

The secret of business is to know something that nobody else knows.

ARISTOTLE ONASSIS

# Markets

**Chapter 7** Consumer markets ■ **Chapter 8** Business-to-business markets  
■ **Chapter 9** Marketing research

**PART THREE OF PRINCIPLES OF MARKETING** looks at the most important part of any marketing activity: the people who buy and how to find out about them.

**Chapter 7** explores ways of understanding consumer markets: individuals and households who buy goods and services for final consumption. The many ways of doing this give insights that can help in the design of marketing research and guide marketing decision making.

Although consumer marketing is the most visible, the majority of marketing is to other organisations. These include retailers that sell on to final consumers, and sellers of capital equipment – such as trucks, raw materials, components or business services. **Chapter 8** reviews this wide range of business markets.

As Gunther Grass recognised, 'Information networks straddle the world. Nothing remains concealed. But the sheer volume of information dissolves the information. We are unable to take it all in.' **Chapter 9** shows how *marketing research* and marketing information systems help sift through this information, gather further information, process and present results to support marketing decision making.

PART  
three



# Rick

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GRAFFITI

# Consumer markets

CHAPTER

SEVEN

## Chapter objectives

*After reading this chapter, you should be able to:*

- Define the consumer market and construct a simple model of consumer buying behaviour.
- Tell how culture, subculture and social class influence consumer buying behaviour.
- Describe how consumers' personal characteristics and primary psychological factors affect their buying decisions.
- Discuss how consumer decision making varies with the type of buying decision.
- Explain the stages of the buyer decision and adoption processes.

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# Prelude case Sheba: the pets' St Valentine's Day

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Several years of growth averaging 22 per cent year on year have attracted more than 60 new brands from both local and multinational companies to Portugal's €350 million pet food market. EFFEM-Portugal, whose brands include Sheba, Whiskas and Pedigree Pal, has over half of the pet food market but not all its brands were doing well.

EFFEM had played an important role in developing the market. Much of its success came from understanding the behaviour of both pets and their owners. For example, cats are resolved animals. They eat what they like and leave what they dislike. A cat is selective and sensitive regarding its nutritional needs and taste. If given food it dislikes, a cat seeks an alternative. Dogs are different. A hungry dog will eat almost anything, and eats it quickly. For cat food the main concern is to give pleasure and to provide variety. For dogs it is volume and ease of consumption.

Sheba is EFFEM's super-premium brand for cats. With its exceptional quality and its high price, it aims to delight the most discerning cats and is particularly appropriate for special occasions. But Sheba was in trouble. After initial advertising and sales promotional support during its launch, it had been left to fend for itself in the increasingly competitive pet food market. After several years of trading, Sheba's market position and even its commercial existence were threatened by the absence of marketing support and the entrance of new competitors into its market niche. Only 9 per cent of the total market had ever bought a can of Sheba at least once. Sheba's low market share of just 2 per cent justified little promotional expenditure, but for Sheba it was fight back or die.

EFFEM's answer was a two-stage point of sale promotion, with each stage costing as little as a 30-second prime-time TV

commercial. Stage one was during the run-up to Christmas. In-store demonstrators approached consumers and asked them if they owned a cat. If customers answered 'yes', they were offered a greetings card and a 100-gram can of Sheba. In this way both owners and pets received a gift. This sampling raised customers' brand awareness and knowledge of Sheba. Besides giving information, the card encouraged the pet's owners to show their love for their cat by giving it Sheba because 'it deserves it'. The card and its message were designed to generate favourable feelings. After all, it was Christmas time and this 'Santa Claws' gave away 12,000 cans of very special Sheba.

The second stage of the campaign repeated the Christmas promotion, but with St Valentine's Day as the theme. The Valentine's card showed two cats, probably lovers, with the messages: 'Because today is a special day, Sheba has a gift for your cat' and 'Let it know how you love [your cat]'. During the campaign 11,900 cans were given to customers at the point of sale. The Valentine's card also doubled as a cash-back coupon with a face value of €0.50. The refund and the emotional appeal of the message helped customers to confirm their preference for Sheba while showing their love for their cat.

The promotions reversed Sheba's sales decline. The impact on brand awareness/knowledge and repeat purchase was evident and the percentage of consumers who had ever tried Sheba increased to 22 per cent.

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The Valentine's card showed two cats, probably lovers . . .

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## Questions

1. Is Sheba based on the tastes of cats or their owners?
2. Does the consumer awareness and knowledge achieved account for the success of the Sheba campaign? If not, what does account for the success?
3. Given that Sheba's sales promotion campaign was so much more successful than conventional advertising, why is it not used more often?

# Introduction

EFFEM's success with Sheba shows how consumer buying behaviour has many unexpected dimensions. Since the human mind contains as many interacting neurones as there are leaves in the Amazon jungle, it is not surprising that buying behaviour is not simple. Complicated it is, but understanding buyer behaviour is central to marketing management. Just as marketing ends with consumption, so marketing management must begin with understanding customers.

This chapter explores the dynamics of consumer behaviour and the consumer market. **Consumer buying behaviour** refers to the buying behaviour of final consumers – individuals and households who buy goods and services for personal consumption. All of these final consumers combined make up the **consumer market**. The world consumer market consists of about 6.3 billion people, but the billion people living in North America, Western Europe and Japan make up 70 per cent of the world's spending power.<sup>1</sup> Even within these wealthy consumer markets, consumers vary tremendously in age, income, education level and tastes. They also buy an incredible variety of goods and services. How these diverse consumers make their choices among various products embraces a fascinating array of factors.

**Consumer buying behaviour**—The buying behaviour of final consumers – individuals and households who buy goods and services for personal consumption.

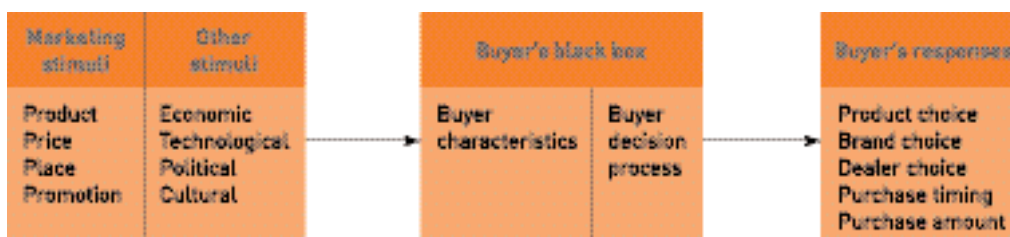
**Consumer market**—All the individuals and households who buy or acquire goods and services for personal consumption.

## Models of consumer behaviour

In earlier times, marketers could understand consumers well through the daily experience of selling to them. But as firms and markets have grown in size, many marketing decision makers have lost direct contact with their customers and must now turn to consumer research. They spend more money than ever to study consumers, trying to learn more about consumer behaviour. Who buys? How do they buy? When do they buy? Where do they buy? Why do they buy?

The central question for marketers is: how do consumers respond to various marketing stimuli that the company might use? The company that really understands how consumers will respond to different product features, prices and advertising appeal has a great advantage over its competitors. Therefore, companies and academics have researched heavily the relationship between marketing stimuli and consumer response. Their starting point is the stimulus–response model of buyer behaviour shown in Figure 7.1. This 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.<sup>2</sup>

Marketing stimuli consist of the four Ps: product, price, place and promotion. Other stimuli include significant forces and events in the buyer's environment: economic,



**Figure 7.1** Model of buying behaviour

technological, political and cultural. All these stimuli enter the buyer's black box, where they are turned into a set of observable buyer responses (shown on the right-hand side of Figure 7.1): product choice, brand choice, dealer choice, purchase timing and purchase amount.

The marketer wants 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 the buyer's behaviour. This chapter first looks at buyer characteristics as they affect buying behaviour, and then examines the buyer decision process. We will never know what exactly is in the black box or be able perfectly to predict consumer behaviour, but the models can help us understand consumers, help us to ask the right questions, and teach us how to influence them.

## Characteristics affecting consumer behaviour

Consumer purchases are influenced strongly by cultural, social, personal and psychological characteristics, as shown in Figure 7.2. For the most part, marketers cannot control such factors, but they must take them into account. We illustrate these characteristics for the case of a hypothetical customer, Anna Flores. Anna is a married graduate who works as a brand manager in a leading consumer packaged-goods company. She wants to buy a digital camera to take on holiday. Many characteristics in her background will affect the way she evaluates cameras and chooses a brand.

### Cultural factors

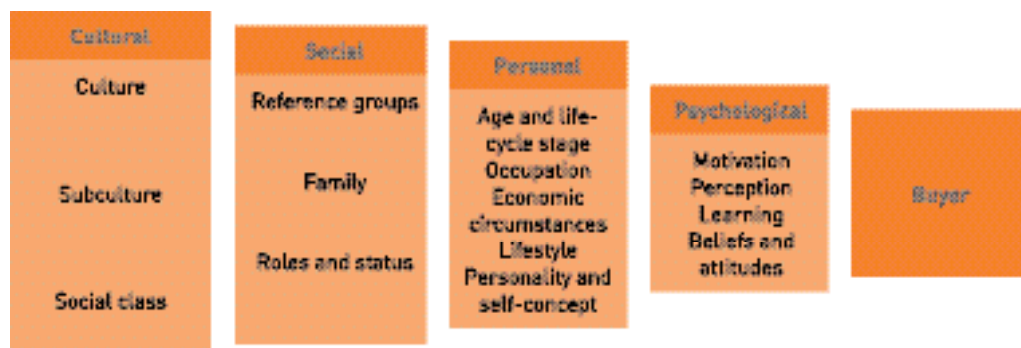
Cultural factors exert the broadest and deepest influence on consumer behaviour. The marketer needs to understand the role played by the buyer's culture, subculture and social class.

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

### Culture

**Culture** is the most basic cause of a person's wants and behaviour. Human behaviour is largely learned. Growing up in a society, a child learns basic values, perceptions, wants and behaviours from the family and other important institutions. Like most western people, in her childhood Anna observed and learned values about achievement and success, activity and

**Figure 7.2** Factors influencing behaviour



## Chapter 7 Consumer markets

involvement, efficiency and practicality, progress, material comfort, individualism, freedom, humanitarianism, youthfulness, and fitness and health. Sometimes we take these values for granted, but they are not cultural universals.

A trade delegation trying to market in Taiwan found this out the hard way. Seeking more foreign trade, they arrived in Taiwan bearing gifts of green baseball caps. Unfortunately, the trip was a month before Taiwan elections, and green was the colour of the political opposition party. Even worse, according to Taiwan culture, a man wears green to signify that his wife has been unfaithful. The head of the delegation noted: 'I don't know whatever happened to those green hats, but the trip gave us an understanding of the extreme differences in our cultures.'<sup>3</sup>

Marketers are always trying to spot *cultural shifts* in order to imagine new products that might be wanted. For example, the cultural shift towards greater concern about health and fitness has created a huge industry for exercise equipment and clothing, lower-calorie and more natural foods, and health and fitness services. Further analysis of this cultural shift shows the complexity of consumer behaviour and how it varies internationally. The 13 per cent of America's population who go to the gym make it the most fitness-conscious nation, although 30 per cent of them are obese and 50 per cent overweight. In contrast, 7 per cent of the less obese British go to the gym while, in much slimmer France and Italy, only 4 per cent of the people take regular vigorous exercise.<sup>4</sup>

The increased desire for leisure time has resulted in more demand for convenience products and services, such as microwave ovens and fast food. Consumers the world over are increasingly concerned about healthy eating. They are also tiring of the shopping and chopping needed to prepare family meals. According to market researchers Taylor Nelson Sofres, over the last 20 years the average time spent preparing a meal has dropped from one hour to 20 minutes. While many consumers express concern about food additives and genetically modified products, one of the fastest-growing markets is for functional foods that scientifically benefit health. For example, Flora Pro.activ is a margarine-like spread that is expensive but 'can dramatically reduce cholesterol to help maintain a healthy heart'.<sup>5</sup>

Besides spending less time preparing food, eating is becoming less of a special event and more a casual activity undertaken while doing something else, such as meeting friends in an informal restaurant or watching TV. Makers of traditional crockery, such as Royal Doulton and Waterford Wedgwood, are shedding workers as they try to adjust to new consumers who no longer buy formal family dinner services but instead buy odd mugs and plates. Doing well out of the trend are craft potters, such as Moorcroft, who make expensive giftable pots, and Alchemy, who make inexpensive items for the catering trade.<sup>6</sup>

### Subculture

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 programmes tailored to their needs. The huge US market of 260 million people has Hispanic (approaching 40 million) and black (over 30 million) subcultures that are bigger than most national markets. Mass marketers often neglect these subcultures, so these can provide market opportunities for more enterprising businesses.

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



Islam is the world's fastest growing religion with millions of Muslims living in Europe – 1.3 million in Britain, 3.2 million in Germany and 4.2 million in France. The EU Muslim population is now greater than that of many EU countries, yet some European countries are still struggling over how and whether Muslim students and teachers should wear the headscarves that their beliefs prescribe. Meanwhile HSBC is set to offer Islamic financial products to this growing population. These differ from conventional financial products since they must follow three *sharia* rules:

1. Have no involvement with sinful industries, such as gambling, alcohol or pig meat.
2. A strict ban on *rib* – loosely translated as interest.
3. Avoid *gharar* – excessive risk taking and uncertainty.

Obeying these rules, for products that provide the same benefits as insurance, mortgages or hedge funds, demands creative solutions. For example, instead of providing a loan for a car, *sharia* rules are followed by a supplier of finance buying a car on a customer's behalf and selling it to the customer at a profit. The customer then pays for the car over a fixed period without making any interest.<sup>7</sup> ”

Like all other people, Anna Flores' buying behaviour will be influenced by her subculture identification. It will affect her food preferences, clothing choices, recreation activities and career goals. Subcultures attach different meanings to picture taking and this could affect both Anna's interest in cameras and the brand she buys.

### Social class

**Social classes**—Relatively permanent and ordered divisions in a society whose members share similar values, interests and behaviours.

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 behaviours. The registrar-general's six social classes have been widely used since the turn of the twentieth century, although all big countries have their own system. In spring 2001 the UK Office of National Statistics adopted a new National Statistics Socio-Economic Classification (NS-SEC) to reflect the social changes of the last century (see Table 7.1). The scheme divides people according to their position in the labour market. Those at the bottom make a short-term exchange of cash for labour while those at the top have long-term contracts and are rewarded by the prospect of career advancement and perks as well as a salary. Although not derived using income, the scale is a good predictor of both income and health, except for the self-employed Class 4 who are as healthy, but not as wealthy, as Classes 1 and 2. Currently there are a number of projects funded by the European Commission that aim to improve the quality of socio-economic and other statistics across Europe.<sup>8</sup>

Not only do class systems differ in various parts of the world: the relative sizes of the classes vary with the relative prosperity of countries. The 'diamond'-shaped classification (few people at the top and bottom with most in the middle) is typical of developed countries, although the Japanese and Scandinavian scales are flatter. In less developed countries, such as in Latin America and Africa, the structure is 'pyramid' shaped with a concentration of poor people at the base. As countries develop, their class structure moves towards the diamond shape,



Classification	Membership
1	Higher managerial and professional occupations
1.1	Employers and managers in large organisations (senior private and public sector employees)
1.2	Higher professionals (partners in law firms, etc.)
2	Lower managerial and professional occupations (middle managers and professionally qualified people)
3	Intermediate occupations (secretaries, policemen, etc.)
4	Small employers and sole traders
5	Lower supervisory, craft and related occupations (skilled manual workers)
6	Semi-routine occupations (shop assistants, etc.)
7	Routine occupations (semi-skilled or unskilled manual workers)

**Table 7.1** National statistics – socioeconomic classification

SOURCE: Office of National Statistics. Socioeconomic classification (ONS). Crown copyright material is reproduced under class Licence Number C01W0000039 with the permission of the Controller of HMSO.

although there is evidence that the gap between the richest and poorest in the English-speaking countries is now widening.

Some class systems have a greater influence on buying behaviour than others. In most western countries ‘lower’ classes may exhibit upward mobility, showing buying behaviour similar to that of the ‘upper’ classes. But in other cultures, where a caste system gives people a distinctive role, buying behaviour is more firmly linked to social class. Upper classes in almost all societies are often more similar to each other than they are to the rest of their own society. When selecting products and services, including food, clothing, household items and personal-care products, they make choices that are less culture-bound than those of the lower classes. This tendency accounts for the strength of global luxury brands such as Burberry, Tag Heuer and Mont Blanc. Generally, the lower social classes are more culture-bound, although young people of all classes are less so and account for the global youth brands like Nike, Coca-Cola and Swatch.

Anna Flores’ occupation puts her in NS-SEC group 2 (lower managerial and professional occupations) although she has set her sights on achieving a ‘higher managerial occupation’. Coming from a higher social background, her family and friends probably own expensive cameras and she might have dabbled in photography.

## Social factors

A consumer’s behaviour is also influenced by social factors, such as the consumer’s small groups, family, and social roles and status. Because these social factors can strongly affect consumer responses, companies must take them into account when designing their marketing strategies.

## Groups

Groups influence a person’s behaviour. Groups that have a direct influence and to which a person belongs are called **membership groups**. Some are *primary groups* with whom there is regular but informal interaction – such as family, friends, neighbours and fellow workers. Children are particularly prone to these social pressures that account for the playground fads that permeate the school year and account for the annual convergence on a Christmas toy, such as Cabbage Patch Dolls, Thunderbirds Tracey Island or PlayStation 2.<sup>9</sup> Some are

**Membership groups**— Groups that have a direct influence on a person’s behaviour and to which a person belongs.

**Reference groups**—Groups that have a direct (face-to-face) or indirect influence on the person’s attitudes or behaviour.

**Aspirational group**—A group to which an individual wishes to belong.

*secondary groups*, which are more formal and have less regular interaction. These include organisations like religious groups, professional associations and trade unions.

**Reference groups** are groups that serve as direct (face-to-face) or indirect points of comparison or reference in forming a person’s attitudes or behaviour. Reference groups to which they do not belong often influence people. For example, an **aspirational group** is one to which the individual wishes to belong, as when a teenage football fan follows David Beckham or a young girl idolises Britney Spears. They identify with them, although there is no face-to-face contact. Today’s parents may be relieved that the modern pop ‘heroes’ are more agreeable than the rebels, acid freaks and punks that they followed.<sup>10</sup>

Marketers try to identify the reference groups of their target markets. Reference groups influence a person in at least three ways. They expose the person to new behaviours and lifestyles. They influence the person’s attitudes and self-concept because he or she wants to ‘fit in’. They also create pressures to conform that may affect the person’s product and brand choices.

Manufacturers of products and 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 influence on others. Many marketers try to identify opinion leaders for their products and direct marketing efforts towards them. For example, the hottest trends in teenage music, language and fashion often start in major cities, then quickly spread to more mainstream youth in the suburbs. Thus, clothing companies that hope to appeal to fashion-conscious youth often make a concerted effort to monitor urban opinion leaders’ style and behaviour. In other cases, marketers may use *buzz marketing* by enlisting or even creating opinion leaders to spread the word about their brands.

Frequent the right cafés . . . this summer, and you’re likely to encounter a gang of sleek, impossibly attractive motorbike riders who seem genuinely interested in getting to know you over an iced latte. Compliment them on their Vespa scooters glinting in the brilliant curbside sunlight, and they’ll happily pull out a pad and scribble down an address and phone number – not theirs, but that of the local ‘boutique’ where you can buy your own Vespa, just as (they’ll confide) the rap artist Sisco and the movie queen Sandra Bullock recently did. And that’s when the truth hits you: this isn’t any spontaneous encounter. Those scooter-riding models are on the Vespa payroll, and they’ve been hired to generate some favorable word of mouth for the recently reissued cult bikes. Welcome to the world of buzz marketing. Similar buzz marketers are now taking to the streets, cafés, nightclubs, and the Internet, in record numbers. Their goal is to seek out the trendsetters in each community and subtly push them into talking up their brand to their friends and admirers.<sup>11</sup>

The importance of group influence varies across products and brands, but it tends to be strongest for conspicuous purchases, like a Vespa scooter.<sup>12</sup> A product or brand can be conspicuous for one of two reasons. First, it may be noticeable because the buyer is one of the few people who own it – luxuries, such as a vintage Wurlitzer juke box or a Breitling Chronomat GT sports watch, are more conspicuous than necessities because fewer people own the luxuries. Second, a product such as Red Bull or Perrier can be conspicuous because the buyer consumes it in public where others can see it. Figure 7.3 shows how group influence

		Group influence on brand choice	
		Strong	Weak
Group influence on product choice	Strong	<b>Public Luxuries</b> Golf clubs Snow skis Yachts	<b>Private Luxuries</b> TV video games Waste disposal Ice makers
	Weak	<b>Public Necessities</b> Wristwatches Cars Dress clothes	<b>Private Necessities</b> Mattresses Floor lamps Refrigerators

**Figure 7.3** Extent of group influence on product and brand choice

SOURCE: Adapted from William O. Bearden and Michael J. Etzel, 'Reference group influence on product and brand purchase decisions', *Journal of Consumer Research* (September 1982), p. 185, University of Chicago Press. Copyright © Journal of Consumer Research Inc., 1982.

might affect product and brand choices for four types of product – public luxuries, private luxuries, public necessities and private necessities.

## Family

Family members can strongly influence buyer behaviour. We can distinguish between two families in the buyer's life. The buyer's parents make up the *family of orientation*. Parents provide a person with an orientation towards religion, politics and economics, and a sense of personal ambition, self-worth and love. Even if the buyer no longer interacts very much with his or her parents, the latter can still significantly influence the buyer's behaviour. In countries where parents continue to live with their children, their influence can be crucial.

Procter & Gamble came a cropper in the European market after their €40 million launch of their new Charmin toilet roll. The company found the product's wet strength was wrong so it blocked European drains. Not because of the design of European toilets but because of a mode of consumer behaviour that must be learned in the family – how they use the toilet paper. Europeans fold their toilet paper while Americans scrunch it. 'This leads to different dynamics in the product', says P&G; 'folding paper means you need more strength.'

But even Europeans are not consistent. The British pay more than twice as much as Americans, French and Germans for their toilet rolls. Why? According to Kimberly-Clark the British demand a Rolls-Royce of toilet papers with a softer, more luxurious texture, more sheets per roll, 2 mm wider and 14 mm longer than other countries. The island race is also sensitive to colour, choosing from ranges that include warm pink, breeze blue and meadow green. The reason for this is their desire that the colour of the tissue matches their bathrooms.<sup>13</sup>

The *family of procreation* – the buyer's spouse and children – has a more direct influence on everyday buying behaviour. This family is the most important consumer buying organisation in society and it has been researched extensively. Marketers are interested in the roles and relative influence of the husband, wife and children on the purchase of a large variety of 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. Almost everywhere in the world, the wife is traditionally the main purchasing agent for the family, especially in the areas of food, household products and clothing. But with over 60 per cent of women holding jobs outside the home in developed countries and the willingness of some husbands to do more of the family’s purchasing, all this is changing. The vast majority of increased car sales in Western Europe is by women for women, hence the market for high-value small cars. At the same time advertising agency Euro RSCG Worldwide have identified a growing group, ‘metrosexuals’, as the new growth market. These straight men, typified by David Beckham, enjoy such things as shopping and beauty products and are driving the market for male personal care, grooming and cosmetic products.<sup>14</sup>

In the case of expensive products and services, husbands and wives more often make joint decisions. Anna Flores’ husband may play an *influencer role* in her camera-buying decision. He may have an opinion about her buying a camera and about the kind of camera to buy. At the same time, she will be the primary decider, purchaser and user.

### Decision-making unit

**(DMU)**—All the individuals who participate in, and influence, the consumer buying-decision process.

**Initiator**—The person who first suggests or thinks of the idea of buying a particular product or service.

**Influencer**—A person whose view or advice influences buying decisions.

**Decider**—The person who ultimately makes a buying decision or any part of it – whether to buy, what to buy, how to buy, or where to buy.

**Buyer**—The person who makes an actual purchase.

**User**—The person who consumes or uses a product or service.

**Role**—The activities a person is expected to perform according to the people around him or her.

**Status**—The general esteem given to a role by society.

### Consumers’ buying roles

Group members can influence purchases in many ways. For example, men normally choose their own newspaper and women choose their own tights. For other products, however, the **decision-making unit** is more complicated with people playing one or more roles:

- **Initiator.** The person who first suggests or thinks of the idea of buying a particular product or service. This could be a parent or friend who would like to see a visual record of Anna’s holiday.
- **Influencer.** A person whose view or advice influences the buying decision, perhaps a friend who is a camera enthusiast or a salesperson.
- **Decider.** The person who ultimately makes a buying decision or any part of it – whether to buy, what to buy, how to buy or where to buy.
- **Buyer.** The person who makes an actual purchase. Once the buying decision is made, someone else could make the purchase for the decider.
- **User.** The person who consumes or uses a product or service. Once bought, other members of Anna’s family could use her camera.

### Roles and status

A person belongs to many groups – family, clubs, organisations. The person’s position in each group can be defined in terms of both *role* and *status*. With her parents, Anna Flores plays the role of daughter; in her family, she plays the role of wife; in her company, she plays the role of brand manager. A *role* consists of the activities that people are expected to perform according to the persons around them. Each of Anna’s roles will influence some of her buying behaviour.

Each role carries a *status* reflecting the general esteem given to it by society. People often choose products that show their status in society. For example, the role of brand manager has more status in our society than the role of daughter. As a brand manager, Anna will buy the kind of clothing that reflects her role and status.

### Personal factors

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

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Deciding on a nursery is a high-involvement decision where the buyer (the parent) is not the user (child) and where many influencers (friends, relatives, etc.) may be consulted before making a decision.

SOURCE: Leapfrog Day Nurseries Ltd.

### 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 family life-cycle – the stages through which families might pass as they mature over time. Table 7.2 lists the stages of the family life-cycle. Although based on the transient love and marriage model of life,<sup>15</sup> marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage. For example, Mark Warner offers

#### Family life-cycle—

The stages through which families might pass as they mature over time.

**Table 7.2** Family life-cycle stages

Young	Middle-aged	Older
Single Married without children Married with children Infant children Young children Adolescent children Divorced with children	Single Married without children Married with children Young children Adolescent children Married without dependent children Divorced without children Divorced with children Young children Adolescent children Divorced without dependent children	Older married Older unmarried

SOURCES: Adapted from Patrick E. Murphy and William A. Staples, 'A modernised family life cycle', *Journal of Consumer Research* (June 1979), p. 16, University of Chicago Press; © Journal of Consumer Research, Inc., 1979. See also Janet Wagner and Sherman Hanna, 'The effectiveness of family life cycle variables in consumer expenditure research', *Journal of Consumer Research* (December 1983), pp. 281–91.

family-oriented skiing and watersports holidays with an emphasis on kids' clubs, and 'no kids' holidays for couples wanting to escape from them.

Although life-cycle stages remain the same, shifting lifestyles are causing the decline of some products and growth in others. One product that has almost disappeared in recent years is the baby pram, the one-time status symbol of all mums. Besides there being fewer families with children, many mothers now work, so have less time for strolling the pram, and are more likely to travel by car than on foot. Touring caravans is another product class in decline as families with children become fewer, while single- and double-income, no-kids families spend their money on more exotic holidays. While some markets decline, others grow with changing lifestyles.

The Japanese call them 'parasite singles', a generation that chooses to linger in their parents' home, rent free, rather than get a steady job and start their own life. Many are also become a 'freeter' – one who drifts from job to job rather than settling down to conventional employment. The same pattern is occurring in western countries where staying with mum is more attractive than being a mum. In most countries men linger at home much longer than women, with Italian men being the world champion lingerers. This shift in life-cycle behaviour is causing a huge shift in demand from home building to single life style consumption.<sup>16</sup>

Psychological life-cycle stages have also been identified. Adults experience certain passages or transformations as they go through life. Thus Anna Flores may move from being a satisfied brand manager and wife to being an unsatisfied person searching for a new way to fulfil herself. In fact, such a change may have stimulated her strong interest in photography. The main stimuli to people taking photographs are holidays, ceremonies marking the progression through the life cycle (weddings, graduations and so on) and having children to take photographs of. Marketers must pay attention to the changing buying interests that might be associated with these adult passages.



Activities	Interests	Opinions	Demographics
Work	Family	Themselves	Age
Hobbies	Home	Social issues	Education
Social events	Job	Politics	Income
Vacation	Community	Business	Occupation
Entertainment	Recreation	Economics	Family size
Club membership	Fashion	Education	Dwelling
Community	Food	Products	Geography
Shopping	Media	Future	City size
Sports	Achievements	Culture	Stage in life cycle

Table 7.3 Lifestyle dimensions

SOURCE: Joseph T. Plummer, 'The concept and application of lifestyle segmentation', reprinted with permission from *Journal of Marketing* published by the American Marketing Association (January 1974), p. 34.

### Occupation

A person's occupation affects the goods and services bought. Blue-collar workers tend to buy more work clothes, whereas office workers buy more smart clothes. Marketers try to identify the occupational groups that have an above-average interest in their products and services. A company can even specialise in making products needed by a given occupational group. Thus computer software companies will design different products for brand managers, accountants, engineers, lawyers and doctors.

### Economic circumstances

A person's economic situation will affect product choice. Anna Flores can consider buying a professional €5,000 Nikon D1 digital camera if she has enough enthusiasm, disposable income, savings or borrowing power. Marketers of income-sensitive goods closely watch trends in personal income, savings and interest rates. If economic indicators point to a recession, marketers can take steps to redesign, reposition and reprice their products.

### Lifestyle

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 activities, interests and opinions. 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. The technique of measuring lifestyles is known as **psychographics**. It involves measuring the primary dimensions shown in Table 7.3. The first three are known as the *AIO dimensions* (activities, interests, opinions). Several research firms have developed lifestyle classifications. The most widely used is the *SRI Values and Lifestyles (VALS)* typology. The original VALS typology classifies consumers into nine lifestyle groups according to whether they were inner directed (for example, 'experientials'), outer directed ('achievers', 'belongers'), or need driven ('survivors'). Using this VALS classification, a bank found that the businessmen they were targeting consisted mainly of 'achievers' who were strongly competitive individualists.<sup>17</sup> The bank designed highly successful ads showing men taking part in solo sports such as sailing, jogging and water skiing.<sup>18</sup>

Everyday-Life Research by SINUS GmbH, a German company, identifies 'social milieus' covering France, Germany, Italy and the UK. This study describes the structure of society with five social classes and value orientations:

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

**Psychographics**—The technique of measuring lifestyles and developing lifestyle classifications; it involves measuring the chief AIO dimensions (activities, interests, opinions).

Table 7.4 Typology of social milieus

Milieu	Germany	France	Italy	UK	Description
Upper conservative	Konservatives-gehobenes	Les Héritiers	Neoconservatori	Upper class	Traditional upper-middle-class conservatives
Traditional mainstream	Floresburgerliches	Les conservateurs installés	Piccola borghesia	Traditional middle class	<i>Petit bourgeois</i> group mainly oriented to preserving the status quo
Traditional working class	Traditionsloses Arbeitermilieu	Les laborieux traditionnels	Cultura operaia	Traditional working class	Traditional blue-collar worker
Modern mainstream	Aufstiegsorientiertes	Les nouveaux ambitieux	Rampanti, plus crimaldi	Social climbers, plus progressive working class	Social climber and achievement-oriented white- and blue-collar workers
Trendsetter	Technokratisch-liberales	Les managers modernes	Borghesia illuminata	Progressive middle class	Technocratic-liberals with a postmaterial orientation
Avant-garde	Hedonistisches	Les post-modernistes	Edonisti	'Thatcher's children'	Mainly young pleasure seekers
Sociocritical	Alternatives	Les néo-moralistes	Critica sociale	Socially centred	Pursuing an alternative lifestyle
Under-privileged	Traditionsloses Arbeitermilieu	Les oubliés, plus les rebelles	Sotto-proletariato urbano	Poor	Uprooted blue-collar workers and destitute

- Basic orientation: traditional – *to preserve*
- Basic orientation: materialist – *to have*
- Changing values: hedonism – *to indulge*
- Changing values: postmaterialism – *to be*
- Changing values: postmodernism – *to have, to be and to indulge.*

It distinguishes two types of value: traditional values, emphasising hard work, thrift, religion, honesty, good manners and obedience; and material values concerned with possession and a need for security. From these, SINUS developed a typology of social milieus (see Table 7.4): groups of people who share a common set of values and beliefs about work, private relationships, leisure activities and aesthetics, and a common perception of future plans, wishes and dreams. The size and exact nature of these milieus vary between the countries studied, but there are broad international comparisons.

Knowing the social milieu of a person can provide information about his or her everyday life, such as work likes and dislikes, which helps in product development and advertising. The study finds that the upmarket segments share a similar structure in all four countries, and it identifies trend-setting milieus in each country, containing heavy consumers with comparable attitudinal and sociodemographic characteristics. Important values shared by all these consumers include tolerance, open-mindedness, an outward-looking approach, career and success, education and culture, a high standard of living, hedonistic luxury consumption, individualism and Europe.

The Anticipating Change in Europe (ACE) study, by the RISC research agency of Paris, investigated social changes in 12 European countries, the United States, Canada and Japan.

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The objective was to try to understand how social changes influence market trends. RISC describes people using sociodemographic characteristics, socio-cultural profile, activities (sports, leisure, culture), behaviour towards the media (press, radio, television), political inclinations and mood. Using these dimensions, RISC developed six Eurotypes:

1. *The traditionalist* (18 per cent of the European population) is influenced by the culture, socio-economic history and unique situation of his or her country, with a profile reflecting deep-rooted attitudes specific to that country. Consequently, this is the least homogeneous group across countries.
2. *The homebody* (14 per cent) is driven by a strong attachment to his or her roots and childhood environment. Less preoccupied with economic security than the traditionalist, the homebody needs to feel in touch with the social environment. The homebody seeks warm relationships and has difficulty coping with violence in society.
3. *The rationalist* (23 per cent) has an ability to cope with unforeseeable and complex situations, and a readiness to take risks and start new endeavours. Personal fulfilment is more about self-expression than financial reward. The rationalist believes that science and technology will help resolve the challenges facing humanity.
4. *The pleasurer* (17 per cent) emphasises sensual and emotional experiences, preferring non-hierarchically structured groups built around self-reliance and self-regulation and not around leaders or formal decision-making processes.
5. *The striver* (15 per cent) holds the attitudes, beliefs and values that underlie the dynamics of social change. The striver believes in autonomous behaviour and wants to shape his or her life and to exploit mental, physical, sensual and emotional possibilities to the full.
6. *The trend-setter* (13 per cent) favours non-hierarchical social structures and enjoys spontaneity rather than formal procedures. Trend-setters see no need to prove their abilities. Even more individualistic than strivers, they exemplify the flexible response to a rapidly changing environment.

These studies do suggest that there are European lifestyles although, as with social class, there is greater similarity between wealthy Europeans than between poor ones. For this reason, luxury brands and their advertising are often more standardised internationally than other products.<sup>19</sup>

Lifestyle segmentation can also be used to understand Internet behaviour. Forrester developed its 'Technographics' scheme, which segments consumers according to motivation, desire, and ability to invest in technology.<sup>20</sup> The framework splits people into 10 categories, such as:

- *Fast Forwards*: the biggest spenders on computer technology. Fast Forwards are early adopters of new technology for home, office and personal use.
- *New Age Nurturers*: also big spenders but focused on technology for home uses, such as a family PC.
- *Mouse Potatoes*: consumers who are dedicated to interactive entertainment and willing to spend for the latest in 'technotainment'.
- *Techno-strivers*: consumers who use technology primarily to gain a career edge.
- *Handshakers*: older consumers, typically managers, who don't touch computers at work and leave that to younger assistants.

Technographics has been used to better target online airline ticket sales in creating marketing campaigns for time-strapped 'Fast Forwards' and 'New Age Nurturers' while eliminating 'technology pessimists' from its list of targets.

The lifestyle concept, when used carefully, can help the marketer understand changing consumer values and how they affect buying behaviour. Anna Flores, for example, can choose to live the role of a capable homemaker, a career woman or a free spirit – or all three. She plays



several roles, and the way she blends them expresses her lifestyle. If she ever became a professional photographer, this would change her lifestyle, in turn changing what and how she buys.

## Personality and self-concept

**Personality**—A person’s distinguishing psychological characteristics that lead to relatively consistent and lasting responses to his or her own environment.

**Self-concept**—Self-image, or the complex mental pictures that people have of themselves.

Each person’s distinct personality influences his or her buying behaviour. **Personality** refers to the unique psychological characteristics that lead to relatively consistent and lasting responses to one’s own environment. Personality is usually described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability and aggressiveness.<sup>21</sup> Personality can be useful in analysing consumer behaviour for certain product or brand choices. For example, coffee makers have discovered that heavy coffee drinkers tend to be high on sociability. Thus Nescafé ads show people together over a cup of coffee.

Many marketers use a concept related to personality – a person’s **self-concept** (also called *self-image*). The basic self-concept premise is that people’s possessions contribute to and reflect their identities: that is, ‘we are what we have’. Thus, in order to understand consumer behaviour, the marketer must first understand the relationship between consumer self-concept and possessions. For example, people buy books to support their self-image:

People have the mistaken notion that the thing you do with books is read them. Wrong . . . People buy books for what the purchase says about them – their taste, their cultivation, their trendiness. Their aim . . . is to connect themselves, or those to whom they give the books as gifts, with all the other refined owners of Edgar Allen Poe collections or sensitive owners of Virginia Woolf collections. . . . [The result is that] you can sell books as consumer products, with seductive displays, flashy posters, an emphasis on the glamour of the book, and the fashionableness of the bestseller and the trendy author.<sup>22</sup>

Anna Flores may see herself as outgoing, fun and active. Therefore, she will favour a camera that projects the same qualities. In that case the super-compact and stylish Canon Digital IXUS could attract her. ‘Everybody smile and say “aaahhhh”’. The smallest, cutest digicam we’ve ever fallen for.<sup>23</sup>

Really, it is not that simple. What if Anna’s *actual self-concept* (how she views herself) differs from her *ideal self-concept* (how she would like to view herself) and from her *others self-concept* (how she thinks others sees her)? Which self will she try to satisfy when she buys a camera? Because this is unclear, self-concept theory has met with mixed success in predicting consumer responses to brand images.

## Psychological factors

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

### Motivation

We know that Anna Flores became interested in buying a camera. Why? What is she *really* seeking? What *needs* is she trying to satisfy?

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

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for recognition, esteem or belonging. Most of these needs will not be strong enough to motivate the person to act at a given point in time. 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.

### Freud's theory of motivation

Freud assumes that people are largely unconscious of the real psychological forces shaping their behaviour. He sees 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 behaviour or ultimately in psychoses.

Thus Freud suggests that a person does not fully understand his or her motivation. If Anna Flores wants to purchase an expensive camera, she may describe her motive as wanting a hobby or career. At a deeper level, she may be purchasing the camera to impress others with her creative talent. At a still deeper level, she may be buying the camera to feel young and independent again.

Motivation researchers collect in-depth information from small samples of consumers to uncover the deeper motives for their product choices. They use non-directive depth interviews and various 'projective techniques' to throw the ego off guard – techniques such as word association, sentence completion, picture interpretation and role playing.

Motivation researchers have reached some interesting and sometimes odd conclusions about what may be in the buyer's mind regarding certain purchases. For example, one classic study concluded that consumers resist prunes because they are wrinkled-looking and remind people of sickness and old age. Despite its sometimes unusual conclusions, motivation research remains a useful tool for marketers seeking a deeper understanding of consumer behaviour (see Marketing Insights 7.1).<sup>24</sup>

### Maslow's theory of motivation

Abraham Maslow sought to explain why people are driven by particular needs at particular times.<sup>25</sup> Why does one person spend much 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, from the most pressing to the least pressing. Maslow's hierarchy of needs is shown in Figure 7.4. In order of importance, they are (1) *physiological* needs, (2) *safety* needs, (3) *social* needs, (4) *esteem* needs, (5) *cognitive* needs, (6) *aesthetic* needs and (7) *self-actualisation* needs. A person tries to satisfy the most important need first. When that important need is satisfied, it will stop being a motivator and the person will then try to satisfy the next most important need. For example, a starving man (need 1) will not take an interest in the latest happenings in the art world (need 6), or in how he is seen or esteemed by others (need 3 or 4), or even in whether he is breathing clean air (need 2). But as each important need is satisfied, the next most important need will come into play:

The wine market shows how the different levels of the need hierarchy can be at play at the same time. Buyers of premium wines are seeking self-esteem and self-actualisation. They may achieve this by showing their knowledge by buying 1986 Chateaux Ausone from a specialist wine merchant. Wine buying makes many other people anxious, particularly if it is a gift. They buy the product to fill a social need but are unable to gauge quality. To be safe they buy from a reputable store (Oddbins) or a brand legitimised by advertising (Le Piat d'Or).

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

## 7.1 'Touchy-feely' research into consumer motivations

The term *motivation research* refers to qualitative research designed to probe consumers' hidden, subconscious motivations. Because consumers often don't know or can't describe just why they act as they do, motivation researchers use a variety of projective techniques to uncover underlying emotions and attitudes. The techniques range from sentence completion, word association and inkblot or cartoon interpretation tests, to having consumers describe typical brand users or form daydreams and fantasies about brands or buying situations. Some of these techniques verge on the bizarre. One writer offers the following tongue-in-cheek summary of a motivation research session:

Good morning, ladies and gentlemen. We've called you here today for a little consumer research. Now, lie down on the couch, toss your inhibitions out the window and let's try a little free association. First, think about brands as if they were your *friends* . . . think of your shampoo as an animal. Go on, don't be shy. Would it be a panda or a lion? A snake or a woolly worm? . . . Draw a picture of a typical cake-mix user. Would she wear an apron or a negligée? A business suit or a can-can dress? ”

Such projective techniques seem dotty, but more and more marketers are turning to these touchy-feely, motivation research approaches to help them probe consumer psyches and develop better marketing strategies.

Many advertising agencies employ teams of psychologists, anthropologists and other social scientists to carry out their motivation research: 'We believe people make choices on a basic primitive level . . . we use the probe to get down to the unconscious.' The agency routinely conducts one-on-one, therapy-like interviews to delve into the inner workings of consumers. Another agency asks consumers to describe their favourite brands as animals or cars (say, Saab versus BMW) in order to assess the prestige associated with various brands.

In an effort to understand the teenage consumer market better, ad agency BSB Worldwide videotaped teenagers' rooms in 25 countries. It found surprising similarities across countries and cultures:

From the steamy playgrounds of Los Angeles to the stately boulevards of Singapore, kids show amazing similarities in taste, language, and attitude. . . . From the gear and posters on display, it's hard to tell whether the rooms are in Los Angeles, Mexico City, or Tokyo. Basketballs sit alongside soccer balls. Closets overflow with staples from an international, unisex uniform: baggy Levi's or Diesel jeans and rugged shoes from Timberland or Doc Martens. ”

...7.1

Similarly, researchers at Sega of America's ad agency have learned a lot about video game buying behaviour by hanging around with 150 kids in their bedrooms and by shopping with them. Above all else, they learned, kids do everything fast. As a result, in Sega's most recent 15-second commercials, some images fly by so quickly that adults cannot recall seeing them, even after repeated showings. The kids, weaned on MTV, recollect them keenly.

Some marketers dismiss such motivation research as mumbo jumbo. And these approaches do present some problems. They use small samples, and researchers' interpretations of results are often highly subjective, sometimes leading to rather exotic explanations of otherwise ordinary buying behaviour. However, others believe strongly that these approaches can provide interesting nuggets of insight into the relationships between consumers and the brands they buy. To marketers who use them, motivation research techniques provide a flexible and varied means of gaining insights into deeply held and often mysterious motivations behind consumer buying behaviour.

SOURCES: Excerpts from Annetta Miller and Dody Tsiantar, 'Psyching out consumers', *Newsweek* (27 February 1989), pp. 46-7; G. De Groot, 'Deep, dangerous or just plain dotty?', ESOMAR Seminar on Qualitative Methods of Research, Amsterdam, 1986; Shawn Tully, 'Teens: The most global market of all', *Fortune* (6 May 1994), pp. 90-7; and Tobi Elkin, 'Product pampering', *Brandweek* (16 June 1997), pp. 38-40. Also see 'They understand your kids', *Fortune* (special issue, Autumn/Winter 1993), pp. 29-30; Cyndee Miller, 'Sometimes a researcher has no alternative but to hang out in a bar', *Marketing News* (3 January 1994), pp. 16, 26; Ronald B. Lieber, 'Storytelling: a new way to get close to your customer', *Fortune* (3 February 1997), pp. 102-8; Jerry W. Thomas, 'Finding unspoken reasons for consumers' choices', *Marketing News* (8 June 1998), pp. 10-11; and Michele Marchetti, 'Marketing's weird science', *Sales & Marketing Management* (May 1999), p. 87; Anne Wrangham, 'A question of quality', *Marketing Business* (May 1998), pp. 19-22; Peter Law, 'Warts'n'all', *Marketing Business* (June 1999), pp. 59-61.

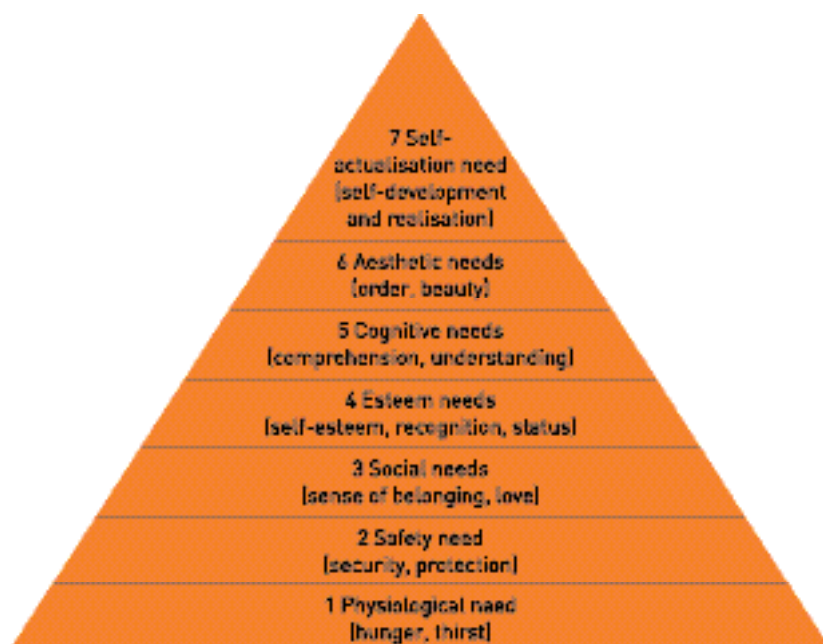


Figure 7.4 Maslow's hierarchy of needs

SOURCE: Adapted from Abraham H. Maslow, *Motivation and Personality*, 2nd edn, 1970 (Prentice Hall, Inc.)



Maslow's hierarchy is not universal for all cultures. As the heroes of Hollywood movies amply show, Anglo-Saxon culture values self-actualisation and individuality above all else, but that is not universally so. In Japan and German-speaking countries, people are most highly motivated by a need for order (aesthetic needs) and belonging (esteem needs), while in France, Spain, Portugal and other Latin and Asian countries, people are most motivated by the need for security and belonging.<sup>26</sup>

What light does Maslow's theory throw on Anna Flores' interest in buying a camera? We can guess that Anna has satisfied her physiological, safety and social needs; they do not

Patek Philippe of Geneva departs from the usual approach to selling luxury watches by appealing to self-esteem, aesthetic needs or self-actualisation communicated by an association with sport, technology or exquisite design. This 'new man' ad taps into much more basic social and safety needs.

SOURCE: Patek Philippe, Agency: Geneva/Leagas Delaney, Photographer: Peggy Sirota (represented by E. M. Managed).

The advertisement features a black and white photograph of a man and a young boy. The man is in the foreground, looking off to the side, with his hand on the boy's shoulder. The boy is looking towards the camera with a thoughtful expression. In the top right corner, the Patek Philippe logo and 'GENEVE' are visible, along with the tagline 'Begin your association'. In the bottom right corner, a Patek Philippe 'Gondolo' watch is shown. The central text reads: 'You never actually own a Patek Philippe. You merely look after it for the next generation.'

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motivate her interest in cameras. Her camera interest might come from an aesthetic need and esteem needs. Or it might come from a need for self-actualisation or cognition – she might want to be a creative person and express herself through photography or explore her potential.

### Perception

A motivated person is ready to act. How the person acts is influenced by his or her perception of the situation. Two people with the same motivation and in the same situation may act quite differently because they perceive the situation differently. Anna Flores might consider a fast-talking camera salesperson loud and false. Another camera buyer might consider the same salesperson intelligent and helpful.

Why do people perceive the same situation differently? All of us learn by the flow of information through our five senses: sight, hearing, smell, touch and taste. However, each of us receives, organises and interprets this sensory information in an individual way. Thus **perception** is the process by which people select, organise 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.

#### Selective attention

People are exposed to a great number of stimuli every day. For example, the average person may be exposed to more than 1,500 ads a day. It is impossible for a person to pay attention to all these stimuli and some studies show people remembering only three or four.<sup>27</sup> **Selective attention** – the tendency for people to screen out most of the information to which they are exposed – means that marketers have to work especially hard to attract the consumer's attention. Their message will be lost on most people who are not in the market for the product. Moreover, even people who are in the market may not notice the message unless it stands out from the surrounding sea of other ads.

#### Selective distortion

Even noted 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 adapt information to personal meanings. Anna Flores may hear the salesperson mention some good and bad points about a competing camera brand. Because she already has a strong leaning towards Fuji, Kodak or Agfa, she is likely to distort those points in order to conclude that one camera is better than the others. People tend to interpret information in a way that will support what they already believe. Selective distortion means that marketers must try to understand the mind-sets of consumers and how these will affect interpretations of advertising and sales information:

Is the €160 billion a year people spend on beauty products not wasted but a sensible investment? Evidence shows that people respond positively to people who are attractive. In sales jobs researchers in the UK found the pay penalty for being unattractive is 15 per cent for men and 11 per cent for women. Even being told a person is attractive or not influences people's judgement. In a recent Norwegian study university students awarded a 20 per cent lighter sentence if they were told criminals were 'handsome' or 'pretty'.<sup>28</sup> ”

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

**Selective attention**—The tendency of people to screen out most of the information to which they are exposed.

**Selective distortion**—The tendency of people to adapt information to personal meanings.

**Selective retention**—The tendency of people to retain only part of the information to which they are exposed, usually information that supports their attitudes or beliefs.

**Learning**—Changes in an individual's behaviour arising from experience.

**Belief**—A descriptive thought that a person holds about something.

### Selective retention

People will also forget much of what they learn. They tend to retain information that supports their attitudes and beliefs. Because of **selective retention**, Anna is likely to remember good points made about the Fuji and forget good points made about competing cameras. She may remember Fuji's good points because she 'rehearses' them more whenever she thinks about choosing a camera.

Because of selective exposure, distortion and retention, marketers have to work hard to get their messages through. This fact explains why marketers use so much drama and repetition in sending messages to their market. Although some consumers are worried that they will be affected by marketing messages without even knowing it, most marketers worry about whether their offers will be perceived at all.

### Learning

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

We saw that Anna Flores has a drive for self-actualisation. A *drive* is a strong internal stimulus that calls for action. Her drive becomes a motive when it is directed towards a particular *stimulus object* – in this case, a camera. Anna'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. Seeing cameras in a shop window, hearing a special sale price, and her husband's support are all cues that can influence Anna's *response* to her interest in buying a camera.

Suppose Anna buys the Canon IXUS. If the experience is rewarding, she will probably use the camera more and more. Her response to cameras will be *reinforced*. Then the next time she shops for a camera, binoculars or some similar product, the probability is greater that she will buy a Canon product. We say that she *generalises* her response to similar stimuli.

The reverse of generalisation is *discrimination*. When Anna examines binoculars made by Olympus, she sees that they are lighter and more compact than Nikon's binoculars. Discrimination means that she has learned to recognise differences in sets of products and can adjust her response accordingly.

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. A new company can enter the market by appealing to the same drives that competitors appeal to and by providing similar cues, because buyers are more likely to transfer loyalty to similar brands than to dissimilar ones (generalisation). Or a new company may design its brand to appeal to a different set of drives and offer strong cue inducements to switch brands (discrimination).

### Beliefs and attitudes

Through doing and learning, people acquire their beliefs and attitudes. These, in turn, influence their buying behaviour. A **belief** is a descriptive thought that a person has about something. Anna Flores may believe that an Agfa camera takes great pictures, stands up well under hard use and is good value. These beliefs may be based on real knowledge, opinion or faith, and may or may not carry an emotional charge. For example, Anna Flores' belief that an Agfa camera is heavy may or may not matter to her decision.

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 behaviour. If some of the beliefs are wrong and prevent purchase, the marketer will want to launch a campaign to correct them.



Attitudes are hard to change, but it can be done. Honda's classic 'You meet the nicest people on a Honda' campaign changed people's attitudes about who rides motorcycles.

SOURCE: Reprinted with permission of America Honda Motor Co., Inc.

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

Attitudes are difficult to change. A person's attitudes fit into a pattern and to change one attitude may require difficult adjustments in many others. Thus a company should usually try to fit its products into existing attitudes rather than try to change attitudes. Of course, there are exceptions in which the great cost of trying to change attitudes may pay off. For example:

**Attitude**—A person's consistently favourable or unfavourable evaluations, feelings and tendencies towards an object or idea.

In the late 1950s, Honda entered the US motorcycle market facing a major decision. It could either sell its motorcycles to the small but already established motorcycle market or try to increase the size of this market by attracting new types of consumer. Increasing the size of the market would be more difficult and expensive because many people had negative attitudes toward motorcycles. They associated motorcycles with black leather jackets, switchblades and outlaws. Despite these adverse attitudes, Honda took the second course of action. It launched a major campaign to position motorcycles as good clean fun. Its theme 'You meet the nicest people on a Honda' worked well and many people adopted a new attitude toward motorcycles. In the



1990s, however, Honda faces a similar problem. With the ageing of the baby boomers, the market has once again shifted toward only hard-core motorcycling enthusiasts. So Honda has again set out to change consumer attitudes. Its 'Come Ride With Us' campaign aims to re-establish the wholesomeness of motorcycling and to position it as fun and exciting for everyone.<sup>29</sup>

## Consumer decision process

The consumer's choice results from the complex interplay of cultural, social, personal and psychological factors. Although the marketer cannot influence many of these factors, they can be useful in identifying interested buyers and in shaping products and appeals to serve their needs better. Marketers have to be extremely careful in analysing consumer behaviour. Consumers often turn down what appears to be a winning offer. Polaroid found this out when it lost millions on its Polarvision instant home movie system; Ford when it launched the Edsel; RCA on its Selecta-Vision and Philips on its LaserVision video-disc player; TiVo personal video machines; and Bristol Aviation with its trio of the Brabazon, Britannia and Concorde airliners. So far we have looked at the cultural, social, personal and psychological influences that affect buyers. Now we look at how consumers make buying decisions: first, the types of decision that consumers face; then the main steps in the buyer decision process; and finally, the processes by which consumers learn about and buy new products.

## Types of buying decision behaviour

**Complex buying behaviour**— Consumer buying behaviour in situations characterised by high consumer involvement in a purchase and significant perceived differences among brands.

Consumer decision making varies with the type of buying decision. Consumer buying behaviour differs greatly for a tube of toothpaste, a tennis racket, an expensive camera and a new car. More complex decisions usually involve more buying participants and more buyer deliberation. Figure 7.5 shows types of consumer buying behaviour based on the degree of involvement and the extent of the differences among brands.<sup>30</sup>

### Complex buying behaviour

Consumers undertake **complex buying behaviour** when they are highly involved in a purchase and perceive significant differences among brands, or when the product is expensive, risky, purchased infrequently and highly self-expressive. Typically, the consumer has much to learn

**Figure 7.5** Four types of buying behaviour

SOURCE: Adapted from Henry Assael, *Consumer Behaviour and Marketing Action*, 6th edition, p. 67 (Boston, MA: Kent Publishing Company, 1987) © Wadsworth Inc. 1987. Reprinted by permission of Kent Publishing Company, a division of Wadsworth Inc.





The purchase of a laptop involves complex buying behaviour. Ads promoting this kind of item should contain long explicative copy to make the customer more comfortable about the product. SOURCE: Packard Bell. Agency: Fred Fisher Associates.

about the product category. For example, a personal computer buyer may not know what attributes to consider. Many product features carry no real meaning to the great majority of potential purchasers: an ‘Intel 200MHz Pentium II Pro’, ‘SVGA display’, ‘16Mb Sync DRAM, 256 Kb Cache’ or even a ‘16X Max CD-ROM with 33.6 BPS fax/data (upgradeable to 56K)’.

This buyer will pass through a learning process, first developing beliefs about the product, then developing attitudes, and then making a thoughtful purchase choice. Marketers of high-involvement products must understand the information-gathering and evaluation behaviour of high-involvement consumers. They need to help buyers learn about product-class attributes and their relative importance and about what the company’s brand offers on the important attributes. Marketers 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. Recognising this problem, Dixons, the electrical retailers, set up the Link chain of stores dedicated to helping baffled buyers on to the information superhighway and multimedia.<sup>31</sup>

## Dissonance-reducing buying behaviour

Dissonance-reducing buying behaviour occurs when consumers are highly involved with an expensive, infrequent or risky purchase, but see little difference among brands. For example, consumers buying floor covering may face a high-involvement decision because floor covering is expensive and self-expressive. Yet buyers may consider most floor coverings in a given price range to be the same. In this case, because perceived brand differences are not large, buyers

**Dissonance-reducing buying behaviour**—Consumer buying behaviour in situations characterised by high involvement but few perceived differences among brands.

may shop around to learn what is available, but buy relatively quickly. They may respond primarily to a good price or to purchase convenience. After the purchase, consumers might experience post-purchase dissonance (after-sales discomfort) when they notice certain disadvantages of the purchased carpet brand or hear favourable 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 both before and after their brand choices.

## Habitual buying behaviour

**Habitual buying behaviour**—Consumer buying behaviour in situations characterised by low consumer involvement and few significant perceived brand differences.

**Habitual buying behaviour** occurs under conditions of low consumer involvement and little significant brand difference. For example, take 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.

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 towards a brand; they select the brand because it is familiar and may not evaluate the choice even after purchase.

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 stimulate product trial. Gaining distribution and attention at the point of sale is critical. In advertising for a low-involvement product, ad copy should stress only a few key points. Visual symbols and imagery are important because they can be remembered easily and associated with the brand. Ad campaigns should include high repetition of short-duration messages. Television is usually more effective than print media because it is a low-involvement medium suitable for passive learning. Advertising planning should be based on classical conditioning theory, in which buyers learn to identify a certain product by a symbol repeatedly attached to it.

Products can be linked to some involving personal situation. While many expensive watches promote their looks, celebrity or sports associations, Patek Philippe of Geneva show pictures of a 'new man' sleeping, sitting with a male child, and use the slogan: 'You never actually own a Patek Philippe. You merely look after it for the *next* generation.' See page 272.

## Variety-seeking buying behaviour

**Variety-seeking buying behaviour**—Consumer buying behaviour in situations characterised by low consumer involvement, but significant perceived brand differences.

Consumers undertake **variety-seeking buying behaviour** in situations characterised by low consumer involvement, but significant perceived brand differences. In such cases, consumers often do a lot of brand switching. For example, when purchasing confectionery, a consumer may hold some beliefs, choose an item without much evaluation, 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. Confectionery makers know this and compete to have their products in the 'golden arc' from where a person stands to make a purchase and as far as a person can reach.

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 behaviour by dominating shelf space, avoiding out-of-stock conditions and running frequent reminder advertising. Challenger firms will encourage variety seeking by offering lower prices, deals, coupons, free samples and advertising that presents reasons for trying something new.

# The buyer decision process

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 consumer purchases to find answers to questions about what they buy, where and how much. But learning about the *whys* of consumer buying behaviour and the buying decision process is not so easy – the answers are often locked within the consumer’s head.

We will examine the stages that buyers pass through to reach a buying decision. We will use the model in Figure 7.6, which shows the consumer as passing through five stages: *need recognition*, *information search*, *evaluation of alternatives*, *purchase decision* and *postpurchase behaviour*. Clearly the buying process starts long before actual purchase and continues long after. This encourages the marketer to focus on the entire buying process rather than just the purchase decision.



Figure 7.6 Buyer decision process

This model implies 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 recognise the need and go right to the purchase decision, skipping information search and evaluation. However, we use the model in Figure 7.6 because it shows all the considerations that arise when a consumer faces a new and complex purchase situation.

To illustrate this model, we return to Anna Flores and try to understand how she became interested in buying a camera and the stages she went through to make the final choice.

## Need recognition

The buying process starts with **need recognition** – the buyer recognising a problem or need. The buyer senses a difference between his or her *actual* state and some *desired* state. The need can be triggered by *internal stimuli* when one of the person’s normal needs – hunger, thirst, sex – rises to a level high enough to become a drive. From previous experience, the person has learnt how to cope with this drive and is motivated towards objects that he or she knows will satisfy it.

A need can also be triggered by *external stimuli*. Anna passes a bakery and the smell of freshly baked bread stimulates her hunger; she admires a neighbour’s new car; or she watches a television commercial for a Caribbean vacation. At this stage, the marketer needs to determine the factors and situations that usually trigger consumer need recognition. The marketer should research consumers to find out what kinds of need or problem arise, what brought them about and how they led the consumer to this particular product. Anna might answer that she felt she needed a camera after friends showed her the photographs they took on holiday. By gathering such information, the marketer can identify the stimuli that most often trigger interest in the product and can develop marketing programmes that involve these stimuli.

Compared with other animals, human beings are most conscious of visual stimulus. However, psychologists and marketers are beginning to recognise that smell is an important stimulus that often operates unconsciously. Marketing Insights 7.2 examines this frontier where marketing is working hand in hand with science.

**Need recognition**—The first stage of the buyer decision process in which the consumer recognises a problem or need.



## 7.2 Pong: marketing's final frontier

Rolls-Royce Cars hit the headlines recently when it was revealed that they had developed an essence of new car spray to use on their luxurious upholstery after they found out their cars did not smell new enough. Other sellers use similar tricks. There are few people selling houses who have not recognised the trick of percolating coffee when the house is viewed and few stores that have not used the attractive smell of fresh bread. Philosophers from Aristotle to Kant have ranked base smell below the noble senses of seeing, hearing and touching. Yet fragrances are one of the pillars of luxury marketing, with exclusive brands adored by the initiated. Creed is a classic of fragrances, used by Prince Charles and Quincy Jones; Acqua di Parma was adored by Audrey Hepburn and Eva Gardner. Is this obsession an indulgence or does it reflect an insight that few have achieved?

Freud proposes an answer. Smell, he says, is a base sense but one that people have evolved to reject intellectually because of its power. Walking on two legs has taken 1,000 different types of smell receptors in our nose away from the centres of odour that obsess four-legged creatures. With taste, smell was one of the first senses to evolve – it is how amoebas find food.

Old it may be, but neglected it is not. One thousand of our genes relate to our smell receptors in the nose while only three genes control colour vision. Our smell receptors are also well connected. From the nose they first go to the limbic system – a part of the brain that drives mood, sexual urges and fear. Signals then travel to the hippocampus, which controls memories. Only then do the signals travel to the frontal lobes of the brain involved in conscious thought. Your 1,000 smell receptors are always working busily but subliminally.

One example of this subliminal effect is a range of 'odourless' steroids produced by men and women. These directly affect mood. While the masculine version cheers up women, the female version irritates men. Unfortunately, the smell of teenage men also makes people angry. Such a clash of pongs could account for some Saturday night rumbles.

There is more. A granny smell, taken from the armpits of menopausal women, makes people happy while a mummy smell, taken from new mums, can cure depression. Smell also influences perception. Men's regard for how attractive a women smells when they have not seen them corresponds strongly to their perception of a women's visual attractiveness.

Research shows how evolutionary logic drives people's response to smell. Although women have a stronger sense of smell than men, they are not good at identifying physically attractive guys by smell alone. They are attracted instead to the smell of men whose immune system least overlaps with their own. Mating with such partners,

they are most likely to sire healthy offspring. This handy sensitivity increases when women are ovulating. Unfortunately this ability is messed up by taking contraceptive pills.

Science is helping remove a smell that no-one finds attractive, body odour (BO). This is caused by Corynebacteria (Coryn), a group of some of the 7,000 bacteria that inhabit all skin. All the bacteria live off the skin's natural fat-laden secretion but, unfortunately for some people, they attract Coryn which is a messy eater that leaves half-digested waste. Quest International, one of the world's largest fragrance houses, is working on long-active deodorants that attack Coryn rather than clogging up the sweat glands like most of the €1.5 billion worth of deodorants do.

The understanding of the science of odour is moving out of the realm of the alchemy of exotic fragrances. Aromatic engineering is a rapidly growing business based on pumping designer smells into offices and stores to make customers feel happier and spend more money. Researchers have found a link between certain genes and the smells that people find attractive. People with HLA-A1 tend to dislike ambergris and musk while those with HLA-A2 like them. This genetic foundation for fragrances explains why perfumes still use the same ingredients as in biblical times. There is also growing evidence that humans have a veromonal nasal organ, a sensor that picks up the pheromones that drive animals sex crazy!

SOURCES: Jerome Burne, 'Why smell gets up your nose', *Financial Times* (8 April 2000), p. 11; Nick Foulkes, 'Have you seen this bottle?', *How to Spend It, Financial Times* (8 April 2000), pp. 31–2; 'Making sense of scents', *The Economist* (13 March 1999), p. 137; 'The sweet smell of success', *The Economist* (25 March 2000), p. 118; 'Cor, you don't half smell', *The Economist* (27 January 2001), p. 114.

## Information search

An aroused consumer may or may not search for more information. If the consumer's drive is strong and a satisfying product is near at hand, the consumer is likely to buy it then. If not, the consumer may simply store the need in memory or undertake an **information search** related to the need.

At one level, the consumer may simply enter *heightened attention*. Here Anna becomes more receptive to information about cameras. She pays attention to camera ads, cameras used by friends and camera conversations. Or Anna may go into *active information search*, in which she looks for reading material, phones friends and gathers information in other ways. The amount of searching she does will depend upon the strength of her drive, the amount of information she starts with, the ease of obtaining more information, the value she places on additional information and the satisfaction she gets from searching. Normally the amount of consumer search activity increases as the consumer moves from decisions that involve limited problem solving to those that involve extensive problem solving.

The consumer can obtain information from any of several sources:

- *Personal sources*: family, friends, neighbours, acquaintances
- *Commercial sources*: advertising, salespeople, the Internet, packaging, displays

### 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 active information search.

- *Public sources*: mass media, consumer-rating organisations
- *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. Personal sources appear to be even more important in influencing the purchase of services.<sup>32</sup> Commercial sources normally *inform* the buyer, but personal sources *legitimise* or *evaluate* products for the buyer. For example, doctors normally learn of new drugs from commercial sources, but turn to other doctors for evaluative information.

As more information is obtained, the consumer's awareness and knowledge of the available brands and features increases. In her information search, Anna learned about the many camera brands available. The information also helped her drop certain brands from consideration. A company must design its marketing mix to make prospects aware of and knowledgeable about its brand. If it fails to do this, the company has lost its opportunity to sell to the customer. The company must also learn which other brands customers consider so that it knows its competition and can plan its own appeals.

The marketer should identify consumers' sources of information and the importance of each source. Consumers should be asked how they first heard about the brand, what information they received and the importance they place on different information sources.

## Evaluation of alternatives

We have seen how the consumer uses information to arrive at a set of final brand choices. How does the consumer choose among the alternative brands? The marketer needs 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.

Certain basic concepts help explain consumer evaluation processes. First, we assume that each consumer is trying to satisfy some need and is looking for certain *benefits* that can be acquired by buying a product or service. Further, each consumer sees a product as a bundle of *product attributes* with varying capacities for delivering these benefits and satisfying the need. For cameras, product attributes might include picture quality, ease of use, camera size, price and other features. Consumers will vary as to which of these attributes they consider relevant and will pay the most attention to those attributes connected with their needs.

Second, the consumer will attach different *degrees of importance* to each attribute. A distinction can be drawn between the importance of an attribute and its salience. *Salient attributes* are those that come to a consumer's mind when he or she is asked to think of a product's characteristics. But these are not necessarily the most important attributes to the consumer. Some of them may be salient because the consumer has just seen an advertisement mentioning them or has had a problem with them, making these attributes 'top-of-the-mind'. There may also be other attributes that the consumer forgot, but whose importance would be recognised if they were mentioned. Marketers should be more concerned with attribute importance than attribute salience.

Third, the consumer is likely to develop a set of *brand beliefs* about where each brand stands on each attribute. The set of beliefs held about a particular brand is known as the **brand image**. The consumer's beliefs may vary from true attributes based on his or her experience to the effects of selective perception, selective distortion and selective retention.

Fourth, the consumer is assumed to have a *utility function* for each attribute. The utility function shows how the consumer expects total product satisfaction to vary with different levels of different attributes. For example, Anna may expect her satisfaction from a digital camera to increase with better picture quality, to peak with a medium-weight camera as

### Alternative evaluation—

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

**Brand image**—The set of beliefs that consumers hold about a particular brand.

Camera	Attribute			
	Picture quality	Ease of use	Camera size	Price
Agfa	10	6	6	3
Ricoh	6	8	6	6
Canon	8	7	8	6
Mustek	4	6	8	9

**Table 7.5** A consumer’s brand beliefs about cameras

opposed to a very light or very heavy one and to be a compact. If we combine the attribute levels at which her utilities are highest, they make up Anna’s ideal camera. The camera would also be her preferred camera if it were available and affordable.

Fifth, the consumer arrives at attitudes towards the different brands through some *evaluation procedure*. Consumers have been found to use one or more of several evaluation procedures, depending on the consumer and the buying decision.

In Anna’s camera-buying situation, suppose she has narrowed her choice set to four cameras: Agfa ePhoto 1280, Ricoh RDC-300Z, Canon Powershot 350 and the amazingly inexpensive Mustek VDC-100. In addition, let us say she is interested primarily in four attributes – picture quality, ease of use, camera size and price. Table 7.5 shows how she believes each brand rates on each attribute.<sup>33</sup> Anna believes the Agfa will give her picture quality of 10 on a 10-point scale; is not so easy to use, 6; is of medium size, 6; and is expensive, 3. Similarly, she has beliefs about how the other cameras rate on these attributes. The marketer would like to be able to predict which camera Anna will buy.

Clearly, if one camera rated best on all the attributes, we could predict that Anna would choose it. But the brands vary in appeal. Some buyers will base their buying decision on only one attribute and their choices are easy to predict. If Anna wants low price above everything, she should buy the Mustek, whereas if she wants the camera that is easiest to use, she could buy either the Ricoh or the Canon.

Most buyers consider several attributes, but assign different importance to each. If we knew the importance weights that Anna assigns to the four attributes, we could predict her camera choice more reliably. Suppose Anna assigns 40 per cent of the importance to the camera’s picture quality, 30 per cent to ease of use, 20 per cent to its size and 10 per cent to its price. To find Anna’s perceived value for each camera, we can multiply her importance weights by her beliefs about each camera. This gives us the following perceived values:

$$\text{Agfa} = 0.4(10) + 0.3(6) + 0.2(6) + 0.1(3) = 7.3$$

$$\text{Ricoh} = 0.4(6) + 0.3(8) + 0.2(6) + 0.1(6) = 6.6$$

$$\text{Canon} = 0.4(8) + 0.3(7) + 0.2(8) + 0.1(6) = 7.5$$

$$\text{Mustek} = 0.4(4) + 0.3(6) + 0.2(8) + 0.1(9) = 5.9$$

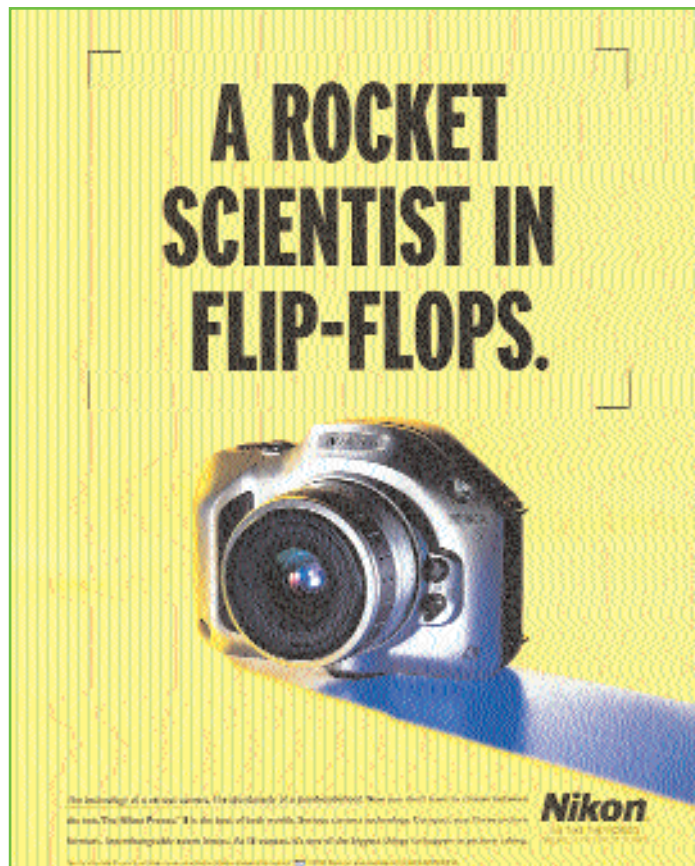
We would predict that Anna favours the Canon.

This model is called the *expectancy value model* of consumer choice.<sup>34</sup> This is one of several possible models describing how consumers go about evaluating alternatives. Consumers might evaluate a set of alternatives in other ways. For example, Anna might decide that she should consider only cameras that satisfy a set of minimum attribute levels. She might decide that a camera must have a TV connector. In this case, she would choose the Agfa because it is the only one with that facility. This is called the *conjunctive model* of consumer choice. Or she might decide that she would settle for a camera that had a picture quality greater than 7 or ease of use greater than 9. In this case, the Agfa, Ricoh or Canon would do, since they all meet at least one of the requirements. This is called the *disjunctive model* of consumer choice.



Once a male preserve, women now buy an increasing proportion of gadgets. Products and promotions are now designed to fulfil the segment's needs.

SOURCE: Nikon Inc.



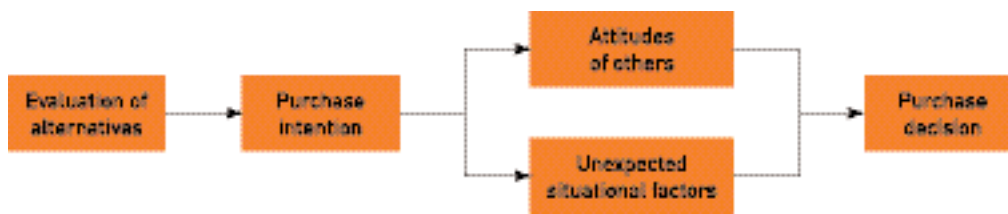
How consumers go about evaluating purchase alternatives depends on the individual consumer and the specific buying situation. In some cases, consumers use careful calculations and logical thinking. At other times, the same consumers do little or no evaluating; instead they buy on impulse and rely on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

Marketers should study buyers to find out how they actually evaluate brand alternatives. If they know what evaluative processes go on, marketers can take steps to influence the buyer's decision. Suppose Anna is now inclined to buy an Agfa because of its picture quality. What strategies might another camera maker, say Canon, use to influence people like Anna? There are several. Canon could modify its camera to produce a version that has fewer features, but is lighter and cheaper. It could try to change buyers' beliefs about how its camera rates on key attributes, especially if consumers currently underestimate the camera's qualities. It could try to change buyers' beliefs about Agfa and other competitors. Finally, it could try to change the list of attributes that buyers consider or the importance attached to these attributes. For example, it might advertise that to be really useful a camera needs to be small and easy to use. What is the point in having a super-accurate camera if it takes too long to set up and is too awkward to carry around?

**Purchase decision**—The stage of the buyer decision process in which the consumer actually buys the product.

## Purchase decision

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, shown in Figure 7.7, can come between the purchase *intention* and the purchase *decision*. The first factor is the *attitudes of others*. For example, if Anna Flores' husband feels strongly that



**Figure 7.7** Steps between evaluation of alternatives and a purchase decision

Anna should buy the lowest-priced camera, then the chance of Anna buying a more expensive camera is reduced. Alternatively, his love of gadgets may attract him to the Agfa. How much another person’s attitudes will affect Anna’s choices depends both on the strength of the other person’s attitudes towards her buying decision and on Anna’s motivation to comply with that person’s wishes.

Purchase intention is also influenced by *unexpected situational factors*. The consumer may form a purchase intention based on factors such as expected family income, expected price and expected benefits from the product. When the consumer is about to act, unexpected situational factors may arise to change the purchase intention. Anna may lose her job, some other purchase may become more urgent or a friend may report being disappointed in her preferred camera. Thus preferences and even purchase intentions do not always result in actual purchase choice. They may direct purchase behaviour, but may not fully determine the outcome.

A consumer’s decision to change, postpone or avoid a purchase decision is influenced heavily by *perceived risk*. Many purchases involve some risk taking.<sup>35</sup> Anxiety results when consumers cannot be certain about the purchase outcome. The amount of perceived risk varies with the amount of money at stake, the amount of purchase uncertainty and the amount of consumer self-confidence. A consumer takes certain actions to reduce risk, such as avoiding purchase decisions, gathering more information and looking for national brand names and products with warranties. The marketer must understand the factors that provoke feelings of risk in consumers and must provide information and support that will reduce the perceived risk.

## Postpurchase behaviour

The marketer’s job does not end when the product is bought. After purchasing the product, the consumer will be satisfied or dissatisfied and will engage in **postpurchase behaviour** 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.

Consumers base their expectations on messages they receive from sellers, friends and other information sources. If the seller exaggerates the product’s performance, consumer expectations will not be met – a situation that leads to dissatisfaction. The larger the gap between expectations and performance, the greater the consumer’s dissatisfaction. This fact suggests that the seller should make product claims that represent faithfully the product’s performance so that buyers are satisfied.

Motoring organisations regularly give pessimistic quotes about how long they will take to reach a customer whose car breaks down. If they say they will be 30 minutes and get there in 20, the customer is impressed. If, however, they get there in 20 minutes after promising 10, the customer is not so happy.

Almost all large purchases result in **cognitive dissonance** or discomfort caused by postpurchase conflict. Consumers are satisfied with the benefits of the chosen brand and glad

### Postpurchase behaviour—

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

### Cognitive dissonance—

Buyer discomfort caused by postpurchase conflict.

to avoid the drawbacks of the brands not purchased. On the other hand, every purchase involves compromise. 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.

American consumers are having a love affair with luxurious four ton, seven litre engined Sports Utility Vehicles (SUV). Their popularity has propelled the light trucks sector to 48 per cent of vehicles sold in the US. These no-compromise vehicles have the fuel consumption of a truck. According to Jac Nasser, Ford's chief executive: 'They're practical and promise something few other vehicles offer: the just-in-case factor. Just in case you want to buy a dinghy or a tree, you can do it.' SUVs can do it all but some customers are not happy with their purchases. Many have to rebuild their garages in order to house them and they do not fit some parking lots and cannot get into multi-storey car parks. Drivers also neglect to read the instruction behind the sun visor of their Ford Excursion: 'Avoid unnecessary sharp turns or other abrupt manoeuvres'.<sup>36</sup>

Why is it so important to satisfy the customer? Such satisfaction is important because a company's sales come from two basic groups – *new customers* and *repeat customers*. It usually costs more to attract new customers than to retain current ones. Keeping current customers is therefore often more critical than attracting new ones, and the best way to do this is to make current customers happy. A satisfied customer buys a product again, talks favourably to others about the product, pays less attention to competing brands and advertising, and buys other products from the company. Many marketers go beyond merely *meeting* the expectations of customers – they aim to *delight* the customer. A delighted customer is even more likely to purchase again and to talk favourably about the product and company.

A dissatisfied consumer responds differently. Whereas, on average, a satisfied customer tells three people about a good product experience, a dissatisfied customer gripes to 11 people. In fact, one study showed that 13 per cent of the people who had a problem with an organisation complained about that company to more than 20 people.<sup>37</sup> Clearly, bad word-of-mouth travels farther and faster than good word-of-mouth and can quickly damage consumer attitudes about a company and its products.

Therefore, a company would be wise to measure customer satisfaction regularly. It cannot simply rely on dissatisfied customers to volunteer their complaints when they are dissatisfied. In fact, 96 per cent of unhappy customers never tell the company about their problem. Companies should set up suggestion systems to *encourage* customers to complain. In this way, the company can learn how well it is doing and how it can improve. The 3M Company claims that over two-thirds of its new-product ideas come from listening to customer complaints. But listening is not enough – the company must also respond constructively to the complaints it receives.

Thus, in general, dissatisfied consumers may try to reduce their dissonance by taking any of several actions. In the case of Anna – a Canon digital camera purchaser – she may return the camera, or look at Canon ads that tell of the camera's benefits, or talk with friends who will tell her how much they like her new camera. She may even avoid reading about cameras in case she finds a better deal than she got.

Beyond seeking out and responding to complaints, marketers can take additional steps to reduce consumer postpurchase dissatisfaction and to help customers feel good about their

purchases. For example, Toyota writes or phones new car owners with congratulations on having selected a fine car. It places ads showing satisfied owners talking about their new cars ('I love what you do for me, Toyota!'). Toyota also obtains customer suggestions for improvements and lists the locations of available services.

Understanding the consumer's needs and buying process is the foundation of successful marketing. By understanding how buyers go through need recognition, information search, evaluation of alternatives, the purchase decision and postpurchase behaviour, the marketer can pick up many clues as to how to meet the buyer's needs. By understanding the various participants in the buying process and the strongest influences on their buying behaviour, the marketer can develop an effective programme to support an attractive offer to the target market.

# The buyer decision process for new products

We have looked at the stages that 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',<sup>38</sup> and **adoption** as the decision by an individual to become a regular user of the product.

## Stages in the adoption process

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

1. *Awareness*. The consumer becomes aware of the new product, but lacks information about it.
2. *Interest*. The consumer seeks information about the new product.
3. *Evaluation*. The consumer considers whether trying the new product makes sense.
4. *Trial*. The consumer tries the new product on a small scale to improve his or her estimate of its value.
5. *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. Denon, a leading manufacturer of home cinema equipment, may discover that many consumers in the interest stage do not move to the trial stage because of uncertainty and the large investment. If these same consumers would be willing to use a sound system on a trial basis for a small fee, the manufacturer should consider offering a trial-use plan with an option to buy.

## Individual differences in innovativeness

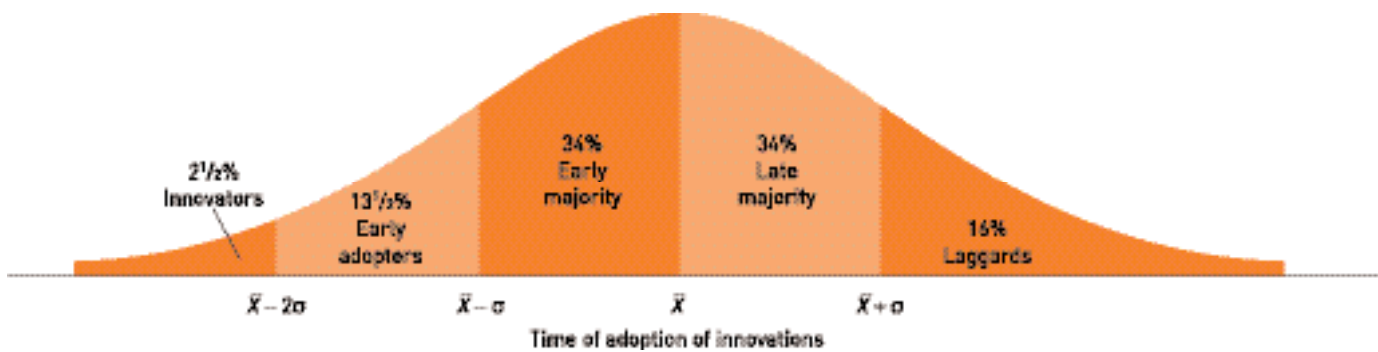
People differ greatly in their readiness to try new products. In each product area, there are 'consumption pioneers' and early adopters. Other individuals adopt new products much later. This has led to a classification of people into the adopter categories shown in Figure 7.8.

**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.

**Adoption**—The decision by an individual to become a regular user of the product.





**Figure 7.8** Adopter categorisation on the basis of relative time of adoption of innovations

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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 non-adopters remain. Innovators are defined as the first 2.5 per cent of the buyers to adopt a new idea (those beyond two standard deviations from mean adoption time); the early adopters are the next 13.5 per cent (between one and two standard deviations), and so forth.

The five adopter groups have differing values. *Innovators* are adventurous: they try new ideas at some risk. *Early adopters* are guided by respect: they are opinion leaders in their community and adopt new ideas early but carefully. The *early majority* is deliberate: although they are rarely leaders, they adopt new ideas before the average person. The *late majority* is sceptical: they adopt an innovation only after most 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.

Not all products are targeted at the *early adopters*. Open, owned by BT, BSkyB, HSBC and Matsushita, is an interactive service for digital television aimed at the *late majority* who love television but are scared of new technologies. Using existing televisions, low telephone charges and an inexpensive remote keyboard, Open has lower 'emotional' and financial barriers than Internet adoption. Using their old couch facing their familiar old TV, users can access banking services, shop, gamble or send email.<sup>39</sup>

This adopter classification suggests that an innovating firm should research the characteristics of innovators and early adopters and should direct marketing efforts to them. For example, home computer innovators have been found to be middle-aged and higher in income and education than non-innovators and they tend to be opinion leaders. They also tend to be more rational, more introverted and less social. In general, innovators tend to be relatively younger, better educated and higher in income than later adopters and non-adopters. They are more receptive to unfamiliar things, rely more on their own values and judgement, and are more willing to take risks. They are less brand loyal and more likely to take advantage of special promotions such as discounts, coupons and samples.

Manufacturers of products and brands subject to strong group influence must find out how to reach the opinion leaders in the relevant reference groups. **Opinion leaders** are people within a reference group who, because of special skills, knowledge, personality or other characteristics, exert influence on others. Opinion leaders are found in all strata of

**Opinion leaders**—People within a reference group who, because of special skills, knowledge, personality or other characteristics, exert influence on others.

society and one person may be an opinion leader in certain product areas and an opinion follower in others. Marketers try to identify the personal characteristics of opinion leaders for the products, determine what media they use and direct messages at them. In some cases, marketers try to identify opinion leaders for their products and direct marketing efforts towards them. This often occurs in the music industry, where clubs and radio DJs are influential. In other cases, advertisements can simulate opinion leadership, showing informal discussions between people and thereby reducing the need for consumers to seek advice from others. For example, in an ad for Herrera for Men cologne, two women discuss the question: 'Did you ever notice how good he smells?' The reason? 'He wears the most wonderful cologne.'

If Anna Flores buys a camera, both the product and the brand will be visible to others whom she respects. Her decision to buy the camera and her brand choice may therefore be influenced strongly by opinion leaders, such as friends who belong to a photography club.

### Role of personal influence

Personal influence plays a distinctive role in the adoption of new products. **Personal influence** describes the effect of statements made by one person on another's attitude or probability of purchase. Consumers consult each other for opinions about new products and brands, and the advice of others can strongly influence buying behaviour.

Personal influence is more important in some situations and for some individuals than for others. Personal influence is more important in the evaluation stage of the adoption process than in the other stages; it has more influence on later adopters than on early adopters; and it is more important in risky buying situations than in safe situations.

**Personal influence**—The effect of statements made by one person on another's attitude or probability of purchase.

### 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 (such as text messaging), whereas others take a long time to gain acceptance (digital TV). Five characteristics are especially important in influencing an innovation's rate of adoption. For example, consider the characteristics of in-car SatNav (Satellite Navigation) systems in relation to the rate of adoption:

- *Relative advantage*: the degree to which the innovation appears superior to existing products. The greater the perceived relative advantage of using SatNav over maps or taking instructions from a passenger, the sooner SatNav will be adopted.
- *Compatibility*: the degree to which the innovation fits the values and experiences of potential consumers. SatNav, for example, is highly compatible with an active lifestyle. New DVD-based SatNav systems showing maps and giving verbal instruction are more compatible with using maps than the original SatNav systems that just showed direction.
- *Complexity*: the degree to which the innovation is difficult to understand or use. Many customers have great difficulty interfacing with technology, so initial ease of use is critical.
- *Divisibility*: the degree to which the innovation may be tried on a limited basis. SatNav systems have a problem here. They require a big one-off investment if people are to add them to their car.
- *Communicability*: the degree to which the results of using the innovation can be observed or described to others. The benefits of SatNav are easy to demonstrate on a journey.

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

## Consumer behaviour across international borders

Understanding consumer behaviour is difficult enough for companies marketing in a single country. For companies operating in many countries, however, understanding and serving the needs of consumers is daunting. Although consumers in different countries may have some things in common, their values, attitudes and behaviours often vary greatly. International marketers must understand such differences and adjust their products and marketing programmes accordingly.

Sometimes the differences are obvious. For example, in the UK, where most people eat cereal regularly for breakfast, Kellogg focuses its marketing on persuading consumers to select a Kellogg's brand rather than a competitor's brand. In France, however, where most people prefer croissants and coffee or no breakfast at all, Kellogg's advertising simply attempts to convince people that they should eat cereal for breakfast. Its packaging includes step-by-step instructions on how to prepare cereal. In India, where many consumers eat heavy, fried breakfasts and 22 per cent of consumers skip the meal altogether, Kellogg's advertising attempts to convince buyers to switch to a lighter, more nutritious breakfast diet.<sup>40</sup>

Often, differences across international markets are subtler. They may result from physical differences in consumers and their environments. For example, Remington makes smaller electric shavers to fit the smaller hands of Japanese consumers, and battery-powered shavers for the British market, where some bathrooms have no electrical outlets. Other differences result from varying customs. Consider the following examples:

- Shaking your head from side to side means 'no' in most countries but 'yes' in Bulgaria and Sri Lanka.
- In South America, southern Europe and many Arab countries, touching another person is a sign of warmth and friendship. In the Orient, it is considered an invasion of privacy.
- In Norway or Malaysia, it's rude to leave something on your plate when eating; in Egypt, it's rude *not* to leave something on your plate.
- A door-to-door salesperson might find it tough going in Italy, where it is improper for a man to call on a woman if she is home alone.<sup>41</sup>

Failing to understand such differences in customs and behaviours from one country to another can spell disaster for a marketer's international products and programmes.

Marketers must decide on the degree to which they will adapt their products and marketing programmes to meet the unique cultures and needs of consumers in various markets. On the one hand, they want to standardise their offerings in order to simplify operations and take advantage of cost economies. On the other hand, adapting marketing efforts within each country results in products and programmes that better satisfy the needs of local consumers. The question of whether to adapt or standardise the marketing mix across international markets has created a lively debate in recent years.

## Summary

Markets have to be understood before marketing strategies can be developed. The consumer market buys goods and services for personal consumption. Consumers vary tremendously in age, income, education, tastes and other factors. Marketers must understand how consumers transform marketing and other inputs into buying responses. *Consumer behaviour* is influenced by the buyer's characteristics and by the buyer's decision process. *Buyer characteristics* include four main factors: cultural, social, personal and psychological.

*Culture* is the most basic determinant of a person's wants and behaviour. It includes the basic values, perceptions, preferences and behaviours that a person learns from family and other key institutions. Marketers try to track cultural shifts that might suggest new ways to serve customers. *Social classes* are subcultures whose members have similar social prestige based on occupation, income, education, wealth and other variables. People with different cultural, subculture and social class characteristics have different product and brand preferences.

*Social factors* also influence a buyer's behaviour. A person's *reference groups* – family, friends, social organisations, professional associations – strongly affect product and brand choices. The person's position within each group can be defined in terms of *role and status*. A buyer chooses products and brands that reflect his or her role and status.

The buyer's age, life-cycle stage, occupation, economic circumstances, lifestyle, personality and other *personal characteristics* and *psychological factors* influence his or her buying decisions. Young consumers have different needs and wants from older consumers; the needs of young married couples differ from those of retired people; consumers with higher incomes buy differently from those who have less to spend.

Before planning its marketing strategy, a company needs to understand its consumers and the decision processes they go through. The number of buying participants and the amount of buying effort increase with the complexity of the buying situation. There are three types of *buying decision behaviour*: *routine response behaviour*, *limited problem solving* and *extensive problem solving*.

In buying something, the buyer goes through a decision process consisting of *need recognition*, *information search*, *evaluation of alternatives*, *purchase decision* and *postpurchase behaviour*. The marketer's job is to understand the buyers' behaviour at each stage and the influences that are operating. This allows the marketer to develop a significant and effective marketing programme for the target market. With regard to new products, consumers respond at different rates, depending on the consumer's characteristics and the product's characteristics. Manufacturers try to bring their new products to the attention of potential early adopters, particularly those with opinion leader characteristics.

A person's buying behaviour is the result of the complex interplay of all these cultural, social, personal and psychological factors. Although marketers cannot control many of these factors, they are useful in identifying and understanding the consumers that marketers are trying to influence.



## Discussing the issues

1. Thinking about the purchase of an audio hi-fi system, indicate the extent to which cultural, social, personal and psychological factors affect how a buyer evaluates hi-fi products and chooses a brand.
2. Describe and contrast any differences in the buying behaviour of consumers for the following products: a CD, a notebook computer, a pair of trainers and a breakfast cereal.
3. Why might a detailed understanding of the model of the consumer buying decision process help marketers develop more effective marketing strategies to capture and retain customers? How universal is the model? How useful is it?
4. In designing the advertising for a soft drink, which would you find more helpful: information about consumer demographics or about consumer lifestyles? Give examples of how you would use each type of information.
5. Take, for example, a new method of contraception, which is being 'sold' to young males. It is a controversial, albeit innovative concept. Your firm is the pioneer in launching this device. What are the main factors your firm must research when developing a marketing programme for this product?
6. It has been said that consumers' buying behaviour is shaped more by perception than by reality. Do you agree with this comment? Why or why not?

## Applying the concepts

1. Different types of product can fulfil different functional and psychological needs.
  - List five luxury products or services that are very interesting or important to you. Some possibilities are cars, clothing, sports equipment, cosmetics or club membership. List five other necessities that you use which have little interest for you, such as pens, laundry detergent or petrol.
  - Make a list of words that describe how you feel about each of the products/services listed. Are there differences between the types of word you used for luxuries and necessities? What does this tell you about the different psychological needs these products fulfil?
2. Different groups may have different types of effect on consumers.
  - Consider an item you bought which is typical of what your peers (a key reference group) buy, such as a compact disc, a mountain bike or a brand of trainer. Were you conscious that your friends owned something similar when you made the purchase? Did this make you want the item more or less? Why or why not?
  - Now, think of brands that you currently use which your parents also use. Examples may include soap, shaving cream or margarine. Did you think through these purchases as carefully as those influenced by your peers or were these purchases simply the result of following old habits?
3. SRI Consulting, through the Business Intelligence Center online, features the Values and Lifestyles Program (VALS). Visit SRI at [www.sri.com](http://www.sri.com) and follow links to the VALS questionnaire.
  - Take the survey to determine your type and then read all about your type. Why or why not does it describe you well?

- What four products have high indexes for your type? Do you buy these products?
- Compare the nine Japan-VALS segments with the US VALS. How similar are they and are they likely to explain the European consumer?
- Other than product design, how can marketers use information from Japan-VALS?

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### WEB RESOURCES

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# Concluding concepts 7

## Sony Aibo ERS-7c: Grandma's best friend?



'On the whole, pets are useless, unreliable, messy and expensive', comments *Guardian* writer Justin Hankins. Not so K-9, Dr Who's robo-dog that replaces 'the squelching, oozing yuckiness of the natural world' by sleek, silvery shimmer, adds Mr Hankins.

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Like most temperamental pets, Aibo will play or do tricks only if you're good to it.

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Sony's Aibo ERS-7c third-generation dog has more tricks up its 32-megapixel memory stick than David Blaine. This is no simple animal or machine. Even the name has many possible meanings. Perhaps it stands for 'artificial intelligence robot'. Perhaps it refers to Aibo's camera eyes, which make it an 'eye bot', or maybe it's just Japanese for companion or pal.

What can you do with Aibo? Well, you can play with it. Aibo has a favourite toy, a pink ball, which it will chase down, pick up in its mouth, and return to you just like any real dog would. If you praise Aibo, its tail wags, its eyes light up green, and it plays a happy melody. It can learn whatever name it is given and even skips across to its recharge station when its batteries run low. It's not exactly like a real dog – it is far less messy and can't jump onto your favourite chair – but close in the sense that Aibo responds visibly to your love and affection.

Aibo can respond to praise and can learn. When you praise Aibo's behaviours, they become stronger and are more likely to be repeated. When scolded, Aibo is sometimes sad and plays a doleful melody. Other times, it responds to scolding by getting agitated and playing an angry melody while its eyes turn red. Although Aibo's responses may be different from a real dog's responses, they do represent the same emotions. Like a real dog, Aibo lets you know that it wants to play by jumping around. In addition to anger, sadness and playfulness, Aibo can show joy (eyes turn green and it plays a happy melody), surprise (eyes light up and it plays a surprised melody and gives a start), discontent (its eyes turn angry red and it moves away), and fear (when it encounters a big hole or rolls onto its back and can't get up, it plays a scared melody).

Voice commands such as 'stay', 'sit' or 'heel' wouldn't work with early Aibos because the puppy had no voice-response mechanism. Instead you gave it commands through a sound controller. Aibo responds only to perfect tones, so the sound controller contains combinations of

preset commands in perfect tones. Now, third-generation Aibo learns its owner's voice but it can still simply ignore you. When it is in a happy mood, it will perform tricks. Like most temperamental pets, Aibo will play or do tricks only if you're good to it.

When it's time to quit playing, you press the off or the pause button and Aibo lies down and goes to sleep. When not active, Aibo stays in its station, which serves as a battery charger. The robotic puppy comes with two lithium batteries so that one can be charged while the other is in use. A full charge lasts through about 1.5 hours of action.

Aibo comes in three colours (grey, metallic black and silver grey), has stereo microphones for ears, can recognise colours and shapes, and emits a variety of bleeps and chirps. A sensor in its head can distinguish between an amiable pat and a reproachful slap. You can set Aibo to Performance Mode, in which it does tricks, or to Game Mode, in which you control its movements. By making Aibo run and kick, you can even play robot soccer.

Ready to buy an Aibo? You won't find one for sale in any store. It is available only on the Internet at [www.world.sony.com/robot/get/meet/html](http://www.world.sony.com/robot/get/meet/html). It's also a little pricey – 250,000 Japanese yen (€2,000). Is anyone willing to pay such a stiff price? When launched in June 1999 Sony offered 5,000 Aibos in Japan and the US and all sold out in only 20 minutes. A second batch of 10,000 in November 1999 received more than 130,000 orders. Facing this greater than anticipated demand, Sony drew lots and selected winners in Japan, the United States and Europe. There appear to be lots of robot-dog's best friends out there!

One of the appealing features of Aibo is its open architecture. Based on experiences with its PlayStation video-game business, Sony decided not to develop everything in-house. Instead, it has invited other developers to create new programs for Aibo. This has resulted in the rapid development of additional memory sticks (programs) that allow you to teach Aibo new tricks or movements.

To test consumer reaction before offering them for sale, Sony demonstrated Aibos at several trade shows. Uniform reaction to the pet was 'That is so cute!'. One enthusiastic consumer commented 'I love little robots.'

For me, it would be great. I'm single and I don't have time to keep a dog.' Another said 'This is the coolest thing I've seen all day.' Numerous journalists privileged enough to play with Aibos found them to be lots of fun – even if they can't do anything useful.

Although Aibo isn't likely to fetch your newspaper, bring you your shoes, or scare away burglars, this little puppy does have much promise from a marketing point of view. Sony hopes to create a whole new industry of entertainment robots, an industry that Sony management believe could be larger than the personal computer market. The new Aibo-like entertainment robots have broader appeal. More importantly, they may make people more comfortable with the idea of interacting with humanoid-like machines. Once that happens, robots could become nurses, maids or bodyguards. They might even become partners who will play with and talk to us. There's more than a little bit of *Star Wars*' R2D2 in all this. Back in the eighties, however, R2D2 and his companions seemed a long way off. Now, Aibo and other animal-bots appear to be bringing us into that *Star Wars* world much sooner than we thought.

To many animal lovers Abido is a sad imitation of the real thing. However, like many products, Abido is finding markets that it was not designed for. It has long been understood that dogs are important companions for older couples or single living alone. But expensive, demanding, unreliable, messy dogs can be more than some people can handle. Not so Abido. Increasingly, Abido is being bought as a companion for older people. In that role Abido could have some of the Saint Bernard's life-saving ability about

him. Abido can't run off and get help if Gran's in trouble, but it can be called and it can transmit help messages.

### Questions

1. How might personal factors affect the purchase of an Aibo?
2. What cultural and social-class factors might affect the decision to buy an Aibo?
3. How might reference groups affect a consumer's interest in robot pets or robots in general?
4. What motives or needs is an individual likely to be satisfying in purchasing a pet robot?
5. Why, do you think, did Sony choose to sell Aibos only over the Internet? How might this affect a consumer's buying decision process? Was this a wise decision?
6. How could Internet-only selling affect the rate of diffusion of Aibos? In creating its new industry, what could Sony do to speed the diffusion of entertainment robots?

SOURCES: Neil Gross and Irene Kunii, 'Man's best friend – and no scooper needed', *Business Week* (20 July 1998), p. 531; Irene Kunii, 'This cute little pet is a robot', *Business Week* (24 May 1999), pp. 56–7; Peter Landers, 'At last, a dog that barks, wags its tail, and never has to go out', *Wall Street Journal* (12 May 1999), p. B1; Ginny Parker, 'In Japan, robots are not just for factories anymore', *Greensboro News and Record* (2 November 1999), pp. B6 and B7; 'Robots', *The Economist* (5 June 1999), p. 78; Richard Shaffer, 'Can't anyone make a decent robot?', *Fortune* (19 July 1999), pp. 120–1; A. A. Milne, *Winnie the Pooh Collection* (Greenford, Middlesex: Aura, 1998); Justin Hankins, 'When Rover's a robot', *The Guardian* (30 November 2002); J. Mark Lytle, 'Mrs Tanaka with her robot teddy bear', *The Guardian* (11 September 2003); Charlotte Ricca-Smith, 'Gadgets', *The Independent* (24 September 2003).