese so they can make their own pizzas at the table, which are then cooked in the kitchen. And at Roy's Restaurants, as soon as children are seated, the Roy's server learns their names (and addresses them by name throughout the meal). "We want them to get excited and happy immediately," says a Roy's executive. Other kids perks at Roy's include portable DVD players with movies and headphones on request and sundaes with kids' names written in chocolate. "They love seeing their name in chocolate," says a Roy's executive. Roy's big-hearted commitment to children's happiness is a no-brainer. Happy children equal happy parents.[24]

Roles and Status

A person belongs to many groups—family, clubs, organizations, online communities. The person's position in each group can be defined in terms of both role and status. A role consists of the activities people are expected to perform according to the people around them. Each role carries a status reflecting the general esteem given to it by society.

People usually choose products appropriate to their roles and status. Consider the various roles a working mother plays. In her company, she plays the role of a brand manager; in her family, she plays the role of wife and mother; at her favorite sporting events, she plays the role of avid fan. As a brand manager, she will buy the kind of clothing that reflects her role and status in her company.

Personal Factors

A buyer's decisions also are influenced by personal characteristics such as the buyer's *age and life-cycle stage*, *occupation*, *economic situation*, *lifestyle*, and *personality and self-concept*.

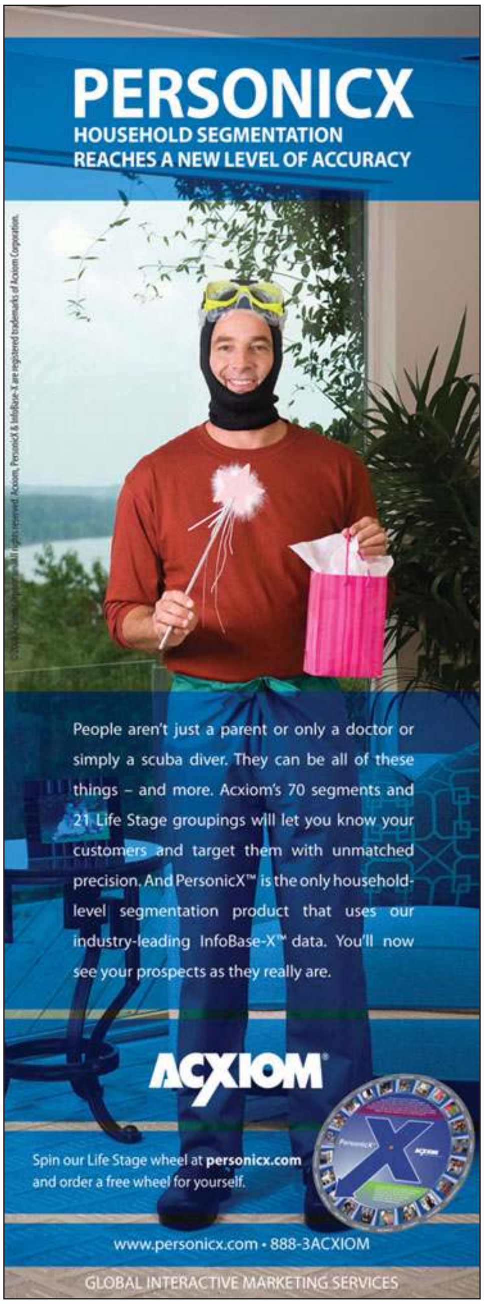
Age and Life-Cycle Stage

People change the goods and services they buy over their lifetimes. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle—the stages through which families might pass as they mature over time. Life-stage changes usually result from demographics and life-changing events—marriage, having children, purchasing a home, divorce, children going to college, changes in personal income, moving out of the house, and retirement. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage.

Consumer information giant Acxiom's PersonicX life-stage segmentation system places U.S. households into one of 70 consumer segments and 21 life-stage groups, based on specific consumer behavior and demographic characteristics. PersonicX includes life-stage groups with names such as *Beginnings*, *Taking Hold*, *Cash & Careers*, *Jumbo Families*, *Transition Blues*, *Our Turn*, *Golden Years*, and *Active Elders*. For example, the *Taking Hold* group consists of young, energetic, well-funded couples and young families who are busy with their careers, social lives, and interests, especially fitness and active recreation. *Transition Blues* are blue-collar, less-educated, mid-income consumers who are transitioning to stable lives and talking about marriage and children.

"Consumers experience many life-stage changes during their lifetimes," says Acxiom. "As their life stages change, so do their behaviors and purchasing preferences. Marketers who are armed with the data to understand the timing and makeup of life-stage changes among their customers will have a distinct advantage over their competitors."[25]

In line with today's tougher economic times, Acxiom has also developed a set of economic life-stage segments, including groups such as *Squeaking By*, *Eye on Essentials*, *Tight with a Purpose*, *It's My Life*, *Full Speed Ahead*, and *Potential Rebounders*. The *Potential Rebounders* are those more likely to loosen up on spending sooner. This group appears more likely than other segments to use online research before purchasing electronics, appliances, home decor, and jewelry. Thus, home improvement retailers appealing to this segment should have a strong online presence, providing pricing, features and benefits, and product availability.



Life-stage segmentation: PersonicX's 21 life-stage groupings let marketers see customers as they really are and target them precisely. "People aren't just a parent or only a doctor or simply a scuba diver. They are all of these things."

Occupation

A person's occupation affects the goods and services bought. Blue-collar workers tend to buy more rugged work clothes, whereas executives buy more business suits. Marketers try to identify the occupational groups that have an above-average interest in their products and services. A company can even specialize in making products needed by a given occupational group.

For example, Carhartt makes rugged, durable, no-nonsense work clothes—what it calls "original equipment for the American worker. From coats to jackets, bibs to overalls . . . if the apparel carries the name Carhartt, the performance will be legendary." Its Web site carries real-life testimonials of hard-working Carhartt customers. One electrician, battling the cold in Canada's arctic region, reports wearing Carhartt's lined Arctic bib overalls, Arctic jacket, and other clothing for more than two years without a single "popped button, ripped pocket seam, or stuck zipper." And a railroadman in northern New York, who's spent years walking rough railroad beds, climbing around trains, and switching cars in conditions ranging from extreme heat to frigid cold, calls his trusty brown Carhartt jacket part of his "survival gear—like a bulletproof vest is to a policeman."[26]

Economic Situation

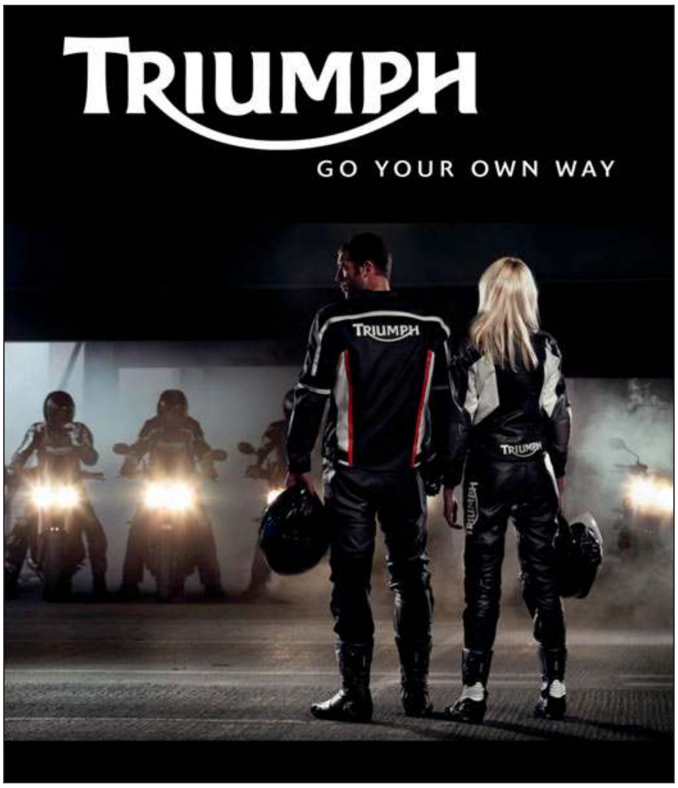
A person's economic situation will affect his or her store and product choices. Marketers watch trends in personal income, savings, and interest rates. Following the recent recession, most companies have taken steps to redesign, reposition, and reprice their products. For example, at Target, to counter the effects of the recession, "cheap has taken over chic." The discount retailer unveiled "The Great Save," a nationwide event featuring low prices on a variety of products. "The Great Save is a way for Target to offer our guests exceptional deals on everyday essentials—a treasure-hunt experience with a variety of exciting designer brands," says a Target marketing vice president. "This event is a fresh approach to meeting our guests' evolving needs [by letting them] save even more at Target." Says another Target marketer, "Our [tagline] is 'Expect more. Pay less.' [These days,] we're putting more emphasis on the pay less promise."[27]

Lifestyle

Lifestyle
A person's pattern of living as expressed in his or her activities, interests, and opinions.

People coming from the same subculture, social class, and occupation may have quite different lifestyles. **Lifestyle** is a person's pattern of living as expressed in his or her psychographics. It involves measuring consumers' major AIO dimensions—activities (work, hobbies, shopping, sports, social events), interests (food, fashion, family, recreation), and opinions (about themselves, social issues, business, products). Lifestyle captures something more than the person's social class or personality. It profiles a person's whole pattern of acting and interacting in the world.

When used carefully, the lifestyle concept can help marketers understand changing consumer values and how they affect buying behavior. Consumers don't just buy products; they buy the values and lifestyles those products represent. For example, Triumph doesn't just sell motorcycles; it sells an independent, "Go your own way" lifestyle. And lifestyle shoemaker Merrell says "Let's Get Outside." Says one marketer, "People's product choices are becoming more and more like value choices. It's not, 'I like this water, the way it tastes.' It's 'I feel like this car, or this show, is more reflective of who I am.'"[28]



Lifestyle: Triumph doesn't just sell motorcycles; it sells an independent, "Go your own way" lifestyle.

For example, retailer Anthropologie, with its whimsical, French flea market store atmosphere, sells a bohemian-chic lifestyle to which its young women customers aspire:

> In downtown San Francisco, which is teeming with both high-end and cheap chic outlets, Anthropologie is a mecca. It evokes hole-in-the-wall antique stores, Parisian boutiques, flea markets, and Grandma's kitchen in one fell swoop. It's a lifestyle emporium that you want to move into, or at least have a small piece of, even if it's just a lacquered light switch cover or retro tea towel. When customers enter an Anthropologie, they immediately leave behind the sterile mall or not-so-sterile street and are transported into another lifestyle. In freestanding stores, Anthropologie's expressive exteriors also reflect local lifestyles. In Burlingame, California, the Anthropologie store is reminiscent of the northern California coast with concrete and wood. In Albuquerque, New Mexico, located in a lifestyle center, the store features painted reclaimed wood to emulate surrounding rock, soil, and mesas of the area. Down South in Huntsville, Alabama, Anthropologie went for a lush, green design that features planting boxes with seasonal plants. As a result, even when retail sales in general have slumped, Anthropologie's sales have continued to grow.[29]

Personality and Self-Concept

Personality
The unique psychological characteristics that distinguish a person or group.

Each person's distinct personality influences his or her buying behavior. **Personality** refers to the unique psychological characteristics that distinguish a person or group. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness. Personality can be useful in analyzing consumer behavior for certain product or brand choices.

The idea is that brands also have personalities, and consumers are likely to choose brands with personalities that match their own. A *brand personality* is the specific mix of human traits that may be attributed to a particular brand. One researcher identified five brand personality traits: *sincerity* (down-to-earth, honest, wholesome, and cheerful); *excitement* (daring, spirited, imaginative, and up-to-date); *competence* (reliable, intelligent, and successful); *sophistication* (upper class and charming); and *ruggedness* (outdoorsy and tough).[30]

Most well-known brands are strongly associated with one particular trait: Jeep with "ruggedness," Apple with "excitement," CNN with "competence," and Dove with "sincerity." Hence, these brands will attract persons who are high on the same personality traits.

Many marketers use a concept related to personality—a person's *self-concept* (also called *self-image*). The idea is that people's possessions contribute to and reflect their identities—that is, "we are what we have." Thus, to understand consumer behavior, marketers must first understand the relationship between consumer self-concept and possessions.

Apple applied these concepts in its long-running "Get a Mac" ad series that characterized two people as computers: one guy played the part of an Apple Mac, and the other played a personal computer (PC). The two had very different personalities and self-concepts. "Hello, I'm a Mac," said the guy on the right, who was younger and dressed in jeans. "And I'm a PC," said the one on the left, who was wearing dweeby glasses and a jacket and tie. The two men discussed the relative advantages of Macs versus PCs, with the Mac coming out on top. The ads presented the Mac brand personality as young, laid back, and cool. The PC was portrayed as buttoned down, corporate, and a bit dorky. The message? If you saw yourself as young and with it, you needed a Mac.[31]

Psychological Factors

A person's buying choices are further influenced by four major psychological factors: *motivation*, *perception*, *learning*, and *beliefs and attitudes*.

Motivation

A person has many needs at any given time. Some are biological, arising from states of tension such as hunger, thirst, or discomfort. Others are psychological, arising from the need for recognition, esteem, or belonging. A need becomes a motive when it is aroused to a sufficient level of intensity. A **motive** (or **drive**) is a need that is sufficiently pressing to direct the person to seek satisfaction. Psychologists have developed theories of human motivation. Two of the most popular—the theories of Sigmund Freud and Abraham Maslow—have quite different meanings for consumer analysis and marketing.

Motive (drive)
A need that is sufficiently pressing to direct the person to seek satisfaction of the need.

Sigmund Freud assumed that people are largely unconscious about the real psychological forces shaping their behavior. He saw the person as growing up and repressing many urges. These urges are never eliminated or under perfect control; they emerge in dreams, in slips of the tongue, in neurotic and obsessive behavior, or, ultimately, in psychoses.

Freud's theory suggests that a person's buying decisions are affected by subconscious motives that even the buyer may not fully understand. ◉ Thus, an aging baby boomer who buys a sporty BMW Z4 Roadster convertible might explain that he simply likes the feel of the wind in his thinning hair. At a deeper level, he may be trying to impress others with his success. At a still deeper level, he may be buying the car to feel young and independent again.

◉ Motivation: an aging baby boomer who buys a sporty convertible might explain that he simply likes the feel of the wind in his thinning hair. At a deeper level, he may be buying the car to feel young and independent again.

The term *motivation research* refers to qualitative research designed to probe consumers' hidden, subconscious motivations. Consumers often don't know or can't describe why they act as they do. Thus, motivation researchers use a variety of probing techniques to uncover underlying emotions and attitudes toward brands and buying situations.

Many companies employ teams of psychologists, anthropologists, and other social scientists to carry out motivation research. One ad agency routinely conducts one-on-one, therapy-like interviews to delve into the inner workings of consumers. Another company asks consumers to describe their favorite brands as animals or cars (say, Cadillacs versus Chevrolets) to assess the prestige associated with various brands. Still others rely on hypnosis, dream therapy, or soft lights and mood music to plumb the murky depths of consumer psyches.

Such projective techniques seem pretty goofy, and some marketers dismiss such motivation research as mumbo jumbo. But many marketers use such touchy-feely approaches, now sometimes called *interpretive consumer research*, to dig deeper into consumer psyches and develop better marketing strategies.

Abraham Maslow sought to explain why people are driven by particular needs at particular times. Why does one person spend a lot of time and energy on personal safety and another on gaining the esteem of others? Maslow's answer is that human needs are arranged in a hierarchy, as shown in **Figure 5.4**, from the most pressing at the bottom to the least pressing at the top.[32] They include *physiological* needs, *safety* needs, *social* needs, *esteem* needs, and *self-actualization* needs.

A person tries to satisfy the most important need first. When that need is satisfied, it will stop being a motivator, and the person will then try to satisfy the next most important need. For example, starving people (physiological need) will not take an interest in the latest happenings in the art world (self-actualization needs) nor in how they are seen or esteemed by others (social or esteem needs) nor even in whether they are breathing clean air (safety needs). But as each important need is satisfied, the next most important need will come into play.

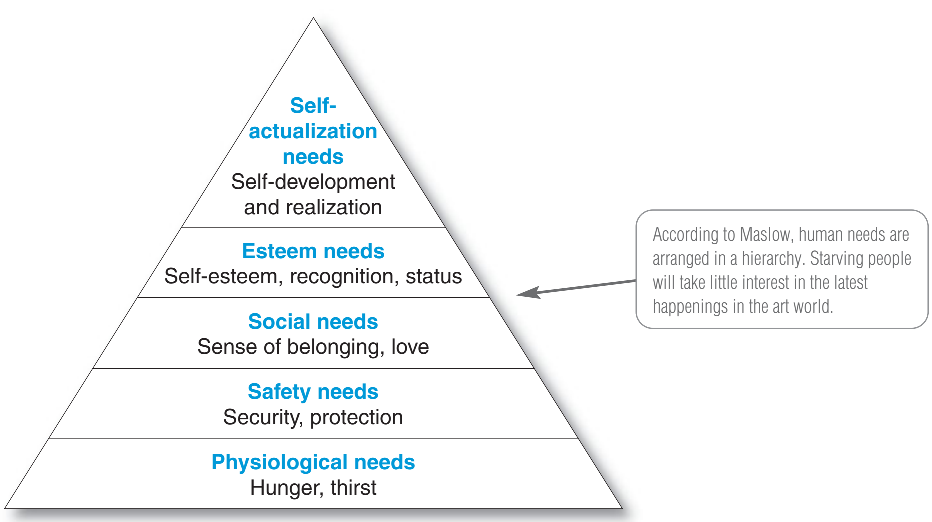
Perception

A motivated person is ready to act. How the person acts is influenced by his or her own perception of the situation. All of us learn by the flow of information through our five senses: sight, hearing, smell, touch, and taste. However, each of us receives, organizes, and interprets this sensory information in an individual way. **Perception** is the process by which people select, organize, and interpret information to form a meaningful picture of the world.

Perception
The process by which people select, organize, and interpret information to form a meaningful picture of the world.

People can form different perceptions of the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. People are exposed to a great amount of stimuli every day. For example, people are exposed to an estimated 3,000 to 5,000 ad messages every day. It is impossible for a person to pay attention to all these stimuli. *Selective attention*—the tendency for people to screen out most of the infor-

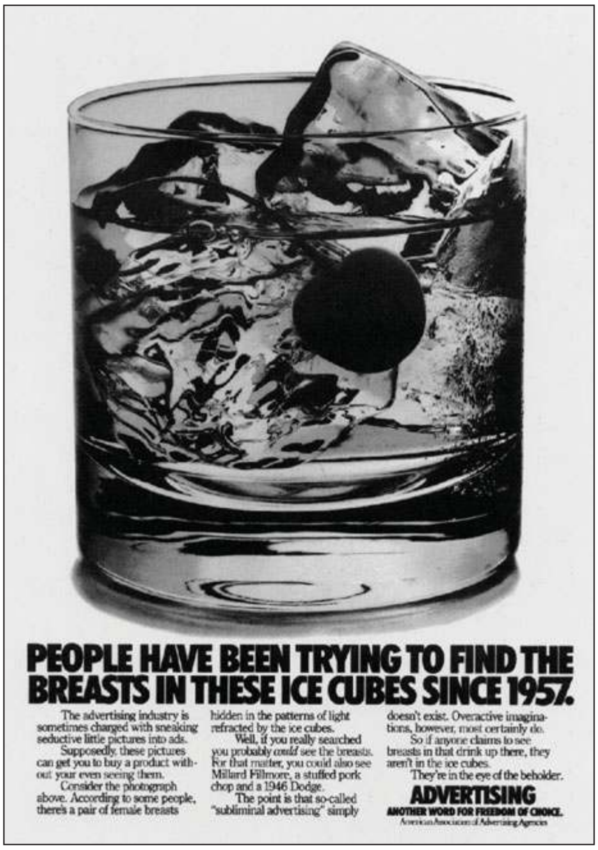
FIGURE | 5.4
Maslow's Hierarchy of Needs



mation to which they are exposed—means that marketers must work especially hard to attract the consumer's attention.[33]

Even noticed stimuli do not always come across in the intended way. Each person fits incoming information into an existing mind-set. *Selective distortion* describes the tendency of people to interpret information in a way that will support what they already believe. People also will forget much of what they learn. They tend to retain information that supports their attitudes and beliefs. *Selective retention* means that consumers are likely to remember good points made about a brand they favor and forget good points made about competing brands. Because of selective attention, distortion, and retention, marketers must work hard to get their messages through.

Interestingly, although most marketers worry about whether their offers will be perceived at all, some consumers worry that they will be affected by marketing messages without even knowing it—through *subliminal advertising*. More than 50 years ago, a researcher announced that he had flashed the phrases "Eat popcorn" and "Drink Coca-Cola" on a screen in a New Jersey movie theater every five seconds for 1/300th of a second. He reported that although viewers did not consciously recognize these messages, they absorbed them subconsciously and bought 58 percent more popcorn and 18 percent more Coke. Suddenly advertisers and consumer-protection groups became intensely interested in subliminal perception. Although the researcher later admitted to making up the data, the issue has not died. Some consumers still fear that they are being manipulated by subliminal messages.



This classic ad from the American Association of Advertising Agencies pokes fun at subliminal advertising. "So-called 'subliminal advertising' simply doesn't exist," says the ad. "Overactive imaginations, however, most certainly do."

Numerous studies by psychologists and consumer researchers have found little or no link between subliminal messages and consumer behavior. Recent brain wave studies have found that in certain circumstances, our brains may register subliminal messages. However, it appears that subliminal advertising simply doesn't have the power attributed to it by its critics. Scoffs one industry insider, "Just between us, most [advertisers] have difficulty getting a 2 percent increase in sales with the help of $50 million in media and *extremely liminal* images of sex, money, power, and other [motivators] of human emotion. The very idea of [us] as puppeteers, cruelly pulling the strings of consumer marionettes, is almost too much to bear."[34]

Learning

Learning
Changes in an individual's behavior arising from experience.

When people act, they learn. **Learning** describes changes in an individual's behavior arising from experience. Learning theorists say that most human behavior is learned. Learning occurs through the interplay of drives, stimuli, cues, responses, and reinforcement.

A *drive* is a strong internal stimulus that calls for action. A drive becomes a motive when it is directed toward a particular *stimulus object*. For example, a person's drive for self-actualization might motivate him or her to look into buying a camera. The consumer's response to the idea of buying a camera is conditioned by the surrounding cues. *Cues* are minor stimuli that determine when, where, and how the person responds. For example, the person might spot several camera brands in a shop window, hear of a special sale price, or discuss cameras with a friend. These are all cues that might influence a consumer's *response* to his or her interest in buying the product.

Suppose the consumer buys a Nikon camera. If the experience is rewarding, the consumer will probably use the camera more and more, and his or her response will be *reinforced*. Then the next time he or she shops for a camera, or for binoculars or some similar product, the probability is greater that he or she will buy a Nikon product. The practical significance of learning theory for marketers is that they can build up demand for a product by associating it with strong drives, using motivating cues, and providing positive reinforcement.

Beliefs and Attitudes

Belief
A descriptive thought that a person holds about something.

Through doing and learning, people acquire beliefs and attitudes. These, in turn, influence their buying behavior. A **belief** is a descriptive thought that a person has about something. Beliefs may be based on real knowledge, opinion, or faith and may or may not carry an emotional charge. Marketers are interested in the beliefs that people formulate about specific products and services because these beliefs make up product and brand images that affect buying behavior. If some of the beliefs are wrong and prevent purchase, the marketer will want to launch a campaign to correct them.

Attitude
A person's consistently favorable or unfavorable evaluations, feelings, and tendencies toward an object or idea.

People have attitudes regarding religion, politics, clothes, music, food, and almost everything else. **Attitude** describes a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea. Attitudes put people into a frame of mind of liking or disliking things, of moving toward or away from them. Our camera buyer may hold attitudes such as "Buy the best," "The Japanese make the best electronics products in the world," and "Creativity and self-expression are among the most important things in life." If so, the Nikon camera would fit well into the consumer's existing attitudes.

Attitudes are difficult to change. A person's attitudes fit into a pattern; changing one attitude may require difficult adjustments in many others. Thus, a company should usually try to fit its products into existing attitudes rather than attempt to change attitudes. For example, today's beverage marketers now cater to people's new attitudes about health and well-being with drinks that do a lot more than just taste good or quench your thirst. Pepsi's SoBe brand, for example, offers "Lifewater," "elixirs" (juices), and teas—all packed with vitamins, minerals, herbal ingredients, and antioxidants but without artificial preservatives, sweeteners, or colors. SoBe promises drinks that are good tasting (with flavors like YumBerry Pomegranate Purify, Nirvana Mango Melon, and Tsunami Orange Cream) but are also good for you. By matching today's attitudes about life and healthful living, the SoBe brand has become a leader in the New Age beverage category.

Beliefs and attitudes: By matching today's attitudes about life and healthful living, the SoBe brand has become a leader in the New Age beverage category.

We can now appreciate the many forces acting on consumer behavior. The consumer's choice results from the complex interplay of cultural, social, personal, and psychological factors.

Author Comment | Some purchases are simple and routine, even habitual. Others are far more complex—involving extensive information gathering and evaluation—and are subject to sometimes subtle influences. For example, think of all that goes into a new car buying decision.

Types of Buying Decision Behavior (pp 150–152)

Buying behavior differs greatly for a tube of toothpaste, an iPhone, financial services, and a new car. More complex decisions usually involve more buying participants and more buyer deliberation. **Figure 5.5** shows the types of consumer buying behavior based on the degree of buyer involvement and the degree of differences among brands.

Complex Buying Behavior

Complex buying behavior
Consumer buying behavior in situations characterized by high consumer involvement in a purchase and significant perceived differences among brands.

Consumers undertake **complex buying behavior** when they are highly involved in a purchase and perceive significant differences among brands. Consumers may be highly involved when the product is expensive, risky, purchased infrequently, and highly self-expressive. Typically, the consumer has much to learn about the product category. For example, a PC buyer may not know what attributes to consider. Many product features carry no real meaning: a "3.2GHz Intel Core i7 processor," "WUXGA active matrix screen," or "8GB dual-channel DDR2 SDRAM memory."

This buyer will pass through a learning process, first developing beliefs about the product, then attitudes, and then making a thoughtful purchase choice. Marketers of high-involvement products must understand the information-gathering and evaluation behavior of high-involvement consumers. They need to help buyers learn about product-class attributes and their relative importance. They need to differentiate their brand's features, perhaps by describing the brand's benefits using print media with long copy. They must motivate store salespeople and the buyer's acquaintances to influence the final brand choice.

Dissonance-Reducing Buying Behavior

Dissonance-reducing buying behavior
Consumer buying behavior in situations characterized by high involvement but few perceived differences among brands.

Dissonance-reducing buying behavior occurs when consumers are highly involved with an expensive, infrequent, or risky purchase but see little difference among brands. For example, consumers buying carpeting may face a high-involvement decision because carpeting is expensive and self-expressive. Yet buyers may consider most carpet brands in a given price range to be the same. In this case, because perceived brand differences are not large, buyers may shop around to learn what is available but buy relatively quickly. They may respond primarily to a good price or purchase convenience.

After the purchase, consumers might experience *postpurchase dissonance* (after-sale discomfort) when they notice certain disadvantages of the purchased carpet brand or hear favorable things about brands not purchased. To counter such dissonance, the marketer's after-sale communications should provide evidence and support to help consumers feel good about their brand choices.

Habitual Buying Behavior

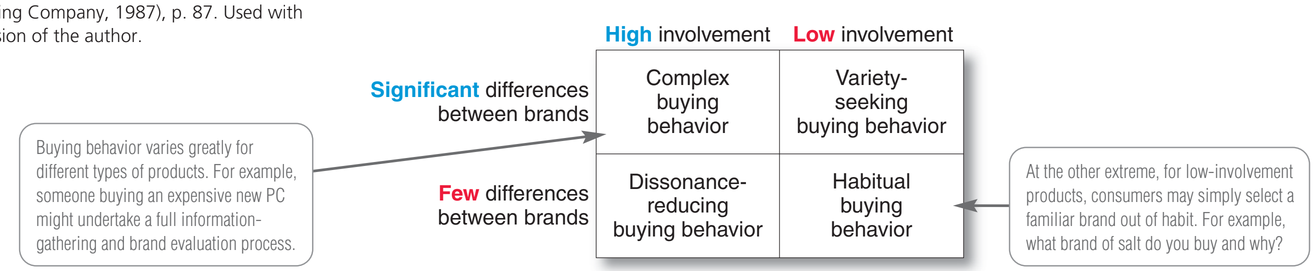
Habitual buying behavior
Consumer buying behavior in situations characterized by low-consumer involvement and few significantly perceived brand differences.

Habitual buying behavior occurs under conditions of low-consumer involvement and little significant brand difference. For example, take table salt. Consumers have little involvement in this product category—they simply go to the store and reach for a brand. If they keep reaching for the same brand, it is out of habit rather than strong brand loyalty. Consumers appear to have low involvement with most low-cost, frequently purchased products.

In such cases, consumer behavior does not pass through the usual belief-attitude-behavior sequence. Consumers do not search extensively for information about the brands, evaluate brand characteristics, and make weighty decisions about which brands to buy. Instead, they passively receive information as they watch television or read magazines. Ad repetition creates *brand familiarity* rather than *brand conviction*. Consumers do not form strong attitudes toward a brand; they select the brand because it is familiar. Because they are not highly involved with the product, consumers may not evaluate the choice, even after purchase. Thus, the buying process involves brand beliefs formed by passive learning, followed by purchase behavior, which may or may not be followed by evaluation.

Because buyers are not highly committed to any brands, marketers of low-involvement products with few brand differences often use price and sales promotions to promote buying. Alternatively, they can add product features or enhancements to differentiate their

FIGURE | 5.5
Four Types of Buying Behavior
Source: Adapted from Henry Assael, *Consumer Behavior and Marketing Action* (Boston: Kent Publishing Company, 1987), p. 87. Used with permission of the author.



brands from the rest of the pack and raise involvement. For example, to set its brand apart, Charmin toilet tissue offers Ultrastrong, Ultrasoft, and Freshmate (wet) versions that are so absorbent that you can "soften your bottom line" by using four times less than value brands. Charmin also raises brand involvement by sponsoring a "Sit or Squat" Web site and cell phone app that helps travelers who "Gotta go on the go!" find and rate clean public restrooms.

Variety-Seeking Buying Behavior

Variety-seeking buying behavior
Consumer buying behavior in situations characterized by low consumer involvement but significant perceived brand differences.

Consumers undertake **variety-seeking buying behavior** in situations characterized by low consumer involvement but significant perceived brand differences. In such cases, consumers often do a lot of brand switching. For example, when buying cookies, a consumer may hold some beliefs, choose a cookie brand without much evaluation, and then evaluate that brand during consumption. But the next time, the consumer might pick another brand out of boredom or simply to try something different. Brand switching occurs for the sake of variety rather than because of dissatisfaction.

In such product categories, the marketing strategy may differ for the market leader and minor brands. The market leader will try to encourage habitual buying behavior by dominating shelf space, keeping shelves fully stocked, and running frequent reminder advertising. Challenger firms will encourage variety seeking by offering lower prices, special deals, coupons, free samples, and advertising that presents reasons for trying something new.

Author Comment | The actual purchase decision is part of a much larger buying process—starting with need recognition through how you feel after making the purchase. Marketers want to be involved throughout the entire buyer decision process.

The Buyer Decision Process (pp 152–156)

Now that we have looked at the influences that affect buyers, we are ready to look at how consumers make buying decisions. **Figure 5.6** shows that the buyer decision process consists of five stages: *need recognition*, *information search*, *evaluation of alternatives*, *purchase decision*, and *postpurchase behavior*. Clearly, the buying process starts long before the actual purchase and continues long after. Marketers need to focus on the entire buying process rather than on the purchase decision only.

Figure 5.6 suggests that consumers pass through all five stages with every purchase. But in more routine purchases, consumers often skip or reverse some of these stages. A woman buying her regular brand of toothpaste would recognize the need and go right to the purchase decision, skipping information search and evaluation. However, we use the model in Figure 5.6 because it shows all the considerations that arise when a consumer faces a new and complex purchase situation.

Need Recognition

Need recognition
The first stage of the buyer decision process, in which the consumer recognizes a problem or need.

The buying process starts with **need recognition**—the buyer recognizes a problem or need. The need can be triggered by *internal stimuli* when one of the person's normal needs—for example, hunger or thirst—rises to a level high enough to become a drive. A need can also be triggered by *external stimuli*. For example, an advertisement or a discussion with a friend might get you thinking about buying a new car. At this stage, the marketer should research consumers to find out what kinds of needs or problems arise, what brought them about, and how they led the consumer to this particular product.

Information Search

An interested consumer may or may not search for more information. If the consumer's drive is strong and a satisfying product is near at hand, he or she is likely to buy it then. If not, the

The buying process starts long before the actual purchase and continues long after. In fact, it might result in a decision *not* to buy. Therefore, marketers must focus on the entire buying process, not just the purchase decision.

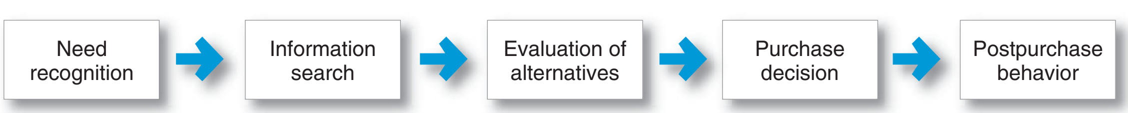


FIGURE | 5.6
Buyer Decision Process

Need recognition can be triggered by advertising: Is it time for a snack?

consumer may store the need in memory or undertake an **information search** related to the need. For example, once you've decided you need a new car, at the least, you will probably pay more attention to car ads, cars owned by friends, and car conversations. Or you may actively search the Web, talk with friends, and gather information in other ways.

Consumers can obtain information from any of several sources. These include *personal sources* (family, friends, neighbors, acquaintances), *commercial sources* (advertising, salespeople, dealer Web sites, packaging, displays), *public sources* (mass media, consumer rating organizations, Internet searches), and *experiential sources* (handling, examining, using the product). The relative influence of these information sources varies with the product and the buyer.

Generally, the consumer receives the most information about a product from commercial sources—those controlled by the marketer. The most effective sources, however, tend to be personal. Commercial sources normally *inform* the buyer, but personal sources *legitimize* or *evaluate* products for the buyer. For example, a recent study found that word of mouth is the biggest influence in people's electronics (43.7 percent) and apparel (33.6 percent) purchases. As one marketer states, "It's rare that an advertising campaign can be as effective as a neighbor leaning over the fence and saying, 'This is a wonderful product.'" Increasingly, that "fence" is a digital one. Another recent study revealed that consumers find sources of user-generated content—discussion forums, blogs, online review sites, and social networking sites—three times more influential when making a purchase decision than conventional marketing methods such as TV advertising.[35]

Information search
The stage of the buyer decision process in which the consumer is aroused to search for more information; the consumer may simply have heightened attention or may go into an active information search.

As more information is obtained, the consumer's awareness and knowledge of the available brands and features increase. In your car information search, you may learn about the several brands available. The information might also help you to drop certain brands from consideration. A company must design its marketing mix to make prospects aware of and knowledgeable about its brand. It should carefully identify consumers' sources of information and the importance of each source.

Evaluation of Alternatives

Alternative evaluation
The stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the choice set.

We have seen how consumers use information to arrive at a set of final brand choices. How does the consumer choose among alternative brands? Marketers need to know about **alternative evaluation**, that is, how the consumer processes information to arrive at brand choices. Unfortunately, consumers do not use a simple and single evaluation process in all buying situations. Instead, several evaluation processes are at work.

The consumer arrives at attitudes toward different brands through some evaluation procedure. How consumers go about evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating; instead they buy on impulse and rely on intuition. Sometimes consumers make buying decisions on their own; sometimes they turn to friends, online reviews, or salespeople for buying advice.

Suppose you've narrowed your car choices to three brands. And suppose that you are primarily interested in four attributes—styling, operating economy, warranty, and price. By this time, you've probably formed beliefs about how each brand rates on each attribute. Clearly, if one car rated best on all the attributes, the marketer could predict that you would choose it. However, the brands will no doubt vary in appeal. You might base your buying decision on only one attribute, and your choice would be easy to predict. If you wanted styling above everything else, you would buy the car that you think has the best styling. But most buyers consider several attributes, each with different importance. If the marketer knew the importance that you assigned to each attribute, he or she could predict your car choice more reliably.

Marketers should study buyers to find out how they actually evaluate brand alternatives. If marketers know what evaluative processes go on, they can take steps to influence the buyer's decision.

Purchase Decision

Purchase decision
The buyer's decision about which brand to purchase.

In the evaluation stage, the consumer ranks brands and forms purchase intentions. Generally, the consumer's **purchase decision** will be to buy the most preferred brand, but two factors can come between the purchase *intention* and the purchase *decision*. The first factor is the attitudes *of others*. If someone important to you thinks that you should buy the lowest-priced car, then the chances of you buying a more expensive car are reduced.

The second factor is *unexpected situational factors*. The consumer may form a purchase intention based on factors such as expected income, expected price, and expected product benefits. However, unexpected events may change the purchase intention. For example, the economy might take a turn for the worse, a close competitor might drop its price, or a friend might report being disappointed in your preferred car. Thus, preferences and even purchase intentions do not always result in actual purchase choice.

Postpurchase Behavior

Postpurchase behavior
The stage of the buyer decision process in which consumers take further action after purchase based on their satisfaction or dissatisfaction with a purchase.

The marketer's job does not end when the product is bought. After purchasing the product, the consumer will either be satisfied or dissatisfied and will engage in **postpurchase behavior** of interest to the marketer. What determines whether the buyer is satisfied or dissatisfied with a purchase? The answer lies in the relationship between the *consumer's expectations* and the product's *perceived performance*. If the product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. The larger the gap between expectations and performance, the greater the consumer's dissatisfaction. This suggests that sellers should promise only what their brands can deliver so that buyers are satisfied.

Cognitive dissonance
Buyer discomfort caused by postpurchase conflict.

Almost all major purchases, however, result in **cognitive dissonance**, or discomfort caused by postpurchase conflict. After the purchase, consumers are satisfied with the benefits of the chosen brand and are glad to avoid the drawbacks of the brands not bought. However, every purchase involves compromise. So consumers feel uneasy about acquiring the drawbacks of the chosen brand and about losing the benefits of the brands not purchased. Thus, consumers feel at least some postpurchase dissonance for every purchase.[36]

Why is it so important to satisfy the customer? Customer satisfaction is a key to building profitable relationships with consumers—to keeping and growing consumers and reaping their customer lifetime value. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company. Many marketers go beyond merely *meeting* the expectations of customers—they aim to *delight* the customer (see Real Marketing 5.2).

A dissatisfied consumer responds differently. Bad word of mouth often travels farther and faster than good word of mouth. It can quickly damage consumer attitudes about a company and its products. But companies cannot simply rely on dissatisfied customers to volunteer their complaints when they are dissatisfied. Most unhappy customers never tell the company about their problems. Therefore, a company should measure customer satisfaction regularly. It should set up systems that *encourage* customers to complain. In this way, the company can learn how well it is doing and how it can improve.

By studying the overall buyer decision process, marketers may be able to find ways to help consumers move through it. For example, if consumers are not buying a new product because they do not perceive a need for it, marketing might launch advertising messages that trigger the need and show how the product solves customers' problems. If customers know about the product but are not buying because they hold unfavorable attitudes toward it, marketers must find ways to change either the product or consumer perceptions.

Real Marketing 5.2

Lexus: Delighting Customers after the Sale to Keep Them Coming Back

Close your eyes for a minute and picture a typical car dealership. Not impressed? Talk to a friend who owns a Lexus, and you'll no doubt get a very different picture. The typical Lexus dealership is, well, anything but typical. And some Lexus dealers will go to almost any length to take care of customers and keep them coming back. Consider the following examples:

> Jordan Case has big plans for the ongoing expansion of his business. He's already put in wireless Internet access. He's adding a café. And he's installing a putting green for customers who want to hone their golf skills while waiting for service. Case isn't the manager of a swank hotel or restaurant. He's the president of Park Place Lexus, an auto dealership with two locations in the Dallas area, and he takes pride that his dealership is, well, the antidealership. In addition to the café, putting green, and Internet access, customer perks include free car washes and portable DVD players with movies loaned to waiting service clients. Park Place Lexus's passion for customer service even earned it a Malcolm Baldrige National Quality Award, a business-excellence honor bestowed by the U.S. government, making it the first automotive dealership ever in the award's history to win the award. "Buying a car doesn't rank up there with the top five things you like to do," Case says. "So we try to make the experience different."
>
> For many people, a trip to the auto dealer means the mind-numbing hour or two in a plastic chair with some tattered magazines and stale coffee. But JM Lexus in Margate, Florida, features four massage chairs, in addition to its Starbucks coffee shop, two putting greens, two customer lounges, and a library. At another gleaming glass-and-stone Lexus dealership north of Miami, "guests," as Lexus calls its customers, leave their cars with a valet and are then guided by a concierge to a European-style coffee bar offering complimentary espresso, cappuccino, and a selection of pastries prepared by a chef trained in Rome. "We have customers checking into world-class hotels," says a dealership executive. "They shop on Fifth Avenue and they expect a certain kind of experience."

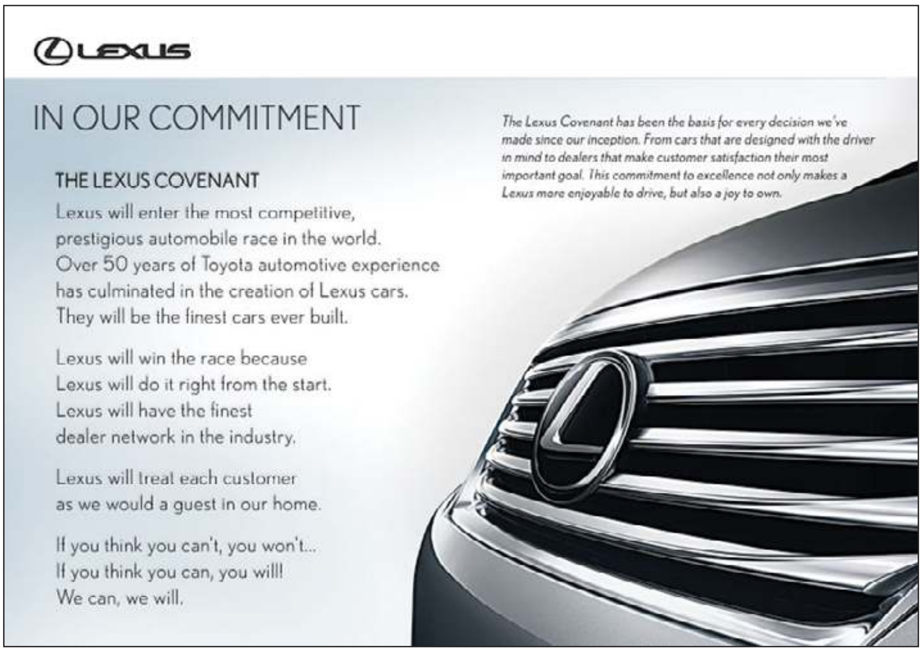
Lexus knows that good marketing doesn't end with making a sale. Keeping customers happy *after* the sale is the key to building lasting relationships. Dealers across the country have a common goal: to delight customers and keep them coming back. Lexus believes that if you "delight the customer, and continue to delight the customer, you will have a customer for life." And Lexus understands just how valuable a customer can be; it estimates that the average lifetime value of a Lexus customer is $600,000.

Despite the amenities, few Lexus customers spend much time hanging around the dealership. Lexus knows that the best dealership visit is the one that you never make. So it builds customer-pleasing cars to start with—high-quality cars that need little servicing. In its "Lexus Covenant," the company vows that it will make "the finest cars ever built." In survey after industry survey, Lexus rates at or near the top in quality. Lexus has topped the list in seven of the last nine annual J.D. Power and Associates Initial Quality Study ratings.

Still, when a car does need servicing, Lexus goes out of its way to make it easy and painless. Most dealers will even pick up the car and then return it when the maintenance is finished. And the car comes back spotless, thanks to a complimentary cleaning to remove bugs and road grime from the exterior and smudges from the leather interior. You might even be surprised to find that they've touched up a door ding to help restore the car to its fresh-from-the-factory luster. "My wife will never buy another car except a Lexus," says one satisfied Lexus owner. "They come to our house, pick up the car, do an oil change, [spiff it up,] and bring it back. She's sold for life." And when a customer does bring a car in, Lexus repairs it right the first time, on time. Dealers know that their well-heeled customers have money, "but what they don't have is time."

According to its Web site, from the very start, Lexus set out to "revolutionize the automotive experience with a passionate commitment to the finest products, supported by dealers who create the most satisfying ownership experience the world has ever seen. We vow to value the customer as an important individual. To do things right the first time. And to always exceed expectations." Jordan Case of Park Place Lexus fully embraces this philosophy: "You've got to do it right, on time, and make people feel like they are the only one in the room." Proclaims the Lexus Covenant, "Lexus will treat each customer as we would a guest in our own home."

At Lexus, exceeding customer expectations sometimes means fulfilling even seemingly



To delight customers and keep them coming back, the Lexus Covenant promises that its dealers will "treat each customer as we would a guest in our home" and "go to any lengths to serve them better."

Continued on next page

outrageous customer requests. Dave Wilson, owner of several Lexus dealerships in Southern California, tells of a letter he once received from an angry Lexus owner who spent $374 to repair her car at his dealership. She'd owned four prior Lexus vehicles without a single problem. She said in her letter that she resented paying to fix her current one. Turns out, she thought they were maintenance free—as in get in and drive . . . and drive and drive. "She didn't think she had to do anything to her Lexus," says Wilson. "She had 60,000 miles on it, and never had the oil changed." Wilson sent back her $374.

By all accounts, Lexus has lived up to its ambitious customer-satisfaction promise. It has created what appear to be the world's most satisfied car owners. Lexus regularly tops not just the industry quality ratings but also customer-satisfaction ratings in both the United States and globally. Last year, Lexus once again ranked number one in the American Customer Satisfaction Index, which measures customer satisfaction with the overall ownership experience. Customer satisfaction translates into sales and customer loyalty. Lexus is the nation's number-one selling luxury car.

Once a Lexus customer, always a Lexus customer. Just ask someone who owns one. "I'm telling you, this is class, buddy," says customer Barry Speak while reclining in a vibrating massage chair at the Palm Beach Lexus store. An owner of a late-model Lexus LS sedan, Speak says there is no doubt he will come to the Palm Beach store for a new vehicle in a year or two. "My wife and I are going to be fighting over who gets to take the car in now," he says over the chair's hum. "You're not kidding!" Jane Speak chimes in from the store's other massage chair. A Lexus executive puts it simply: "Lexus consistently delivers an exceptional ownership experience."

Sources: Adapted examples, quotes, and other information from "Lexus and Prius Star for Toyota," *Birmingham Mail*, June 19, 2009, p. 44; Mac Gordon, "He Runs the Largest Lexus Store," *Ward's Dealer Business*, February 2008, p. 64; Neil E. Boudette, "Luxury Car Sellers Put on the Ritz," *Wall Street Journal*, December 18, 2007, p. B1; Julia Chang, "At Your Service," *Sales & Marketing Management*, June 2006, pp. 42–43; Steve Finlay, "At Least She Put Fuel in It," *Ward's Dealer Business*, August 1, 2003, http://wardsdealer.com/ar/auto_least_she_put/ Michael Harley; "Lexus Leads, Hyundai Improves, While Infinity Drops in J.D. Power 2009 Initial Quality Study," June 22, 2009, accessed at www.autoblog.com; "Automobiles & Light Vehicles," American Customer Satisfaction Index," www.theacsi.org, accessed March 2010; and "Lexus Covenant," www.lexus.com/about/corporate/covenant.html, accessed December 2010.

Author Comment | Here we look at some special considerations in *new-product* buying decisions.

The Buyer Decision Process for New Products (pp 156–158)

We have looked at the stages buyers go through in trying to satisfy a need. Buyers may pass quickly or slowly through these stages, and some of the stages may even be reversed. Much depends on the nature of the buyer, the product, and the buying situation.

We now look at how buyers approach the purchase of new products. A **new product** is a good, service, or idea that is perceived by some potential customers as new. It may have been around for a while, but our interest is in how consumers learn about products for the first time and make decisions on whether to adopt them. We define the **adoption process** as "the mental process through which an individual passes from first learning about an innovation to final adoption," and *adoption* as the decision by an individual to become a regular user of the product.[37]

New product
A good, service, or idea that is perceived by some potential customers as new.

Adoption process
The mental process through which an individual passes from first hearing about an innovation to final adoption.

Stages in the Adoption Process

Consumers go through five stages in the process of adopting a new product:

Awareness: The consumer becomes aware of the new product but lacks information about it.

Interest: The consumer seeks information about the new product.

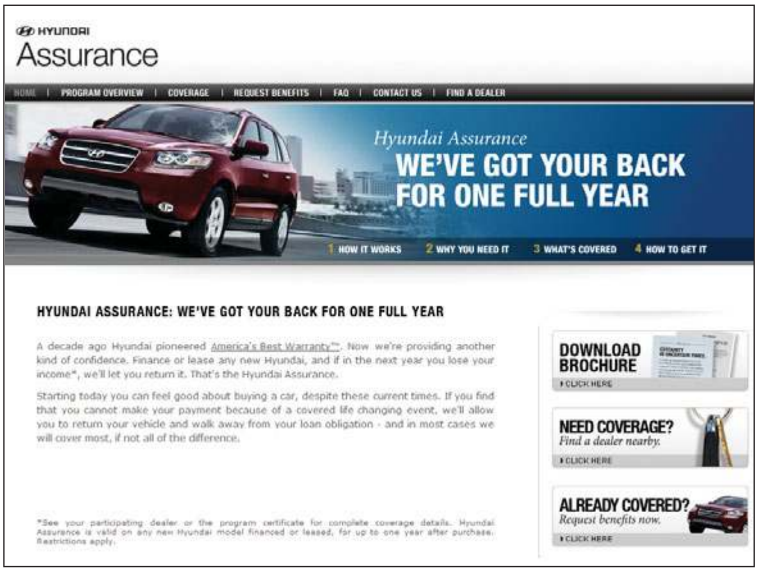
Evaluation: The consumer considers whether trying the new product makes sense.

Trial: The consumer tries the new product on a small scale to improve his or her estimate of its value.

Adoption: The consumer decides to make full and regular use of the new product.

This model suggests that the new-product marketer should think about how to help consumers move through these stages. For example, during the recent recession, Hyundai developed a unique way to help customers get past evaluation and make a positive purchase decision about a new vehicle.

Hyundai discovered many potential customers were interested in buying new cars but couldn't get past the evaluation stage of the buying process. Consumers worried that



The adoption process: To help potential customers get past concerns about the uncertain economy, Hyundai offered an Assurance Program protecting customers against lost jobs and incomes.

they might buy a car and then lose their jobs and subsequently their new cars and their good credit ratings. To help buyers over this hurdle, the carmaker offered the Hyundai Assurance Program, which promised to let buyers who financed or leased a new Hyundai vehicle return their vehicles at no cost and with no harm to their credit rating if they lost their jobs or incomes within a year. The Assurance Program, combined with a 10-year powertrain warranty and a five-year, 24-hour roadside assistance program, all at no extra charge, made the buying decision much easier for customers concerned about the future economy. Sales of the Hyundai Sonata surged 85 percent in the month following the start of the Assurance campaign, and the brand's market share grew at an industry-leading pace during the following year. Hyundai continued the program on its 2010 models, and other carmakers soon followed with their own assurance plans.[38]

Individual Differences in Innovativeness

People differ greatly in their readiness to try new products. In each product area, there are "consumption pioneers" and early adopters. Other individuals adopt new products much later. People can be classified into the adopter categories shown in **Figure 5.7.** As shown by the black curve, after a slow start, an increasing number of people adopt the new product. The number of adopters reaches a peak and then drops off as fewer nonadopters remain. As successive groups of consumers adopt the innovation (the red curve), it eventually reaches its saturation level. Innovators are defined as the first 2.5 percent of buyers to adopt a new idea (those beyond two standard deviations from mean adoption time); the early adopters are the next 13.5 percent (between one and two standard deviations); and so forth.

The five adopter groups have differing values. *Innovators* are venturesome—they try new ideas at some risk. *Early adopters* are guided by respect—they are opinion leaders in their communities and adopt new ideas early but carefully. The *early majority* is deliberate—although they rarely are leaders, they adopt new ideas before the average person. The *late majority* is skeptical—they adopt an innovation only after a majority of people have tried it. Finally, *laggards* are tradition bound—they are suspicious of changes and adopt the innovation only when it has become something of a tradition itself.

This adopter classification suggests that an innovating firm should research the characteristics of innovators and early adopters in their product categories and direct marketing efforts toward them.

Influence of Product Characteristics on Rate of Adoption

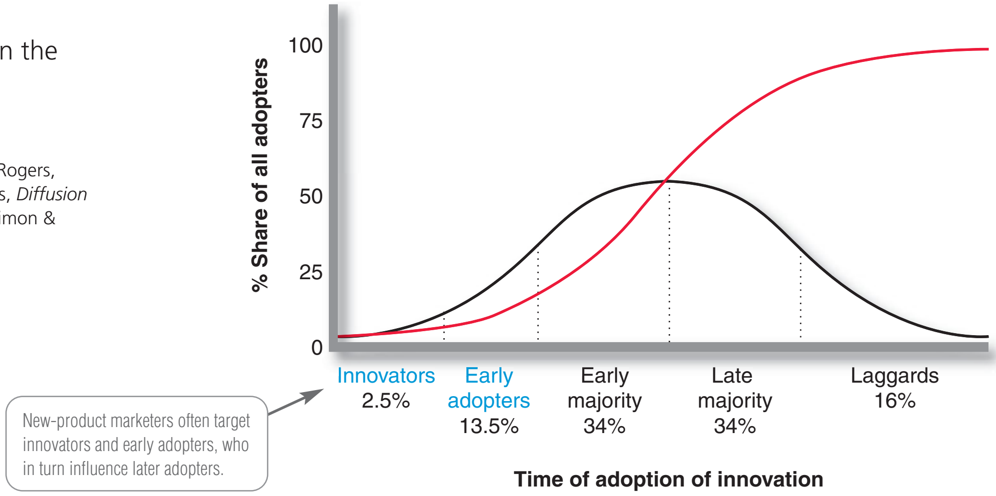
The characteristics of the new product affect its rate of adoption. Some products catch on almost overnight; for example, both the iPod and iPhone flew off retailers' shelves at an astounding rate from the day they were first introduced. Others take a longer time to gain acceptance. For example, the first HDTVs were introduced in the United States in the 1990s, but the percentage of U.S. households owning a high definition set stood at only 28 percent by 2007 and 62 percent by 2010.[39]

Five characteristics are especially important in influencing an innovation's rate of adoption. For example, consider the characteristics of HDTV in relation to the rate of adoption:

Relative advantage: The degree to which the innovation appears superior to existing products. HDTV offers substantially improved picture quality. This speeded up its rate of adoption.

FIGURE | 5.7
Adopter Categorization on the Basis of Relative Time of Adoption of Innovations

Source: Based on figures found at http://en.wikipedia.org/wiki/Everett_Rogers, October 2010; and Everett M. Rogers, *Diffusion of Innovations*, 5th ed. (New York: Simon & Shuster, 2003), p. 281.



Compatibility: The degree to which the innovation fits the values and experiences of potential consumers. HDTV, for example, is highly compatible with the lifestyles of the TV-watching public. However, in the early years, HDTV was not yet compatible with programming and broadcasting systems, which slowed adoption. Now, as more and more high definition programs and channels have become available, the rate of HDTV adoption has increased rapidly.

Complexity: The degree to which the innovation is difficult to understand or use. HDTVs are not very complex. Therefore, as more programming has become available and prices have fallen, the rate of HDTV adoption is increasing faster than that of more complex innovations.

Divisibility: The degree to which the innovation may be tried on a limited basis. Early HDTVs and HD cable and satellite systems were very expensive, which slowed the rate of adoption. As prices fall, adoption rates increase.

Communicability: The degree to which the results of using the innovation can be observed or described to others. Because HDTV lends itself to demonstration and description, its use will spread faster among consumers.

Other characteristics influence the rate of adoption, such as initial and ongoing costs, risk and uncertainty, and social approval. The new-product marketer must research all these factors when developing the new product and its marketing program.

REVIEWING Objectives AND KEY Terms

The American consumer market consists of more than 310 million people who consume more than $10 trillion worth of goods and services each year, making it one of the most attractive consumer markets in the world. The world consumer market consists of more than 6.8 billion people. Consumers around the world vary greatly in terms of cultural, social, personal, and psychological makeup. Understanding how these differences affect *consumer buying behavior* is one of the biggest challenges marketers face.

Objective 1 Define the consumer market and construct a simple model of consumer buyer behavior. (pp 134–135)

The *consumer market* consists of all the individuals and households who buy or acquire goods and services for personal consumption. The simplest model of consumer buyer behavior is the stimulus-response model. According to this model, marketing stimuli (the four Ps) and other major forces (economic, technological, political, cultural) enter the consumer's "black box" and produce certain responses. Once in the black box, these inputs produce observable buyer responses, such as product choice, brand choice, purchase timing, and purchase amount.

Objective 2 Name the four major factors that influence consumer buyer behavior. (pp 135–150)

Consumer buyer behavior is influenced by four key sets of buyer characteristics: cultural, social, personal, and psychological. Although many of these factors cannot be influenced by the marketer, they can be useful in identifying interested buyers and shaping products and appeals to serve consumer needs better. *Culture* is the most basic determinant of a person's wants and behavior. *Subcultures* are "cultures within cultures" that have distinct values and lifestyles and can be based on anything from age to ethnicity. Many companies focused their marketing programs on the special needs of certain cultural and subcultural segments.

Social factors also influence a buyer's behavior. A person's *reference groups*—family, friends, social networks, professional associations—strongly affect product and brand choices. The buyer's age, life-cycle stage, occupation, economic circumstances, personality, and other *personal characteristics* influence his or her buying decisions. Consumer *lifestyles*—the whole pattern of acting and interacting in the world—are also an important influence on purchase decisions. Finally, consumer buying behavior is influenced by four major *psychological factors*: motivation, perception, learning, and beliefs and attitudes. Each of these factors provides a different perspective for understanding the workings of the buyer's black box.

Objective 3 **List and define the major types of buying decision behavior and the stages in the buyer decision process.** **(pp 150–156)**

Buying behavior may vary greatly across different types of products and buying decisions. Consumers undertake *complex buying behavior* when they are highly involved in a purchase and perceive significant differences among brands. *Dissonance-reducing behavior* occurs when consumers are highly involved but see little difference among brands. *Habitual buying behavior* occurs under conditions of low involvement and little significant brand difference. In situations characterized by low involvement but significant perceived brand differences, consumers engage in *variety-seeking buying behavior*.

When making a purchase, the buyer goes through a decision process consisting of *need recognition*, *information search*, *evaluation of alternatives*, *purchase decision*, and *postpurchase behavior*. The marketer's job is to understand the buyer's behavior at each stage and the influences that are operating. During *need recognition*, the consumer recognizes a problem or need that could be satisfied by a product or service in the market. Once the need is recognized, the consumer is aroused to seek more information and moves into the *information search* stage. With information in hand, the consumer proceeds to *alternative evaluation*, during which the information is used to evaluate brands in the choice set. From there, the consumer makes a *purchase decision* and actually buys the product. In the final stage of the buyer decision process, *postpurchase behavior*, the consumer takes action based on satisfaction or dissatisfaction.

Objective 4 **Describe the adoption and diffusion process for new products.** **(pp 156–158)**

The product *adoption process* is made up of five stages: awareness, interest, evaluation, trial, and adoption. New-product marketers must think about how to help consumers move through these stages. With regard to the *diffusion process* for new products, consumers respond at different rates, depending on consumer and product characteristics. Consumers may be innovators, early adopters, early majority, late majority, or laggards. Each group may require different marketing approaches. Marketers often try to bring their new products to the attention of potential early adopters, especially those who are opinion leaders. Finally, several characteristics influence the rate of adoption: relative advantage, compatibility, complexity, divisibility, and communicability.

KEY Terms

OBJECTIVE 1

Consumer buyer behavior (p 133)
Consumer market (p 133)

OBJECTIVE 2

Culture (p 135)
Subculture (p 136)
Social class (p 139)
Group (p 139)
Opinion leader (p 139)
Online social networks (p 141)
Lifestyle (p 146)
Personality (p 146)
Motive (drive) (p 147)
Perception (p 148)
Learning (p 149)
Belief (p 150)
Attitude (p 150)

OBJECTIVE 3

Complex buying behavior (p 150)
Dissonance-reducing buying behavior (p 151)
Habitual buying behavior (p 151)
Variety-seeking buying behavior (p 152)
Need recognition (p 152)
Information search (p 153)
Alternative evaluation (p 153)
Purchase decision (p 154)
Postpurchase behavior (p 154)
Cognitive dissonance (p 154)

OBJECTIVE 4

New product (p 156)
Adoption process (p 156)

PEARSON mymarketinglab

- Check your understanding of the concepts and key terms using the mypearsonmarketinglab study plan for this chapter.
- Apply the concepts in a business context using the simulation entitled **Consumer Behavior.**

DISCUSSING & APPLYING THE Concepts

Discussing the Concepts

1. How do consumers respond to various marketing efforts the company might use? Which buyer characteristics that affect buyer behavior influence you most when making a clothing purchase decision? Are these the same characteristics that would influence you when making a computer purchase? Explain. (AACSB: Communication; Reflective Thinking)
2. What is an opinion leader? Describe how marketers attempt to use opinion leaders to help sell their products. (AACSB: Communication; Reflective Thinking)

3. Name and describe the types of consumer buying behavior. Which one would most likely be involved in the purchase of a mobile phone purchase? For choosing a frozen dinner? (AACSB: Communication; Reflective Thinking)

4. Explain the stages of the consumer buyer decision process and describe how you or your family went through this process to make a recent purchase. (AACSB: Communication; Reflective Thinking)

5. Name and describe the adopter categories and explain how a marketer of three-dimensional televisions can use this knowledge in its market targeting decision. (AACSB: Communication; Reflective Thinking)

Applying the Concepts

1. Marketers often target consumers before, during, or after a trigger event, an event in one's life that triggers change. For example, after having a child, new parents have an increased need for baby furniture, clothes, diapers, car seats, and lots of other baby-related goods. Consumers who never paid attention to marketing efforts for certain products may now be focused on ones related to their life change. In a small group, discuss other trigger events that may provide opportunities to target the right buyer at the right time. (AACSB: Communication; Reflective Thinking)

2. Hemopure is a human blood substitute derived from cattle blood. OPK Biotech still has this product in clinical trials, but the company has received FDA approval for a similar product, Oxyglobin, in the veterinary market. Visit http://opkbiotech.com/ to learn about Hemopure. Then explain how the product characteristics of relative advantage, compatibility, complexity, divisibility, and communicability will influence the rate of adoption of this product once FDA approval is attained. (AACSB: Communication; Reflective Thinking)

3. Go to the Strategic Business Insights Web site and complete the VALS survey at www.strategicbusinessinsights.com/vals/presurvey.shtml. What does VALS measure, and what is your VALS type? Does it adequately describe you? On what dimensions are the VALS types based? How can marketers use this tool to better understand consumers? (AACSB: Communication; Use of IT; Reflective Thinking)

FOCUS ON Technology

Have you noticed that some of your Facebook friends like certain advertisements? Marketers know what Facebook users like and are using that knowledge to influence users' friends. "Social context ads" are based on data collected on the likes and friends of Facebook users. When you click on an ad indicating that you like it, you also give Facebook permission to share that preference with all your friends. Marketers like this feature because it appears as though you are endorsing the brand to your friends. Nike bought ads on users' homepages in twenty countries prior to the World Cup, and Ford uses Facebook's social context ads to promote the Explorer. Although most ads on Facebook cost as little as $1 per click for marketers, the total cost for a social context ad can be as much as $100,000.

1. Which factors are marketers advertising on Facebook using to influence consumers? Would you be influenced by an ad if you saw that your friends liked it? (AACSB: Communication; Use of IT; Reflective Thinking)

2. How would you feel about Facebook using your name in these types of ads? (AACSB: Communication; Reflective Thinking)

FOCUS ON Ethics

Vitaminwater—sounds healthy, right? Although Vitaminwater has vitamins, it also has thirty-three grams—that's two heaping tablespoons—of sugar, making it not much better than a soda. Vitaminwater, owned by Coca-Cola, has been under fire from the Center for Science in the Public Interest (CSPI), a consumer-advocacy group that fights for safer, more nutritious foods. The CSPI filed a class-action lawsuit against Coca-Cola, claiming names for Vitaminwater flavors such as "endurance peach mango" and "focus kiwi strawberry" are misleading for two reasons: (1) The drinks contain zero to one percent juice, and (2) words like *endurance*, *focus*, *defense*, *rescue*, and *energy* imply health benefits. Coca-Cola's defense was that reasonable consumers would not be misled into believing that Vitaminwater is healthy for them.

1. Debate whether or not Coca-Cola is deliberately trying to deceive consumers into believing that Vitaminwater is a healthy alternative to soda. Which psychological factor is most affected by the product name and ad claims and might influence consumers to purchase this product? (AACSB: Communication; Ethical Reasoning)

2. Find two other examples of brands that use names, words, colors, package shapes, or other elements to convey potentially deceptive meanings to consumers. (AACSB: Communication; Reflective Thinking)

MARKETING & THE Economy

AutoZone

Detroit is suffering and everyone knows it. New car sales were down by 21 percent for 2009 handing the industry its worst performance in nearly 30 years. But Detroit's loss has been AutoZone's gain. The do-it-yourself car part retailer's sales and profits have been running counter to those of the retail world as a whole. One reason is that AutoZone's traditional customers have been tackling more complicated do-it-yourself car repair jobs and visiting stores more frequently. But the retail auto parts giant has also seen a notable increase in customers with incomes over $100,000 a year, people who typically never so much as pop the hoods of their own cars.

In the more frugal economy, all types of drivers are now looking to save money by doing their own repairs and maintenance. And as people keep their cars longer, the older cars need more repairs. AutoZone has seen this day coming, long ago scrapping its grungy, industrial-store format for one that's more colorful, brightly lit, and filled with super-friendly sales clerks. Soccer moms are now as comfortable getting "into the Zone" as NASCAR fans. Believing that, even in an economic recovery, America's spendthrift habits have now become a thing of the past, that's the way AutoZone planned it.

1. Consider the auto parts buyer decision process. How has this process changed for new AutoZone customers. How has the economy influenced this change?
2. Visit www.autozone.com. Does it appear that the company is trying to help the newer, less-knowledgeable customer? Based on your observations, what recommendations would you make to AutoZone?

MARKETING BY THE Numbers

One way consumers can evaluate alternatives is to identify important attributes and assess how purchase alternatives perform on those attributes. Consider the purchase of a notebook computer. Each attribute, such as memory, is given a weight to reflect its level of importance to that consumer. Then the consumer evaluates each alternative on each attribute. For example, in the table, memory (weighted at 0.5) is the most important computer purchase attribute for this consumer. The consumer believes that Brand C performs best on memory, rating it 7 (higher ratings indicate higher performance). Brand B rates worst on this attribute (rating of 3). Size and price are the consumer's next most important attributes. Warranty is least important.

A score can be calculated for each brand by multiplying the importance weight for each attribute by the brand's score on that attribute. These weighted scores are then summed to determine the score for that brand. For example, $\text{Score}_{\text{Brand A}} = (0.2 \times 4) + (0.5 \times 6) + (0.1 \times 5) + (0.2 \times 4) = 0.8 + 3.0 + 0.5 + 0.8 = 5.1$. This consumer will select the brand with the highest score.

	Importance	**Alternative Brands**		
Attributes	**Weight (e)**	**A**	**B**	**C**
Size	0.2	4	6	2
Memory	0.5	6	3	7
Warranty	0.1	5	5	4
Price	0.2	4	6	7

1. Calculate the scores for brands B and C. Which brand would this consumer likely choose? (AACSB: Communication; Analytic Reasoning)
2. Which brand is this consumer least likely to purchase? Discuss two ways the marketer of this brand can enhance consumer attitudes toward purchasing its brand. (AACSB: Communication; Reflective Thinking; Analytic Reasoning)

VIDEO Case

RADIAN6

Social networking has had a huge impact on society. And for marketers, online social communications are changing the way that consumers make purchase decisions. Radian6 specializes in monitoring social media. It tracks a wide array of Web sites at which consumers might "chat" about companies, brands, and general market offerings. Companies such as Dell and Microsoft obtain valuable insights about what consumers are saying about their products and about what factors or events are generating the discussions. But more importantly, companies are gaining a stronger understanding of how consumer online conversations are affecting purchase decisions. In this manner. Radian6 is on the cutting edge of getting a grip on the ever-expanding scope of social networking and "word-of-Web" communication.

After viewing the video featuring Radian6, answer the following questions.

1. What cultural factors have led to the explosion of social networking?
2. How has Radian6 changed the way companies understand opinion leaders and marketing?
3. How is Radian6 helping companies gain insights into the buying decision process?

COMPANY Case

Porsche: Guarding the Old While Bringing in the New

Porsche (pronounced *Porsh*-uh) is a unique company. It has always been a niche brand that makes cars for a small and distinctive segment of automobile buyers. In 2009, Porsche sold only 27,717 cars in the five models it sells in the United States. Honda sold about 10 times that many Accords alone. But Porsche owners are as rare as their vehicles. For that reason, top managers at Porsche spend a great deal of time thinking about customers. They want to know who their customers are, what they think, and how they feel. They want to know why they buy a Porsche rather then a Jaguar, a Ferrari, or a big Mercedes coupe. These are challenging questions to answer; even Porsche owners themselves don't know exactly what motivates their buying. But given Porsche's low volume and the increasingly fragmented auto market, it is imperative that management understands its customers and what gets their motors running.

THE PROFILE OF A PORSCHE OWNER

Porsche was founded in 1931 by Ferdinand Porsche, the man credited for designing the original Volkswagen Beetle—Adolf Hitler's "people's car" and one of the most successful car designs of all time. For most of its first two decades, the company built Volkswagen Beetles for German citizens and tanks and Beetles for the military. As Porsche AG began to sell cars under its own nameplate in the 1950s and 1960s, a few constants developed. The company sold very few models, creating an image of exclusivity. Those models had a rounded, bubble shape that had its roots in the original Beetle but evolved into something more Porsche-like with the world famous 356 and 911 models. Finally, Porsche's automobiles featured air-cooled four- and six-cylinder "boxer" motors (cylinders in an opposed configuration) in the rear of the car. This gave the cars a unique and often dangerous characteristic—a tendency for the rear end to swing out when cornering hard. That's one of the reasons that Porsche owners were drawn to them. They were challenging to drive, which kept most people away.

Since its early days, Porsche has appealed to a very narrow segment of financially successful people. These are achievers who see themselves as entrepreneurial, even if they work for a corporation. They set very high goals for themselves and then work doggedly to meet them. And they expect no less from the clothes they wear, the restaurants they go to, or the cars they drive. These individuals see themselves not as a part of the regular world but as exceptions to it. They buy Porsches because the car mirrors their self-image; it stands for the things owners like to see in themselves and their lives.

Most of us buy what Porsche executives call utility vehicles. That is, we buy cars primarily to go to work, transport children, and run errands. Because we use our cars to accomplish these daily tasks, we base buying decisions on features such as price, size, fuel economy, and other practical considerations. But Porsche is more than a utility car. Its owners see it as a car to be enjoyed, not just used. Most Porsche buyers are not moved by information but by feelings. A Porsche is like a piece of clothing—something the owner "wears" and is seen in. They develop a personal relationship with their cars, one that has more to do with the way the car sounds, vibrates, and feels, rather than the how many cup holders it has or how much cargo it can hold in the trunk. They admire their Porsche because it is a competent performance machine without being flashy or phony.

People buy Porsches because they enjoy driving. If all they needed was something to get them from point A to point B, they could find something much less expensive. And while many Porsche owners are car enthusiasts, some of them are not. One successful businesswoman and owner of a high-end Porsche said, "When I drive this car to the high school to pick up my daughter, I end up with five youngsters in the car. If I drive any other car, I can't even find her; she doesn't want to come home."

FROM NICHE TO NUMEROUS

For its first few decades, Porsche AG lived by the philosophy of Ferry Porsche, Ferdinand's son. Ferry created the Porsche 356 because no one else made a car like he wanted. "We did no market research, we had no sales forecasts, no return-on-investment calculations. None of that. I very simply built my dream car and figured that there would be other people who share that dream." So, really, Porsche AG from the beginning was very much like its customers: an achiever that set out to make the very best.

But as the years rolled on, Porsche management became concerned with a significant issue: Were there enough Porsche buyers to keep the company afloat? Granted, the company never had illusions of churning out the numbers of a Chevrolet or a Toyota. But to fund innovation, even a niche manufacturer has to grow a little. And Porsche began to worry that the quirky nature of the people who buy Porsches might just run out on them.

This led Porsche to extend its brand outside the box. In the early 1970s, Porsche introduced the 914, a square-ish, mid-engine, two-seater that was much cheaper than the 911. This meant that a different class of people could afford a Porsche. It was no surprise that the 914 became Porsche's top selling model. By the late 1970s, Porsche replaced the 914 with a hatchback coupe that had something no other regular Porsche model had ever had: an engine in the front. At less than $20,000, more than $10,000 less than the 911, the 924 and later 944 models were once again Porsche's pitch to affordability. At one point, Porsche increased its sales goal by nearly 50 percent to 60,000 cars a year.

Although these cars were in many respects sales successes, the Porsche faithful cried foul. They considered these entry-level models to be cheap and underperforming. Most loyalists never really accepted these models as "real" Porsches. In fact, they were not at all happy that they had to share their brand with a customer who didn't fit the Porsche owner profile. They were turned off by what they saw as a corporate strategy that had focused on *mass* over *class* marketing. This tarnished image was compounded by the fact that Nissan, Toyota, BMW, and other car manufacturers had ramped up high-end sports car offerings, creating some fierce competition. In fact, both the Datsun 280-ZX and the Toyota Supra were not only cheaper than Porsche's 944 but also faster. A struggling economy threw more sand in Porsche's tank. By 1990, Porsche sales had plummeted, and the company flirted with bankruptcy.

RETURN TO ITS ROOTS?

But Porsche wasn't going down without a fight. It quickly recognized the error of its ways and halted production of the entry-level models. It rebuilt its damaged image by revamping its higher-end model lines with more race-bred technology. In an effort to regain rapport with customers, Porsche once again targeted the high end of the market in both price and performance. It set modest sales goals and decided that moderate growth with higher margins would be more profitable in the long term. Thus, the company set out to make one less Porsche than the public demanded. According to one executive, "We're not looking for volume; we're searching for exclusivity."

Porsche's efforts had the desired effect. By the late 1990s, the brand was once again favored by the same type of achiever who had so deeply loved the car for decades. The cars were once again exclusive. And the company was once again profitable. But by the early 2000s, Porsche management was again asking itself a familiar question: To have a sustainable future, could Porsche rely on only the Porsche faithful? According to then CEO Wendelin Wiedeking, "For Porsche to remain independent, it can't be dependent on the most fickle segment in the market. We don't want to become just a marketing department of some giant. We have to make sure we're profitable enough to pay for future development ourselves."

So in 2002, Porsche did the unthinkable. It became one of the last car companies to jump into the insatiable sport utility vehicle (SUV) market. At roughly 5,000 pounds, the new Porsche Cayenne was heavier than anything that Porsche had ever made, with the exception of some prototype tanks it made during WWII. Once again, the new model featured an engine up front. And it was the first Porsche to ever be equipped with seatbelts for five. As news spread about the car's development, howls could be heard from Porsche's customer base.

But this time, Porsche did not seem too concerned that the loyalists would be put off. Could it be that the company had already forgotten what happened the last time it deviated from the mold? After driving one of the first Cayenne's off the assembly line, one journalist stated, "A day at the wheel of the 444 horsepower Cayenne Turbo leaves two overwhelming impressions. First, the Cayenne doesn't behave or feel like an SUV, and second, it drives like a Porsche." This was no entry-level car. Porsche had created a two-and-a-half ton beast that could accelerate to 60 miles per hour in just over five seconds, corner like it was on rails, and hit 165 miles per hour, all while coddling five adults in sumptuous leather seats with almost no wind noise from the outside world. On top of that, it could keep up with a Land Rover when the pavement ended. Indeed, Porsche had created the Porsche of SUVs.

Last year, Porsche upped the ante one more time. It unveiled another large vehicle. But this time, it was a low-slung, five-door luxury sedan. The Porsche faithful and the automotive press again gasped in disbelief. But by the time the Panamera hit the pavement, Porsche had proven once again that Porsche customers could have their cake and eat it to. The Panamera is almost as big as the Cayenne but can move four adults down the road at speeds of up to 188 miles per hour and accelerate from a standstill to 60 miles per hour in four seconds flat.

Although some Porsche traditionalists would never be caught dead driving a front engine Porsche that has more than two doors, Porsche insists that two trends will sustain these new models. First, a category of Porsche buyers has moved into life stages that have them facing inescapable needs; they need to haul more people and stuff. This not only applies to certain regular Porsche buyers, but Porsche is again seeing buyers enter its dealerships that otherwise wouldn't have. Only this time, the price points of the new vehicles are drawing only the well heeled, allowing Porsche to maintain its exclusivity. These buyers also seem to fit the achiever profile of regular Porsche buyers.

The second trend is the growth of emerging economies. Whereas the United States has long been the world's biggest consumer of Porsches, the company expects China to become its biggest customer before too long. Twenty years ago, the United States accounted for about 50 percent of Porsche's worldwide sales. Now, it accounts for only about 26 percent. In China, many people who can afford to buy a car as expensive as a Porsche also hire a chauffeur. The Cayenne and the Panamera are perfect for those who want to be driven around in style but who may also want to make a quick getaway if necessary.

The most recent economic downturn has brought down the sales of just about every maker of premium automobiles. When times are tough, buying a car like a Porsche is the ultimate deferrable purchase. But as this downturn turns back up, Porsche is better poised than it has ever been to meet the needs of its customer base. It is also in better shape than ever to maintain its brand image with the Porsche faithful and with others as well. Sure, understanding Porsche buyers is still a difficult task. But a former CEO of Porsche summed it up this way: "If you really want to understand our customers, you have to understand the phrase, 'If I were going to be a car, I'd be a Porsche.'"

Questions for Discussion

1. Analyze the buyer decision process of a traditional Porsche customer.
2. Contrast the traditional Porsche customer decision process to the decision process for a Cayenne or a Panamera customer.
3. Which concepts from the chapter explain why Porsche sold so many lower-priced models in the 1970s and 1980s?
4. Explain how both positive and negative attitudes toward a brand like Porsche develop. How might Porsche change consumer attitudes toward the brand?
5. What role does the Porsche brand play in the self-concept of its buyers?

Sources: Christoph Rauwald, "Porsche Raises Outlook," *Wall Street Journal*, June 18, 2010, accessed at http://online.wsj.com/article/SB10001424052748704122904575314062459444270.htm; Jonathan Welsh, "Porsche Relies Increasingly on Sales in China," *Wall Street Journal*, April 2, 2010, accessed at http://blogs.wsj.com/drivers-seat/2010/04/02/porsche-relies-increasingly-on-sales-in-china/; David Gumpert, "Porsche on Nichemanship," *Harvard Business Review*, March/April 1986, pp. 98–106; Peter Robinson, "Porsche Cayenne—Driving Impression," *Car and Driver*, January 2003, accessed at www.caranddriver.com; Jens Meiners, "2010 Porsche Panamera S/4S/Turbo—First Drive Review," *Car and Driver*, June 2009, accessed at www.caranddriver.com.