

Consumer Markets and Consumer Buyer Behavior

Previewing the Concepts

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

To get a better sense of the importance of understanding consumer behavior, let's look first at Harley-Davidson, maker of the nation's top-selling heavyweight motorcycles. Who rides these big Harley "Hogs"? What moves them to tattoo their bodies with the Harley emblem, abandon home and hearth for the open road, and flock to Harley rallies by the hundreds of thousands? *You* might be surprised, but Harley-Davidson knows very well.

Few brands engender such intense loyalty as that found in the hearts of Harley-Davidson owners. Harley buyers are granitelike in their devotion to the brand. "You don't see people tattooing Yamaha on their bodies," observes the publisher of *American Iron*, an industry publication. And according to another industry insider, "For a lot of people, it's not that they want a motorcycle; it's that they want a Harley—the brand is that strong."

Each year, in early March, more than 350,000 Harley bikers rumble through the streets of Daytona Beach, Florida, to attend Harley-Davidson's Bike Week celebration. Bikers from across the nation lounge on their low-slung Harleys, swap biker tales, and sport T-shirts proclaiming "I'd rather push a Harley than drive a Honda."

Riding such intense emotions, Harley-Davidson has rumbled its way to the top of the heavyweight motorcycle market. Harley's "Hogs" capture 23 percent of all U.S. bike sales and almost 50 percent of the heavyweight segment. For several years running, sales have outstripped supply, with customer waiting lists of up to two years for popular models and street prices running well above suggested list prices. During just the past 5 years, Harley sales have increased more than 50 percent, and earnings have jumped more than 75 percent. By 2006, the company had experienced 20 straight years of record sales and income.

Harley-Davidson's marketers spend a great deal of time thinking about customers and their buying behavior. They want to know who their customers are, what they think and how they feel, and *why* they buy a Harley Fat Boy Softail rather than a Yamaha or a Kawasaki or a big Honda American Classic. What is it that makes Harley buyers so fiercely loyal? These are difficult questions; even Harley owners themselves don't know exactly what motivates their buying. But Harley management puts top priority on understanding customers and what makes them tick.

Who rides a Harley? You might be surprised. It's no longer just the Hell's Angels crowd—the burly, black-leather-jacketed rebels and biker chicks who once made up Harley's core clientele. Motorcycles are attracting a new breed of riders—older, more affluent, and better educated. Harley now appeals more to "rubbies" (rich urban bikers) than to rebels. "While the outlaw bad-boy biker image is what we might typically associate with Harley riders," says an analyst, "they're just as likely to be CEOs and investment bankers." The average Harley customer is a 46-year-old husband with a median household income of \$82,000. More than 10 percent of Harley purchases today are made by women.

Harley-Davidson makes good bikes, and to keep up with its shifting market, the company has upgraded its showrooms and sales approaches. But Harley customers are buying a lot more than just a quality bike and a smooth sales pitch. To gain a better understanding of customers' deeper motivations, Harley-Davidson conducted focus groups in which it invited bikers to make cut-and-paste collages of pictures that expressed their feelings about Harley-Davidsons. (Can't you just see a bunch of hard-core bikers doing this?) It then mailed out 16,000 surveys containing a typical battery of psychological, sociological, and demographic questions as well as subjective questions such as "Is Harley more typified by a brown bear or a lion?"

The research revealed seven core customer types: adventure-loving traditionalists, sensitive pragmatists, stylish status seekers, laid-back campers, classy capitalists, cool-headed loners, and cocky misfits. However, all owners appreciated their Harleys for the same basic reasons. "It didn't matter if you were the guy who swept the floors of the factory or if you were the CEO at that factory, the attraction to Harley was very similar," says a Harley executive. "Independence, freedom, and power were the universal Harley appeals."

"It's much more than a machine," says the analyst. "It is part of their own self-expression and lifestyle." Another analyst suggests that owning a Harley makes you "the toughest, baddest guy on the block. Never mind that (you're) a dentist or an accountant. You [feel] wicked astride all that power." Your Harley renews your spirits and announces your independence. As the Harley Web site's home page announces, "Thumbing the starter of a Harley-Davidson does a lot more than fire the engine. It fires the imagination." Adds a Harley dealer: "We sell a dream here." The classic look, the throaty sound, the very idea of a Harley—all contribute to its mystique. Owning this "American legend" makes you a part of something bigger, a member of the Harley family.

Such strong emotions and motivations are captured in a classic Harley-Davidson advertisement. The ad shows a close-up of an arm, the bicep adorned with a Harley-Davidson tattoo. The headline asks, "When was the last time you felt this strongly about anything?" The ad copy outlines the problem and suggests a solution: "Wake up in the morning and life picks up where it left off. . . . What once seemed exciting has now become part of the numbing routine. It all begins to feel the same. Except



Objectives

After studying this chapter, you should be able to:

1. define the consumer market and construct a simple model of consumer-buyer behavior
2. name the four major factors that influence consumer-buyer behavior
3. list and define the major types of buying decision behavior and the stages in the buyer decision process
4. describe the adoption and diffusion process for new products

when you've got a Harley-Davidson. Something strikes a nerve. The heartfelt thunder rises up, refusing to become part of the background. Suddenly things are different. Clearer. More real. As they should have been all along. Riding a Harley changes you from within. The effect is permanent. Maybe it's time you started feeling this strongly. Things are different on a Harley."¹

Consumer buyer behavior

The buying behavior 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.

The Harley-Davidson example shows that many different factors affect consumer buyer behavior. Buyer behavior is never simple, yet understanding it is the essential task of marketing management. **Consumer buyer behavior** refers to the buying behavior of final consumers—individuals and households who buy goods and services for personal consumption. All of these final consumers combine to make up the **consumer market**. The American consumer market consists of more than 300 million people who consume more than \$12 trillion worth of goods and services each year, making it one of the most attractive consumer markets in the world. The world consumer market consists of more than 6.5 billion people who annually consume an estimated \$61 trillion worth of goods and services.²

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

Model of Consumer Behavior

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

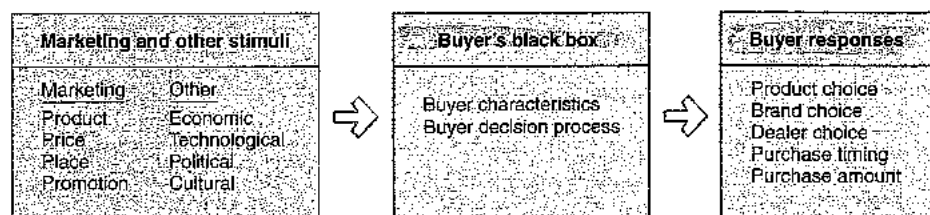
"For companies with billions of dollars on the line, the buying decision is the most crucial part of their enterprise," states one consumer behavior analyst. "Yet no one really knows how the human brain makes that choice." Often, consumers themselves don't know exactly what influences their purchases. "Buying decisions are made at an unconscious level," says the analyst, "and . . . consumers don't generally give very reliable answers if you simply ask them, 'Why did you buy this?'"³

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

Marketing stimuli consist of the Four Ps: product, price, place, and promotion. Other stimuli include major forces and events in the buyer's environment: economic, technological, political, and cultural. All these inputs enter the buyer's black box, where they are turned into a set of observable buyer responses: 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

FIGURE 5.1
Model of buyer behavior



or she perceives and reacts to the stimuli. Second, the buyer's decision process itself affects the buyer's behavior. We look first at buyer characteristics as they affect buyer behavior and then discuss the buyer decision process.

Characteristics Affecting Consumer Behavior

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

Cultural Factors

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

Culture

Culture

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

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

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

Subculture

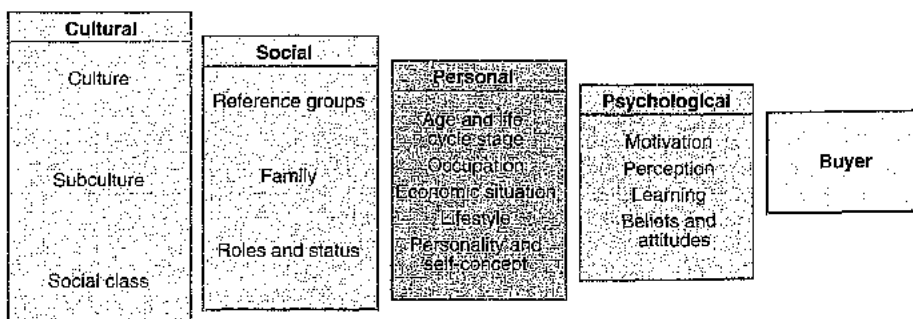
Subculture

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

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

FIGURE 5.2 The U.S. *Hispanic market*—Americans of Cuban, Mexican, Central American, South American, and Puerto Rican descent—consists of more than 41 million consumers. It's the fastest growing U.S. subsegment—one in every two new Americans since 2000 is Hispanic. By 2050, this group will make up about 25 percent of the U.S. population. Hispanic

FIGURE 5.2
Factors influencing
consumer behavior



purchasing power, estimated at \$700 billion annually, is expected to increase to more than \$1 trillion by 2010. One out of every ten U.S. small businesses is Hispanic owned.⁴

Hispanic consumers tend to buy more branded, higher-quality products—generics don't sell well to this group. They tend to make shopping a family affair, and children have a big say in what brands they buy. Perhaps more important, Hispanics are very brand loyal, and they favor companies who show special interest in them.

Most major marketers now produce products tailored to the Hispanic market and promote them using Spanish-language ads and media. For example, Procter & Gamble, one of the nation's leading multicultural marketers, spent almost \$160 million last year on Hispanic print and television advertising for major brands such as Pantene, Tide, Crest, and Pampers.⁵ It creates special Hispanic versions of some of its products. For instance, its Pantene Extra Liso (extra straight) line of hair-care products is specially formulated with Hispanic women in mind.

But P&G's Hispanic marketing efforts run much deeper. Consider the following example:⁶



Procter & Gamble spends heavily on marketing to Hispanics. As a result, consumers like Julieta Parilla are diehard fans of Pampers and other P&G brands.

Julieta Parilla, a new mother living in a predominantly Hispanic working-class suburb of Los Angeles, is a diehard Pampers fan. She first heard about Pampers from her sister. But strong marketing from Procter & Gamble has turned the 21-year-old single mother into a very loyal customer. Julieta recalls a Pampers television ad she liked, broadcast in both English and Spanish, showing a strolling baby crawling in the diapers. The nurses at the medical center where she had her baby, Fatima, gave her free samples of Pampers as she checked out, along with other P&G brands such as Crest and Tide. At a local health clinic, Julieta picked up a copy of *Avanzando con Tu Familia* (Helping Your Family Move Ahead), a P&G-published, *Martha Stewart Living*-type magazine for recent Hispanic immigrants that reaches a million homes across the country. Besides coupons for P&G products, the magazine provides recipes, exercise tips, and lifestyle advice. Julieta especially liked a story on how to clean her newborn, and she has been impressed by P&G's support for the Hispanic Scholarship Fund.

Over the past five years, such targeted marketing efforts have helped P&G to increase Pampers' share of the Hispanic market by 25 percent. More broadly, 6 of the 12 brands managed by P&G's ethnic-marketing division are now ranked number one among Hispanics in their categories, and five others rank second.

With annual buying power of \$762 million, estimated to reach \$981 billion by 2010, the nation's 39.7 million African American consumers also attract much marketing attention. The U.S. black population is growing in affluence and sophistication. Although more price conscious than other segments, blacks are also strongly motivated by quality and selection. Brands are important. So is shopping—black consumers seem to enjoy shopping more than other groups, even for something as mundane as groceries. Black consumers are also the most fashion conscious of the ethnic groups.⁷

In recent years, many companies have developed special products and services, appeals, and marketing programs to reach African Americans consumers. For example, Hallmark launched its Afrocentric brand, Mahogany, with only 16 cards in 1987. Today the brand features more than 800 cards designed to celebrate African American culture, heritage, and traditions.⁸ St. Joseph Aspirin, focusing on unique African American health issues, runs print ads noting that their aspirin comes in the dosage recommended by the Association of Black Cardiologists for daily heart therapy.

Financial services provider J.P. Morgan Chase makes a special effort to target black consumers with home financing products and services. Rather than the standard approach of touting low interest rates, Chase stresses the benefits of home ownership. It sponsors and participates in hundreds of conferences for minority professional groups, such as the National

Association of Real Estate Brokers, the Urban League, 100 Black Men, and local gatherings of community leaders and politicians.⁹

A wide variety of magazines, television channels, and other media now target African American consumers. Marketers are also reaching out to the African American virtual community. Per capita, black consumers spend twice as much as white consumers for online services. African Americans are increasingly turning to Web sites such as BlackPlanet.com, an African American community site with more than 13 million registered users. BlackPlanet.com's mission is to enable members to "cultivate meaningful personal and professional relationships, stay informed about the world, and gain access to goods and services that allow members to do more in life." Other popular sites include BET.com and BlackVoices.com.¹⁰

Asian Americans Asian Americans are the most affluent U.S. demographic segment. They now number more than 14.4 million and wield more than \$396.5 billion in annual spending power. They are the second-fastest-growing population subsegment after Hispanics. Chinese Americans constitute the largest group, followed by Filipinos, Japanese Americans, Asian Indians, and Korean Americans. The U.S. Asian American population is expected to more than double by 2050, when it will make up more than 9 percent of the U.S. population.¹¹

Asian consumers may be the most tech-savvy segment—more than 85 percent of English-speaking Asian Americans go online regularly and are most comfortable with Internet technologies such as online banking and instant messaging. As a group, Asian consumers shop frequently and are the most brand conscious of all the ethnic groups. They can be fiercely brand loyal.¹²

Because of the segment's rapidly growing buying power, many firms are now targeting the Asian American market. For example, consider Wal-Mart. Today, in one Seattle store, where Asian Americans represent over 13 percent of the population, Wal-Mart stocks a large selection of CDs and videos from Asian artists, Asian-favored health and beauty products, and children's learning videos that feature multiple language tracks. The giant retailer recently launched an Asian-language television, radio, and print advertising blitz in markets with high concentrations of Asian Americans, such as Los Angeles, San Francisco, San Diego, and Houston. The ads feature actual Asian American shoppers speaking in their native languages about why they shop at Wal-Mart. In a Chinese ad, a family recounts how its weekly Wal-Mart shopping trip is a family bonding experience.¹³

Mature Consumers As the U.S. population ages, *mature consumers* are becoming a very attractive market. Now 68 million strong, the population of U.S. seniors will more than double in the next 25 years. The 65-and-over crowd alone numbers close to 37 million, more than 12 percent of the population. Mature consumers are better off financially than are younger consumer groups. Because mature consumers have more time and money, they are an ideal market for exotic travel, restaurants, high-tech home entertainment products, leisure goods and services, designer furniture and fashions, financial services, and health care services.¹⁴

Their desire to look as young as they feel also makes more-mature consumers good candidates for cosmetics and personal care products, health foods, fitness products, and other items that combat the effects of aging. The best strategy is to appeal to their active, multidimensional lives. For example, Kellogg aired a TV spot for All-Bran cereal in which individuals ranging in age from 53 to 81 are featured playing ice hockey, water skiing, running hurdles, and playing baseball, all to the tune of "Wild Thing." A Pepsi ad features a young man at a rock concert who turns around to see his father rocking out nearby. And an Aetna commercial portrays a senior who, after retiring from a career as a lawyer, fulfills a lifelong dream of becoming an archeologist.

“Wal-Mart 就像我們的家人！”

Wal-Mart 就像我們的家人!

2005 年 2 月 19 日

每到週末，我們全家就擠上我的 Volvo 轎車，到 Wal-Mart 購物。這不僅僅是買一些 Wal-Mart 的貨品，更是一種生活方式。三代同堂一起購物，我們一家人的情感，真是由心而發的。不論是在超市的各個角落，或是名師的指導，或是學識博覽的課程，我都能找到讓我感到快樂的。這是我每週去 Wal-Mart 購物的原因之一。Wal-Mart，一個關心。

我們相信，每個家庭都希望孩子能對他們的未來更有保障。在這方面，真的非常感謝 Wal-Mart。

黃寶秀

Wal-Mart
天天低價 永遠低價
Always
Walmart.com

Targeting Asian American consumers: Wal-Mart print ads feature actual Asian American shoppers speaking in their native languages about why they shop at Wal-Mart. In this Chinese ad, a family recounts how its weekly Wal-Mart shopping trip is a family bonding experience.

Social class

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

Social Class

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

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

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

Social Factors

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

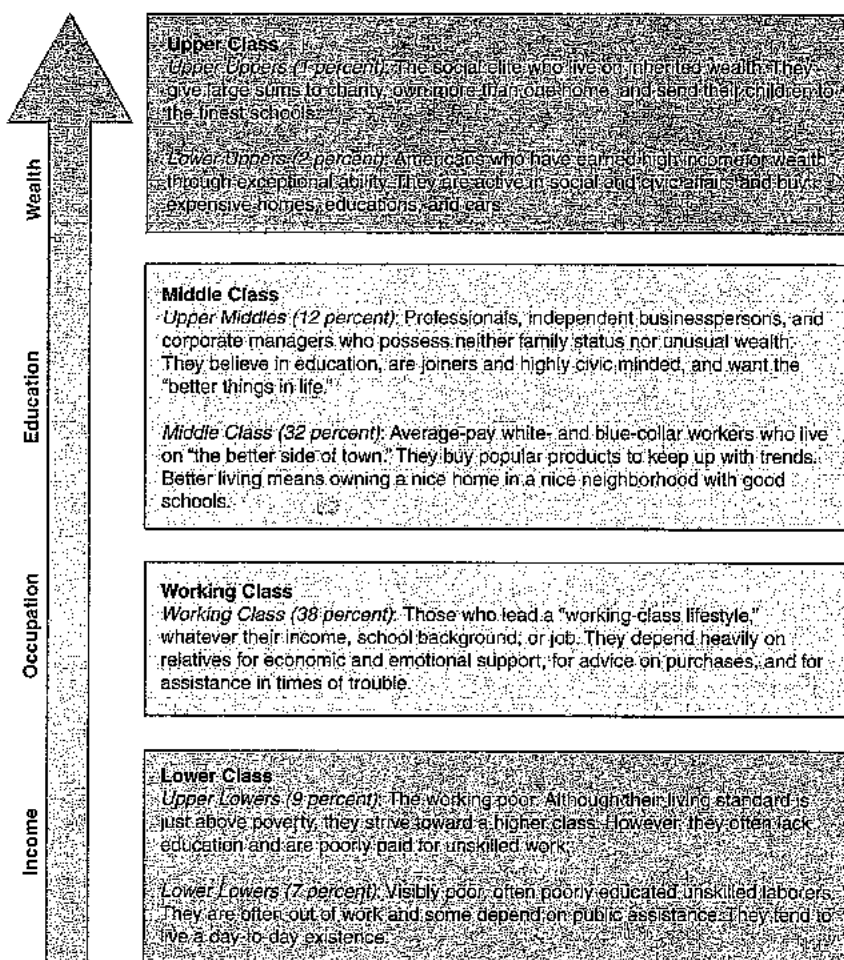
Group

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

Groups

A person's behavior is influenced by many small **groups**. Groups that have a direct influence and to which a person belongs are called membership groups. In contrast, reference groups

FIGURE 5.3
The major American social classes



serve as direct (face-to-face) or indirect points of comparison or reference in forming a person's attitudes or behavior. People often are influenced by reference groups to which they do not belong. For example, an aspirational group is one to which the individual wishes to belong, as when a young girl soccer player hopes to someday emulate Mia Hamm and play on the U.S. women's Olympic soccer team.

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

Opinion leader

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

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 social influence on others. Some experts call this 10 percent of Americans *the influentials* or *leading adopters*. These consumers “drive trends, influence mass opinion and, most importantly, sell a great many products,” says one expert. They often use their big circle of acquaintances to “spread their knowledge on what's good and what's bad.”¹⁵

Marketers often try to identify opinion leaders for their products and direct marketing efforts toward them. They use *buzz marketing* by enlisting or even creating opinion leaders to spread the word about their brands. For example, Tremor and Vocalpoint, separate marketing arms of Procter & Gamble, have enlisted armies of buzzers to create word of mouth, not just for P&G products but for those of other client companies as well (see Real Marketing 5.1).

In the past few years, a new type of social interaction has exploded onto the scene—online *social networking*—carried out over Internet media ranging from blogs to social networking sites such as MySpace.com and Facebook.com. This new form of high-tech buzz has big implications for marketers.

Personal connections—forged through words, pictures, video, and audio posted just for the [heck] of it—are the life of the new Web, bringing together the estimated 60 million bloggers, [an unbelievable] 72 million MySpace.com users, and millions more on single-use social networks where people share one category of stuff, like Flickr (photos), Del.icio.us (links), Digg (news stories), Wikipedia (encyclopedia articles), and YouTube (video). . . . It's hard to overstate the coming impact of these new network technologies on business: They hatch trends and build immense waves of interest in specific products. They serve [up] giant, targeted audiences to advertisers. They edge out old media with the loving labor of amateurs. They effortlessly provide hyperdetailed data to marketers. If your customers are satisfied, networks can help build fanatical loyalty; if not, they'll amplify every complaint until you do something about it. [The new social networking technologies] provide an authentic, peer-to-peer channel of communication that is far more credible than any corporate flackery.¹⁶

Marketers are working to harness the power of these new social networks to promote their products and build closer customer relationships. For example, when Volkswagen set up a MySpace.com site for Helga, the German-accented, dominatrix-type blonde who appears in its controversial Volkswagen GTI ads, tens of thousands of fans signed up as “friends.”¹⁷ And companies regularly post ads or custom videos on video-sharing sites such as YouTube.

When Adidas recently reintroduced its adicolor shoe, a customizable white-on-white sneaker with a set of seven color markers, it signed on seven top creative directors to develop innovative videos designed especially for downloading to iPods and other



Social networking: Adidas harnessed the power of social networks to reintroduce its customizable adicolor shoe. It developed innovative downloadable videos that celebrate color and personal expression—here in pink—and then released them through e-mail and social networking sites like YouTube.

Real Marketing

Real Marketing Gina Lavagna is the ideal pitch gal. After receiving information about Sony's latest compact digital music player and six \$10-off coupons, she rushed four of her teen chums to a mall near her home to show them the cool new device, which sells for \$99 and up. "I've probably told 20 people about it," she says, adding, "At least 10 are extremely interested in getting one." Her parents got her one for Christmas.

Procter & Gamble couldn't ask for a better salesperson than Donna Wetherell. The gregarious Columbus, Ohio, mom works at a customer service call center unaffiliated with P&G, where she knows some 300 coworkers by name. Lately, Wetherell has spent so much time at work talking about P&G products and handing out discount coupons that her colleagues have given her a nickname. "I am called the coupon lady," Wetherell says.

Multiply Gina Lavagna by 250,000 teens, and Donna Wetherell by 600,000 moms, and you'll get a notion of the size and impact of P&G's huge and carefully cultivated stealth marketing force. Gina and Donna aren't just any consumers. They're members of P&G's Tremor and Vocalpoint word-of-mouth marketing arms—natural-born buzzers on a mission to spread the word about P&G and other companies' brands among their peers.

It all started five years ago when P&G created Tremor, a word-of-mouth network to reach teens. Teens are maddeningly difficult to reach through traditional channels—more than other consumer groups, they tend to ignore mass-media messages or even to resent them. Tremor taps the power of peer-to-peer personal endorsements that cut through the advertising clutter. Tremorites deliver the word in school cafeterias, at sleepovers, by cell phone, and by e-mail.

Initially focused only on P&G brands, Tremor's forces were soon being tapped to talk up other companies' brands. More than 80 percent of Tremor's campaigns are now for non-P&G brands, such as Coca-Cola, Toyota, Kraft, and shoe company Vans. Tremor has been so successful that P&G has built a massive new network—Vocalpoint—focusing on moms. The moms market is a much bigger and more affluent target than teens, and a market that's more relevant to most P&G products. Initially, Vocalpoint has focused on moms with school-age kids, women who interact more with other moms.

To fill their enormous ranks, Tremor and Vocalpoint recruit online for what they call "connectors"—people with vast networks of friends and a gift for gab. For example, whereas average teens have only about 30 names on their instant messaging buddy lists, Tremorites average 150 to 200 names. Vocalpoint moms have five to six times the average number of friends and acquaintances. These connectors are carefully screened—only about 10 percent of those

who apply are accepted. In addition to connectedness, the company is looking for natural talkers with large doses of inquisitiveness and persuasiveness.

Except for educating Tremorites and Vocalpointers about products and supplying them samples and coupons, the company doesn't coach the teens and moms. The connectors themselves choose whether or not to pitch the product to friends and what to say. For example, when Gina Lavagna learned from Tremor about Clairol Herbal Essences Fruit Fusions Shampoo and Noxzema face wash, it was her own idea to invite her pals over so they could try it.

Tremorites and Vocalpointers also do the work without pay. What's in it for them? For one thing, they receive a steady flow of coupons and samples. But more than that, says CEO Knox, the company promises two things. First, it "provides you with cool new ideas before your friends have them," with the thrill of being an insider. Second, it gives them a voice. "They're filled with great ideas, and they don't think anybody listens to them," says Knox. "It's an empowering proposition [just to be heard]."

Buzz marketing is one of today's hottest new marketing practices. Still, jumping onto the buzz bandwagon carries some risks. For example, because Tremor and Vocalpoint connectors aren't coached or controlled, word of mouth can quickly backfire. If the teens and moms like what they see, they'll be quick to share the good news. If not, they might be even quicker to share the bad. Says one word-of-mouth expert, it's "like playing with fire: It can be a positive force when harnessed for the good, but fires are very destructive when they are out of control. If word of mouth goes against you, you're sunk."

Moreover, some advocacy groups and others question the ethics, even the legality, of recruiting people to promote products by word of mouth without disclosing that fact. One such group, Commercial Alert, has filed a complaint with the FTC against Tremor and several small buzz marketing agencies. But Tremor insiders ardently defend their own campaigns and buzz marketing in general. "We encourage [connectors] to talk freely, whether positively or negatively. We do not give them a script," says a company spokeswoman. "We think that's a very important part of the model," agrees Knox. "The connectors need to be free to say whatever it is they want to say. It's [really just] natural human behavior. . . . People like talking to people about things they think help them."

Despite the risks and criticisms, Tremor and Vocalpoint are producing striking results. According to one analyst, most companies see a 10 to 30 percent boost in sales after employing the word-of-mouth networks. Consider these examples:

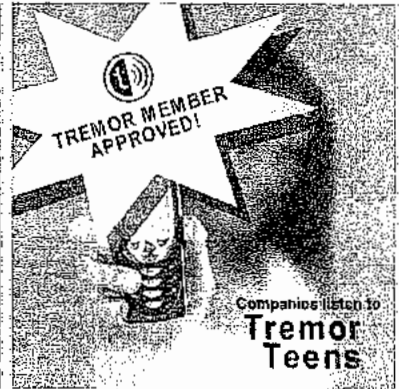
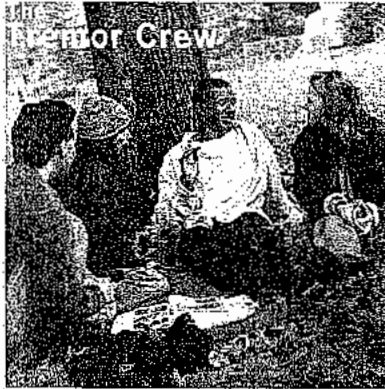
Shamrock Farms of Phoenix launched a new chocolate-malt-flavored milk in Phoenix and Tucson. The launch tactics were

handhelds. The directors were given complete creative control to interpret their assigned color as they saw fit. "The directors that we chose we feel have a good deal of underground street cred," says an Adidas marketing executive. The project was not tied specifically to the product. Rather, the directors were asked to "celebrate color, customization, and personal expression." The diverse set of short films was then released, one film a week, via e-mail and sites such as YouTube. The films drew more than 2.1 million viewers within three weeks, 20 million within the first two months, and the numbers were growing exponentially with each new release.¹⁸

identical in both cities, with one exception: 2,100 Phoenix Tremorites received product information, coupons, and stickers. Shamrock reports that after 23 weeks, sales of the new milk flavor were 18 percent higher in Phoenix than in Tucson. Coupon redemption in Phoenix was 21 percent, higher than the dairy had ever achieved. To Shamrock's pleasant surprise, overall milk sales in Phoenix rose by 4 percent as well.

In traditional ads introducing new Dawn Direct Foam, P&G stressed its potent grease-cutting power. But in packets mailed to Vocalpoint moms, it showed the detergent and a smiling girl on the outside with these words in big letters: "Mom, can I help?" A pamphlet inside explained that the soap is so fun to use that kids would want to help out with the dishes. To reinforce the point, the packet included a little sponge in the shape of a child's foot, plus a dozen \$1.50 coupons. "We have to enable a conversation to take place," CEO Knox says. "Kids not doing enough chores is a conversation taking place among moms." Donna Wetherell, the Vocalpoint connector in Columbus, says she talked about Dawn Direct Foam with about 100 female coworkers at her call center. "There are a lot of women there who have kids," says Wetherell, 51, who has a daughter, 17. "We were all interested." Adds Lavonda Harrington, 28, another Columbus connector: "My daughter loves the foot-shaped sponge." That kind of buzz may explain the explosive sales results in the three test markets. Dawn unit sales in those locations were double those of markets without a Vocalpoint effort.

Thus, business is buzzing at P&G—and the Tremor and Vocalpoint grapevines are growing faster than Jack's beanstalk. Says CEO Knox, "We know that the most powerful form of marketing is [a] message from a trusted friend."



Tremor and Vocalpoint, separate marketing arms of Procter & Gamble, have enlisted armies of buzzers to create word-of-mouth for brands. "We know that the most powerful form of marketing is a message from a trusted friend."

Sources: Extracts adapted from Robert Berner, "I Sold It through the Grapevine," *BusinessWeek*, May 29, 2006, pp. 32–34; and Melanie Wells, "Kid Nabbing," *Forbes*, February 2, 2004, p. 84. Quotes and other information from Samar Farah, "Making Waves," *CMO Magazine*, July 2005; Jeff Gelles, "Tremor: Shaky Stuff," *The Seattle Times*, December 4, 2005, p. 16; Bruce Horowitz, "P&G 'Buzz Marketing' Unit Hit With Complaint," *USA Today*, October 19, 2005, p. 1B; Todd Wasserman, "Q+A: P&G Buzz Program Tremor Moving on to Mothers," *Brandweek*, September 26, 2006, p. 15; and Jack Neff, "P&G Provides Product Launchpad, A Buzz Network Of Moms," *Advertising Age*, March 20, 2006, p. 1.

But marketers need to be careful when tapping into online social networking. Ultimately, the users control the content, and online network marketing attempts can easily backfire. For example, when Chevrolet recently launched a Web contest inviting folks to create their own ads for its Chevy Tahoe, it quickly lost control. Says one observer, "the entries that got passed around, blogged about, and eventually covered in the mainstream media were all about the SUV's abysmal gas mileage and melting polar ice caps." One user-generated ad proclaimed, "Like this snowy wilderness? Better get your fill of it now. Then say hello to global warming." Another concluded, "\$70 to fill up the tank, which will last less than 400 miles. Chevy Tahoe."¹⁹

Family

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

Husband-wife involvement varies widely by product category and by stage in the buying process. Buying roles change with evolving consumer lifestyles. In the United States, the wife traditionally has been the main purchasing agent for the family in the areas of food, household products, and clothing. But with 70 percent of women holding jobs outside the home and the willingness of husbands to do more of the family's purchasing, all this is changing. Men now account for about 40 percent of all food-shopping dollars. And whereas women make up just 40 percent of drivers, they now influence more than 80 percent of car-buying decisions. In all, women now make almost 85 percent of all purchases, spending \$6 trillion each year.²⁰

Such changes suggest that marketers in industries that have sold their products to only men or only women are now courting the opposite sex. For example, after realizing that women today account for 50 percent of all technology purchases, Dell has stepped up its efforts to woo women buyers.²¹

Managers from Dell's marketing and public relations staff met earlier this year with editors and sales reps at a dozen publications. Their mission wasn't too surprising: Get editors to print more about Dell's computers, televisions, and pocketPCs. It was the

choice of magazines that was unusual, including Oprah Winfrey's *O at Home*, *Ladies' Home Journal*, and *CosmoGIRL*—not exactly publications on the company's regular radar screen. In barely six months, though, Dell's laser printer, plasma TV, and notebook computer were featured as must-haves in gift guides in shelter magazines *Real Simple* and *O at Home*. And in a recent issue, *CosmoGIRL* gave Dell's Inspiron 700m, four-pound notebook a "kiss of approval." Why the new emphasis on women buyers? Dell's has realized that women are its fastest-growing customer group and a key to its growth strategy, especially as it branches out to TVs and MP3 players. Its own research shows that women make up half of its buyers and are as likely as men to prefer buying PCs online. So besides the women's magazines, Dell is running ads on women-centric cable-TV channels such as Oxygen and Lifetime Television. Until recently, says Dell's director of customer experience, "you wouldn't have seen any Dell ads on these women's channels."

Children may also have a strong influence on family buying decisions. The nation's 36 million kids age 3 to 11 wield an estimated \$18 billion in disposable income. They also influence an additional \$115 billion that their families spend on them in areas such as food, clothing, entertainment, and personal care items. For example, one recent study found that kids significantly influence family decisions about where they take vacations and what cars and cell phones they buy. As a result, marketers of cars, full-service restaurants, cell phones, and travel destinations are now placing ads on networks such as Cartoon Network and Toon Disney. Nickelodeon recently signed multimillion-dollar advertising deals with Chevrolet and Kia. Chevrolet runs TV ads on Nickelodeon television and print ads in *Nickelodeon Magazine* for its Uplander sports van.²²

Click a mouse instead of leaving a magic wand.

AMERICAN

ENTER THE BIG WISH SWEEPSTAKES, FEATURING CHEVY™ UPLANDER, AT NICKELODEON. No need to wish when you see your family would love the new Uplander sports van with its available available Mobile DVD Video system powered by PlayStation™2. You can drive and play up to 1000 songs. It comes in available in 100 colors. You can give family gifts all year with a four-wheeled play in October. There's so the amazing Nickelodeon Family Sweepstakes by Holiday Inn, provide your car keys to enter. Deadline: 11:59 PM '08.

Big Wish Sweepstakes

uplander

Children may have a strong influence on family buying decisions for everything from cell phones to restaurants to cars. To capture such family buying influences, Chevrolet runs ads like this one for its Uplander sports van in kid-focused Nickelodeon Magazine, featuring a family Big Wish Sweepstakes.

Roles and Status

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

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

Personal Factors

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

Age and Life-Cycle Stage

People change the goods and services they buy over their lifetimes. Tastes in food, clothes, furniture, and recreation are often age related. Buying is also shaped by the stage of the family life cycle—the stages through which families might pass as they mature over time. Marketers often define their target markets in terms of life-cycle stage and develop appropriate products and marketing plans for each stage.

Traditional family life-cycle stages include young singles and married couples with children. Today, however, marketers are increasingly catering to a growing number of alternative, nontraditional stages such as unmarried couples, singles marrying later in life, childless couples, same-sex couples, single parents, extended parents (those with young adult children returning home), and others.

RBC Royal Bank has identified five life-stage segments. *The youth segment* includes customers younger than 18. *Getting Started* consists of customers aged 18 to 35 who are going through first experiences, such as graduation, first credit card, first car, first loan, marriage, and first child. *Builders*, customers aged 35 to 50, are in their peak earning years. As they build careers and family, they tend to borrow more than they invest. *Accumulators*, aged 50 to 60, worry about saving for retirement and investing wisely. Finally, *Preservers*, customers over 60, want to maximize their retirement income to maintain a desired lifestyle. RBC markets different services to the different segments. For example, with *Builders*, who face many expenses, it emphasizes loans and debt-load management services.²³

Occupation

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

For example, Carhartt makes rugged, durable, no-nonsense work clothes—what it calls “original equipment for the American worker. From coats to jackets, bibs to overalls . . . if the apparel carries the name Carhartt, the performance will be legendary.” Its Web site carries real-life testimonials of hard-working Carhartt customers. One electrician, battling the cold in Canada's arctic region, reports wearing Carhartt's lined Arctic bib overalls, Arctic jacket, and other clothing for more than two years without a single



Occupation: Carhartt makes rugged, durable, no-nonsense work clothes—what it calls “original equipment for the American worker.”

“popped button, ripped pocket seam, or stuck zipper.” And an animal trainer in California says of his favorite pair of Carhartt jeans: “Not only did they keep me warm but they stood up to one playful lion and her very sharp claws.”²²

Economic Situation

A person's economic situation will affect product choice. Marketers of income-sensitive goods 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 closely. Some marketers target consumers who have lots of money and resources, charging prices to match. For example, Rolex positions its luxury watches as “a tribute to elegance, an object of passion, a symbol for all time.” Other marketers target consumers with more modest means. Timex makes more affordable watches that “take a licking and keep on ticking.”

Lifestyle

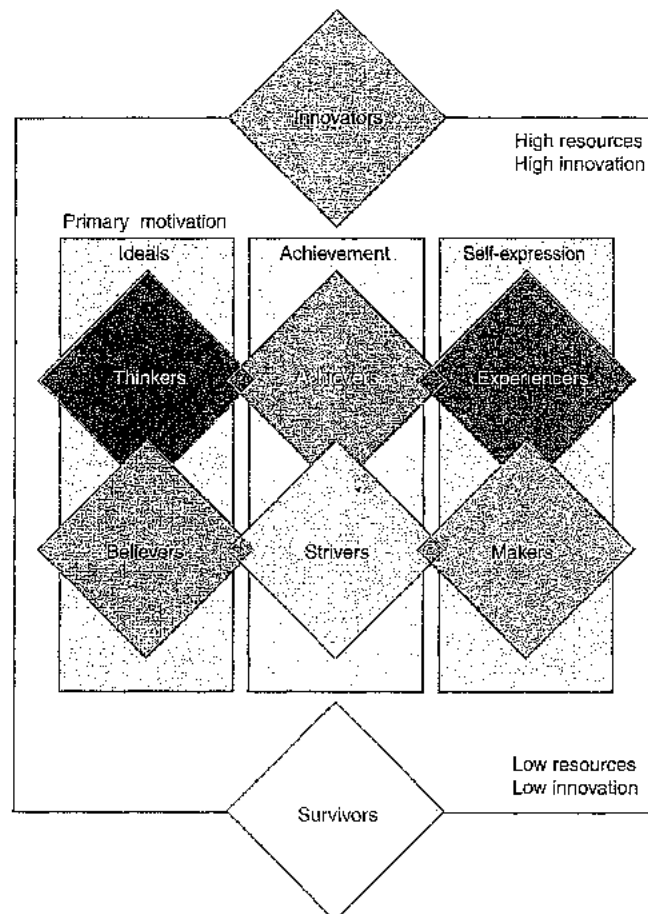
Lifestyle

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

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

Several research firms have developed lifestyle classifications. The one most widely used is SRI Consulting Business Intelligence's VALS™ typology (see Figure 5.4). VALS classifies people by psychological characteristics and four demographics that correlate with purchase behavior—

FIGURE 5.4
VALS™ lifestyle
classifications



how they spend their time and money. It divides consumers into eight groups based on two major dimensions: primary motivation and resources. *Primary motivations* include ideals, achievement, and self-expression. According to SRI-BI, consumers who are primarily motivated by ideals are guided by knowledge and principles. Consumers who are primarily motivated by *achievement* look for products and services that demonstrate success to their peers. Consumers who are primarily motivated by *self-expression* desire social or physical activity, variety, and risk.

Consumers within each orientation are further classified into those with *high resources* and those with *low resources*, depending on whether they have high or low levels of income, education, health, self-confidence, energy, and other factors. Consumers with either very high or very low levels of resources are classified without regard to their primary motivations (Innovators, Survivors). Innovators are people with so many resources that they exhibit all three primary motivations in varying degrees. In contrast, Survivors are people with so few resources that they do not show a strong primary motivation. They must focus on meeting needs rather than fulfilling desires.

Iron City beer, a well-known brand in Pittsburgh, used VALS to update its image and improve sales. Iron City was losing sales—its aging core users were drinking less beer, and younger men weren't buying the brand. VALS research showed that one VALS segment, male Experiencers, drink the most beer, followed by Strivers. Men in these segments perceived Iron City drinkers as blue-collar steelworkers stopping off at the local bar. However, they saw themselves as more modern, hardworking, and fun loving. They strongly rejected the outmoded, heavy-industry image of Pittsburgh. Based on this research, Iron City created ads linking its beer to the new self-image of target consumers. The ads mingled images of the old Pittsburgh with those of the new, dynamic city and scenes of young Experiencers and Strivers having fun and working hard. Within just one month of the start of the campaign, Iron City sales shot up by 26 percent.²⁵

Personality and Self-Concept

Each person's distinct personality influences his or her buying behavior. **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. Personality can be useful in analyzing consumer behavior for certain product or brand choices. For example, coffee marketers have discovered that heavy coffee drinkers tend to be high on sociability. Thus, to attract customers, Starbucks and other coffeehouses create environments in which people can relax and socialize over a cup of steaming coffee.

The idea is that brands also have personalities, and that consumers are likely to choose brands with personalities that match their own. A **brand personality** is the specific mix of human traits that may be attributed to a particular brand. One researcher identified five brand personality traits:²⁶

1. Sincerity (down-to-earth, honest, wholesome, and cheerful)
2. Excitement (daring, spirited, imaginative, and up-to-date)
3. Competence (reliable, intelligent, and successful)
4. Sophistication (upper class and charming)
5. Ruggedness (outdoorsy and tough)

The researcher found that a number of well-known brands tended to be strongly associated with one particular trait: Levi's with "ruggedness," MTV with "excitement," CNN with "competence," and Campbell with "sincerity." Hence, these brands will attract persons who are high on the same personality traits.

Many marketers use a concept related to personality—a person's *self-concept* (also called *self-image*). The 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 behavior, the marketer must first understand the relationship between consumer self-concept and possessions.

Apple applies this concept in a recent set of ads that characterize two people as computers—one guy plays the part of an Apple Mac and the other plays a PC. "Hello, I'm a Mac," says the guy on the right, who's younger and dressed in jeans. "And I'm a PC," says the one on the left, who's wearing dweeby glasses and a jacket and tie. The two men discuss the relative advantages of Macs versus PCs, with the Mac coming out on top. The ad presents the Mac brand personality as young, laid back, and hip. The PC is portrayed as buttoned down, corporate, and a bit dorky. The message? If you see yourself as young and with it, you need a Mac.²⁷

Personality

The unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment.

Brand personality

The specific mix of human traits that may be attributed to a particular brand.

Psychological Factors

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

Motivation

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

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

Freud's theory suggests that a person's buying decisions are affected by subconscious motives that even the buyer may not fully understand. Thus, an aging baby boomer who buys a sporty BMW 330Ci convertible might explain that he simply likes the feel of the wind in his thinning hair. At a deeper level, he may be trying to impress others with his success. At a still deeper level, he may be buying the car to feel young and independent again.

The term *motivation research* refers to qualitative research designed to probe consumers' hidden, subconscious motivations. Consumers often don't know or can't describe just why they act as they do. Thus, motivation researchers use a variety of probing techniques to uncover underlying emotions and attitudes toward brands and buying situations. These sometimes bizarre techniques range from sentence completion, word association, and inkblot or cartoon interpretation tests, to having consumers form daydreams and fantasies about brands or buying situations. One writer offers the following tongue-in-cheek summary of a motivation research session:²⁸

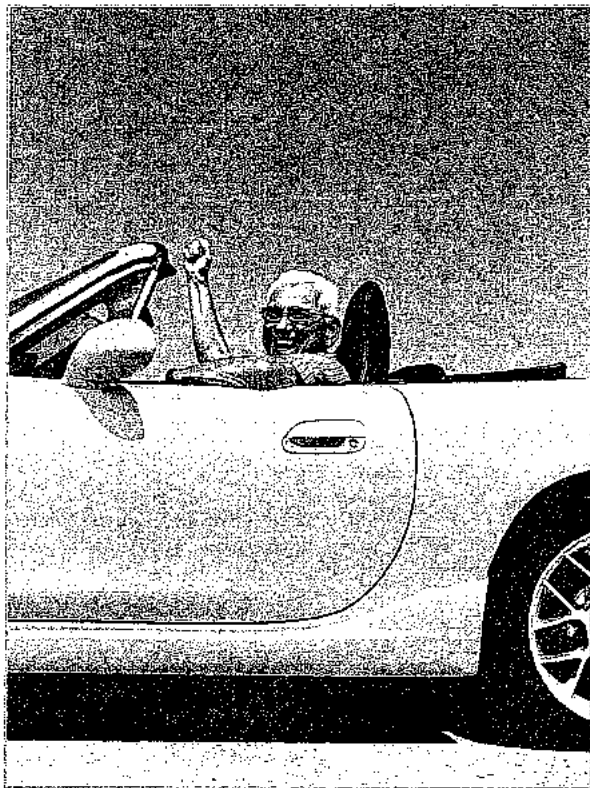
Good morning, ladies and gentlemen. We've called you here today for a little consumer research. Now, lie down on the couch, toss your inhibitions out the window, and let's try a little free association. First, think about brands as if they were your *friends*. Imagine you could talk to your TV dinner. What would he say? And what would you say to him? . . . Now, 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 wooly worm? For our final exercise, let's all sit up and pull out our magic markers. Draw a picture of a typical cake-mix user. Would she wear an apron or a negligee? A business suit or a can-can dress?

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

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

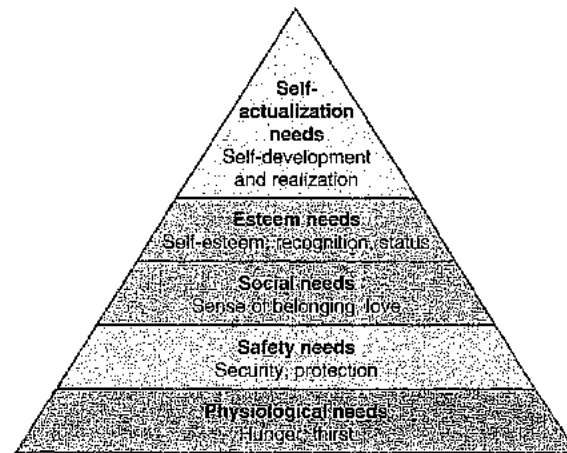
Motive (or drive)

A need that is sufficiently pressing to direct the person to seek satisfaction of the need.



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

FIGURE 5.5
Maslow's hierarchy of needs



Abraham Maslow sought to explain why people are driven by particular needs at particular times. 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, as shown in Figure 5.5, from the most pressing at the bottom to the least pressing at the top.²⁹ They include *physiological needs*, *safety needs*, *social needs*, *esteem needs*, and *self-actualization needs*.

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

Perception

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

Perception

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

People can form different perceptions of the same stimulus because of three perceptual processes: selective attention, selective distortion, and selective retention. People are exposed to a great amount of stimuli every day. For example, people are exposed to an estimated 3,000 to 5,000 ad messages every day.³⁰ It is impossible for a person to pay attention to all these stimuli. *Selective attention*—the tendency for people to screen out most of the information to which they are exposed—means that marketers must work especially hard to attract the consumer's attention.

Even noticed stimuli do not always come across in the intended way. Each person fits incoming information into an existing mind-set. *Selective distortion* describes the tendency of people to interpret information in a way that will support what they already believe. For example, if you distrust a company, you might perceive even honest ads from the company as questionable. 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.

People also will forget much of what they learn. They tend to retain information that supports their attitudes and beliefs. Because of *selective retention*, consumers are likely to remember good points made about a brand they favor and to forget good points made about competing brands. Because of selective exposure, distortion, and retention, marketers must work hard to get their messages through. This fact explains why marketers use so much drama and repetition in sending messages to their market.

Interestingly, although most marketers worry about whether their offers will be perceived at all, some consumers worry that they will be affected by marketing messages without even knowing it—through *subliminal advertising*. In 1957, a researcher announced that he had



■ Selective perception: It's impossible for people to pay attention to the thousands of ads they're exposed to every day, so they screen most of them out.

flashed the phrases "Eat popcorn" and "Drink Coca-Cola" on a screen in a New Jersey movie theater every five seconds for 1/300th of a second. He reported that although viewers did not consciously recognize these messages, they absorbed them subconsciously and bought 58 percent more popcorn and 18 percent more Coke. Suddenly advertisers and consumer-protection groups became intensely interested in subliminal perception. People voiced fears of being brainwashed, and California and Canada declared the practice illegal. Although the researcher later admitted to making up the data, the issue has not died. Some consumers still fear that they are being manipulated by subliminal messages.

Numerous studies by psychologists and consumer researchers have found little or no link between subliminal messages and consumer behavior. It appears that subliminal

advertising simply doesn't have the power attributed to it by its critics. Most advertisers scoff at the notion of an industry conspiracy to manipulate consumers through "invisible" messages. Says one industry insider: "[Some consumers believe we are] wizards who can manipulate them at will. Ha! Snort! Oh my sides! As we know, just between us, most of [us] have difficulty getting a 2 percent increase in sales with the help of \$50 million in media and extremely liminal images of sex, money, power, and other [motivators] of human emotion. The very idea of [us] as puppeteers, cruelly pulling the strings of consumer marionettes, is almost too much to bear."³¹

Learning

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

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

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

Beliefs and Attitudes

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

People have attitudes regarding religion, politics, clothes, music, food, and almost everything else. **Attitude** describes a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea. Attitudes put people into a frame of mind of liking or disliking things, of moving toward or away from them. Our digital camera buyer may hold attitudes such as "Buy the best," "The Japanese make the best electronics products in the

Learning

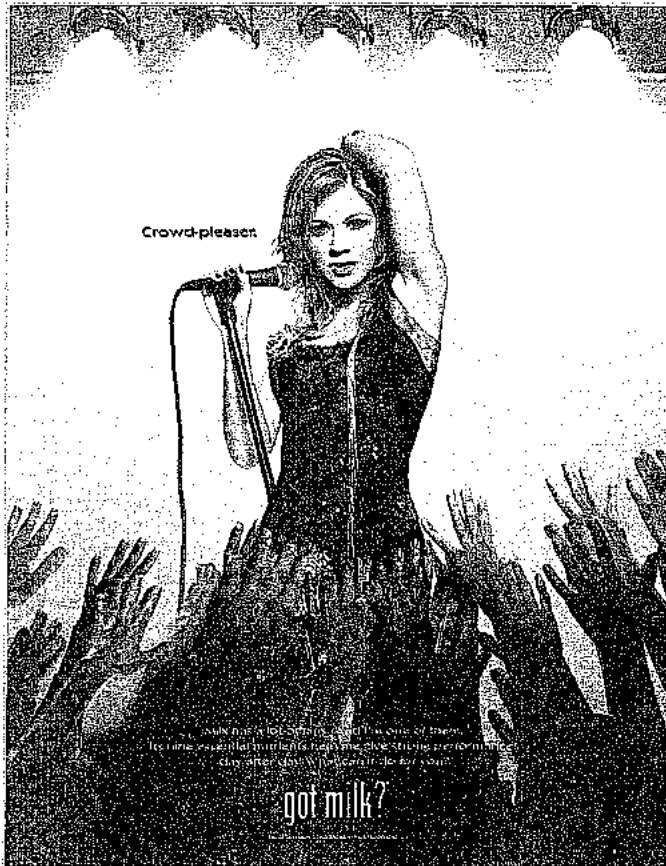
Changes in an individual's behavior arising from experience.

Belief

A descriptive thought that a person has about something.

Attitude

A person's relatively consistent evaluations, feelings, and tendencies toward an object or idea.



Attitudes are difficult to change, but the National Fluid Milk Processor's wildly popular milk moustache campaign succeeded in changing attitudes toward milk.

world," and "Creativity and self-expression are among the most important things in life." If so, the Nikon camera would fit well into the consumer's existing attitudes.

Attitudes are difficult to change. A person's attitudes fit into a pattern, 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 attempt to change attitudes. Of course, there are exceptions in which the cost of trying to change attitudes may pay off handsomely:

By 1994, milk consumption had been in decline for 20 years. The general perception was that milk was unhealthy, outdated, just for kids, or good only with cookies and cake. To counter these notions, the National Fluid Milk Processors Education Program (MilkPEP) began an ad campaign featuring milk-be-mustached celebrities and the tag line Got Milk? The campaign has not only been wildly popular, it has been successful as well—not only did it stop the decline, milk consumption actually increased. The campaign is still running. Although initially the target market was women in their 20s, the campaign has been expanded to other target markets and has gained cult status with teens, much to their parents' delight. Teens collect the print ads featuring celebrities ranging from music stars Kelly Clarkson and Nelly, to actors such as Jessica Alba and Lindsay Lohan, to sports idols such as Jeff Gordon, Tracy McGrady, and Venus and Serena

Williams. Building on this popularity with teens, the industry set up a Web site (www.whymilk.com) where young folks can make their own mustache, check out the latest Got Milk? ads, or get facts about "everything you ever need to know about milk." The industry also promotes milk to them through grassroots marketing efforts. It recently launched an online promotion searching for America's 50 healthiest student bodies. People who enter their school can win prizes from various sponsors and a grant to support fitness and nutrition programs in the winner's school.³²

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

Types of Buying Decision Behavior

Buying behavior differs greatly for a tube of toothpaste, an iPod, financial services, and a new car. More complex decisions usually involve more buying participants and more buyer deliberation. Figure 5.6 shows types of consumer buying behavior based on the degree of buyer involvement and the degree of differences among brands.

Complex buying behavior

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

Complex Buying Behavior

Consumers undertake **complex buying behavior** when they are highly involved in a purchase and perceive significant differences among brands. Consumers may be highly involved when the product is expensive, risky, purchased infrequently, and highly self-expressive. Typically, the

FIGURE 5.6**Four types of buying behavior**

Source: Adapted from Henry Assael, *Consumer Behavior and Marketing Action* (Boston: Kent Publishing Company, 1987), p. 87. Copyright © 1987 by Wadsworth, Inc. Printed by permission of Kent Publishing Company, a division of Wadsworth, Inc.

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior	Variety-seeking buying behavior
Few differences between brands	Dissonance-reducing buying behavior	Habitual buying behavior

consumer has much to learn about the product category. For example, a PC buyer may not know what attributes to consider. Many product features carry no real meaning: a "3.4GHz Pentium processor," "WUXGA active matrix screen," or "4GB dual-channel DDR2 DRAM memory."

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

Dissonance-Reducing Buying Behavior

Dissonance-reducing buying behavior

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

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

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

Habitual Buying Behavior

Habitual buying behavior

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

Habitual buying behavior 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.

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

Because buyers are not highly committed to any brands, marketers of low-involvement products with few brand differences often use price and sales promotions to stimulate product trial. 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.

Variety-Seeking Buying Behavior

Variety-seeking buying behavior

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

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

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

The Buyer Decision Process

Now that we have looked at the influences that affect buyers, we are ready to look at how consumers make buying decisions. Figure 5.7 shows that the buyer decision process consists of five stages: *need recognition*, *information search*, *evaluation of alternatives*, *purchase decision*, and *postpurchase behavior*. Clearly, the buying process starts long before the actual purchase and continues long after. Marketers need to focus on the entire buying process rather than on just the purchase decision.³³

The figure suggests that consumers pass through all five stages with every purchase. But in more routine purchases, consumers often skip or reverse some of these stages. A woman buying her regular brand of toothpaste would recognize the need and go right to the purchase decision, skipping information search and evaluation. However, we use the model in Figure 5.7 because it shows all the considerations that arise when a consumer faces a new and complex purchase situation.

Need Recognition

Need recognition

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

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

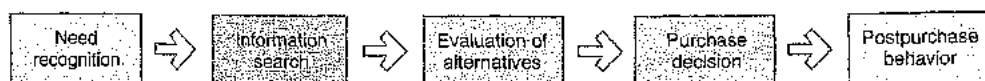
Information Search

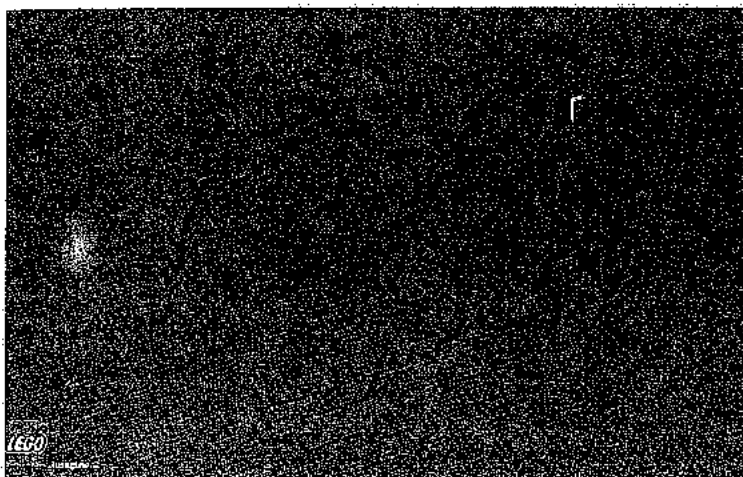
Information search

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.

An interested consumer may or may not search for more information. If the consumer's drive is strong and a satisfying product is near at hand, the consumer is likely to buy it then. If not, the consumer may store the need in memory or undertake an **information search** related to the need. For example, once you've decided you need a new car, at the least, you will probably pay more attention to car ads, cars owned by friends, and car conversations. Or you may actively look for reading material, phone friends, and gather information in other ways. The amount of searching you do will depend on the strength of your drive, the amount of information you start with, the ease of obtaining more information, the

FIGURE 5.7 Buyer decision process





76 Need recognition can be triggered by advertising. This inventive ad from The LEGO Company invites consumers to think about where the first little block might lead—"imagine. . ."

value you place on additional information, and the satisfaction you get from searching.

Consumers can obtain information from any of several sources. These include *personal sources* (family, friends, neighbors, acquaintances), *commercial sources* (advertising, salespeople, Web sites, dealers, packaging, displays), *public sources* (mass media, consumer-rating organizations, Internet searches), and *experiential sources* (handling, examining, using the product). The relative influence of these information sources varies with the product and the buyer. Generally, the consumer receives the most information about a product from commercial sources—those controlled by the marketer. The most effective sources, however, tend to be personal. Commercial sources normally *inform* the buyer, but personal sources *legitimize* or *evaluate* products for the buyer. As one

marketer states, "It's rare that an advertising campaign can be as effective as a neighbor leaning over the fence and saying, 'This is a wonderful product.'"³⁴

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

Evaluation of Alternatives

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.

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

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

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.

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,

Alternative evaluation

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

Purchase decision

The buyer's decision about which brand to purchase.

but two factors can come between the purchase *intention* and the purchase *decision*. The first factor is the *attitudes of others*. If someone important to you thinks that you should buy the lowest-priced car, then the chances of your buying a more expensive car are reduced.

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

Postpurchase Behavior

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 behavior** of interest to the marketer. What determines whether the buyer is satisfied or dissatisfied with a purchase? The answer lies in the relationship between the *consumer's expectations* and the product's *perceived performance*. If the product falls short of expectations, the consumer is disappointed; if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted.

The larger the gap between expectations and performance, the greater the consumer's dissatisfaction. This suggests that sellers should promise only what their brands can deliver so that buyers are satisfied. Some sellers might even understate product performance levels to boost later consumer satisfaction. For example, Boeing's salespeople tend to be conservative when they estimate the potential benefits of their aircraft. They almost always underestimate fuel efficiency—they promise a 5 percent savings that turns out to be 8 percent. Customers are delighted with better-than-expected performance; they buy again and tell other potential customers that Boeing lives up to its promises.

Almost all major purchases result in **cognitive dissonance**, or discomfort caused by postpurchase conflict. After the purchase, consumers are satisfied with the benefits of the chosen brand and are glad to avoid the drawbacks of the brands not bought. However, every purchase involves compromise. 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.³⁵

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

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

But what should companies do about dissatisfied customers? At a minimum, most companies offer toll-free numbers and Web sites to handle complaints and inquiries. For example, over the past 25 years, the Gerber help line (1-800-4-GERBER) has received millions of calls. Help line staffers, most of them mothers or grandmothers themselves, handle customer concerns and provide baby care advice 24 hours a day, 365 days a year to more than 2,400 callers a day. Customers can also log onto the Gerber Web site (www.gerber.com/contactus) and enter a phone number, and a staffer will call them.

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

Postpurchase behavior

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

Cognitive dissonance

Buyer discomfort caused by postpurchase conflict.

Real Marketing

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

Jordan Case has big plans for the ongoing expansion of his business. He's already put in wireless Internet access. He's adding a café. And he's installing a putting green for customers who want to hone their golf skills while waiting for service. Case isn't the manager of a swank hotel or restaurant. He's the president of Park Place Lexus, an auto dealership with two locations in the Dallas area, and he takes pride that his dealership is, well, the anti-dealership. "Buying a car doesn't rank up there with the top five things you like to do," Case says. "So we try to make the experience different." In addition to the café, putting green, and Internet access, customer perks include free car washes and portable DVD players with movies loaned to waiting service clients.

These ideas sprung from constant customer feedback, including a focus group of more than 20 Lexus and non-Lexus customers who vetoed some ideas (while-you-wait manicures got a thumbs down) and helped gauge expectations in other areas (wait times for receiving newly bought cars should be only two minutes, they said). "They don't cut corners here," says a Park Place salesperson. "The dealer spends an exorbitant amount of



Delighting customers: Lexus and its dealers—such as Park Place Lexus near Dallas—go to almost any extreme to take care of customers. "They don't cut corners here," says a Park Place salesperson. "It's like walking into a Ritz-Carlton."

money on renovations, and there are fresh flowers everywhere. It's like walking into a Ritz-Carlton. Last year, Park Place Lexus's passion for customer service earned it a Malcolm Baldrige National Quality Award, a business-excellence honor bestowed by the U.S. government, making it the first automotive dealership ever in the award's 18-year history to win the Baldrige."

Lexus knows that good marketing doesn't stop with making the sale. Keeping customers happy *after* the sale is the key to building lasting relationships. Dealers across the country have a common goal: to delight customers and keep them coming back. Lexus believes that if you "delight the customer, and continue to delight the

The Buyer Decision Process for New Products

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

We now look at how buyers approach the purchase of new products. A **new product** is a good, service, or idea that is perceived by some potential customers as new. It may have been around for a while, but our interest is in how consumers learn about products for the first time and make decisions on whether to adopt them. We define the **adoption process** as "the mental process through which an individual passes from first learning about an innovation to final adoption," and **adoption** as the decision by an individual to become a regular user of the product.³⁶

New product

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

Adoption process

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

Stages in the Adoption Process

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

customer, you will have a customer for life." And Lexus understands just how valuable a customer can be—it estimates that the average lifetime value of a Lexus customer is \$600,000.

Despite the amenities, few Lexus customers spend much time hanging around the dealership. Lexus knows that the best dealership visit is the one that you don't have to make at all. So it builds customer-pleasing cars to start with—high-quality cars that need little servicing. In its "Lexus Covenant," the company vows that it will make "the finest cars ever built." In survey after industry survey, Lexus rates at or near the top in quality. Last year's J.D. Powers Initial Quality Study rated Lexus highest in 6 of 19 model segments. Other than the Toyota brand, which topped four categories, no other brand led in more than one segment. Lexus has had the study's top-rated vehicle in five of the last six years.

Still, when a car does need to be serviced, Lexus goes out of its way to make it easy and painless. Most dealers will even pick up the car and then return it when the maintenance is finished. And the car comes back spotless, thanks to a complimentary cleaning to remove bugs and road grime from the exterior and smudges from the leather interior. You might even be surprised to find that they've touched up a door ding to help restore the car to its fresh-from-the-factory luster. "My wife will never buy another car except a Lexus," says one satisfied Lexus owner. "They come to our house, pick up the car, do an oil change, [spiff it up,] and bring it back. She's sold for life."

And when a customer does bring a car in, Lexus repairs it right the first time, on time. Dealers know that their well-heeled customers have money, "but what they don't have is time." So dealers like Mike Sullivan of California are testing a system that uses three technicians instead of one for 35,000-mile service checkups. The new system will cut a customer's wait in half. "I'm not in the car business," says one dealer. "I'm in the service business."

According to its Web site, from the very start, Lexus set out to "revolutionize the automotive experience with a passionate commitment to the finest products, supported by dealers who create the most satisfying ownership experience the world has ever seen. We vow to value the customer as an important individual. To do things right the first

time. And to always exceed expectations." Jordan Case of Park Place Lexus fully embraces this philosophy: "You've got to do it right, on time, and make people feel like they are the only one in the room."

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

By all accounts, Lexus has lived up to its ambitious customer-satisfaction promise. It has created what appear to be the world's most satisfied car owners. Lexus regularly tops not just the J.D. Power quality ratings but also its customer-satisfaction ratings, and not just in the United States, but worldwide. In 2004, in the United Kingdom, Lexus achieved the highest J.D. Power customer-satisfaction score ever in the rating's 12-year history. Customer satisfaction translates into sales and customer loyalty. Last year, for the sixth straight year, Lexus was this nation's number one selling luxury car. And once a Lexus customer, always a Lexus customer—Lexus retains 84 percent of customers who've gone to the dealership for service.

Sources: The Park Place Lexus example is adapted from Julia Chang, "At Your Service," *Sales & Marketing Management*, June 2006, pp. 42–43. Other information and quotes from Steve Finlay, "At Least She Put Fuel in It," *Ward's Dealer Business*, August 1, 2003; "Lexus Roars for Loyal Customers," *B&T Magazine*, November 27, 2003; Jeremy W. Peters, "Lexus Tops Owners Survey for Fifth Year," *New York Times*, May 19, 2005, p. C10; "Porsche Tops Quality Survey: Toyota, Lexus Top Most Vehicle Segments in Revised J.D. Power Initial Quality Study," June 8, 2006, accessed at www.cnn.com/2006/AUTOS/06/07/jdpower_iqs/index.html; "Lexus Covenant," accessed at www.lexus.com/about/corporate/covenant.html, December 2006.

- ▣ **Awareness:** The consumer becomes aware of the new product, but lacks information about it.
- ▣ **Interest:** The consumer seeks information about the new product.
- ▣ **Evaluation:** The consumer considers whether trying the new product makes sense.
- ▣ **Trial:** The consumer tries the new product on a small scale to improve his or her estimate of its value.
- ▣ **Adoption:** The consumer decides to make full and regular use of the new product.

This model suggests that the new-product marketer should think about how to help consumers move through these stages. A luxury car producer might find that many potential customers know about and are interested in its new model but aren't buying because of uncertainty about the model's benefits and the high price. The producer could launch a "take one home for the weekend" promotion to high-value prospects to move them into the trial process and lead them to purchase.

Individual Differences in Innovativeness

People differ greatly in their readiness to try new products. In each product area, there are "consumption pioneers" and early adopters. Other individuals adopt new products much

later. People can be classified into the adopter categories shown in Figure 5.8. After a slow start, an increasing number of people adopt the new product. The number of adopters reaches a peak and then drops off as fewer nonadopters remain. Innovators are defined as the first 2.5 percent 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 percent (between one and two standard deviations); and so forth.

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

This adopter classification suggests that an innovating firm should research the characteristics of innovators and early adopters and should direct marketing efforts toward them. In general, innovators tend to be relatively younger, better educated, and higher in income than later adopters and nonadopters. They are more receptive to unfamiliar things, rely more on their own values and judgment, 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.

Influence of Product Characteristics on Rate of Adoption

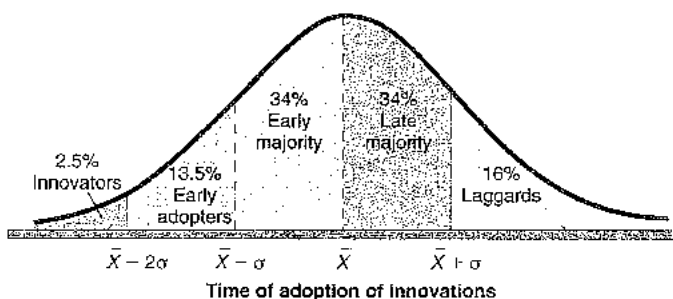
The characteristics of the new product affect its rate of adoption. Some products catch on almost overnight (iPod), whereas others take a long time to gain acceptance (HDTV). Five characteristics are especially important in influencing an innovation's rate of adoption. For example, consider the characteristics of HDTV in relation to the rate of adoption:

- **Relative advantage:** the degree to which the innovation appears superior to existing products. The greater the perceived relative advantage of using HDTV—say, in picture quality and ease of viewing—the sooner HDTVs will be adopted.
- **Compatibility:** the degree to which the innovation fits the values and experiences of potential consumers. HDTV, for example, is highly compatible with the lifestyles found in upper middle-class homes. However, it is not yet completely compatible with the programming and broadcasting systems currently available to consumers.
- **Complexity:** the degree to which the innovation is difficult to understand or use. HDTVs are not very complex and, therefore, once more programming is available and prices come down, will take less time to penetrate U.S. homes than more complex innovations.
- **Divisibility:** the degree to which the innovation may be tried on a limited basis. HDTVs are still relatively expensive. This will slow the rate of adoption.
- **Communicability:** the degree to which the results of using the innovation can be observed or described to others. Because HDTV lends itself to demonstration and description, its use will spread faster among consumers.

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

FIGURE 5.8
Adopter categorization on the basis of relative time of adoption of innovations

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Consumer Behavior Across International Borders

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

Sometimes the differences are obvious. For example, in the United States, where most people eat cereal regularly for breakfast, Kellogg focuses its marketing on persuading consumers to select a Kellogg 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 many consumers skip the meal altogether, Kellogg's advertising attempts to convince buyers to switch to a lighter, more nutritious breakfast diet.

Often, differences across international markets are more subtle. 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. Other differences result from varying customs. In Japan, for example, where humility and deference are considered great virtues, pushy, hard-hitting sales approaches are considered offensive. Failing to understand such differences in customs and behaviors from one country to another can spell disaster for a marketer's international products and programs.

Marketers must decide on the degree to which they will adapt their products and marketing programs to meet the unique cultures and needs of consumers in various markets. On the one hand, they want to standardize 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 programs that better satisfy the needs of local consumers. The question of whether to adapt or standardize the marketing mix across international markets has created a lively debate in recent years. We will revisit this question in Chapter 19.

Reviewing the Concepts

The American consumer market consists of almost 300 million people who consume more than \$12 trillion worth of goods and services each year, making it one of the most attractive consumer markets in the world. The world consumer market consists of more than 6.5 billion people. Consumers around the world vary greatly in age, income, education level, and tastes. Understanding how these differences affect consumer buying behavior is one of the biggest challenges marketers face.

1. Define the consumer market and construct a simple model of consumer buyer behavior.

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

2. Name the four major factors that influence consumer buyer behavior.

Consumer buyer behavior is influenced by four key sets of buyer characteristics: cultural, social, personal, and psychological. Although many of these factors cannot be influenced by the marketer, they can be useful in identifying interested buyers and in shaping products and appeals to serve consumer needs better. *Culture* is the most basic determinant of a person's wants and behavior. It includes the basic values, perceptions, preferences, and behaviors that a person learns

from family and other important institutions. *Subcultures* are "cultures within cultures" that have distinct values and lifestyles and can be based on anything from age to ethnicity. People with different cultural and subcultural characteristics have different product and brand preferences. As a result, marketers may want to focus their marketing programs on the special needs of certain groups.

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

3. List and define the major types of buying decision behavior and stages in the buyer decision process.

Buying behavior may vary greatly across different types of products and buying decisions. Consumers undertake *complex buying behavior* when they are highly involved in a purchase and perceive significant differences among brands. *Dissonance-reducing behavior* occurs when consumers are highly involved but see little difference among brands. *Habitual buying behavior* occurs under conditions of

low involvement and little significant brand difference. In situations characterized by low involvement but significant perceived brand differences, consumers engage in *variety-seeking buying behavior*.

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

4. Describe the adoption and diffusion process for new products.

The product adoption process is comprised of five stages: awareness, interest, evaluation, trial, and adoption. Initially, the consumer

must become aware of the new product. Awareness leads to *interest*, and the consumer seeks information about the new product. Once information has been gathered, the consumer enters the *evaluation* stage and considers buying the new product. Next, in the *trial* stage, the consumer tries the product on a small scale to improve his or her estimate of its value. If the consumer is satisfied with the product, he or she enters the *adoption* stage, deciding to use the new product fully and regularly.

With regard to diffusion of new products, consumers respond at different rates, depending on the consumer's characteristics and the product's characteristics. Consumers may be *innovators*, *early adopters*, *early majority*, *late majority*, or *laggards*. *Innovators* are willing to try risky new ideas; *early adopters*—often community opinion leaders—accept new ideas early but carefully; the *early majority*—rarely leaders—decide deliberately to try new ideas, doing so before the average person does; the *late majority* try an innovation only after a majority of people have adopted it; whereas *laggards* adopt an innovation only after it has become a tradition itself. Manufacturers try to bring their new products to the attention of potential early adopters, especially those who are opinion leaders.

Reviewing the Key Terms

Adoption process 150	Consumer market 130	Learning 144	Personality 141
Alternative evaluation 148	Culture 131	Lifestyle 140	Postpurchase behavior 149
Attitude 144	Dissonance-reducing buying behavior 146	Motive (or drive) 142	Purchase decision 148
Belief 144	Group 134	Need recognition 147	Social class 134
Brand personality 141	Habitual buying behavior 146	New product 150	Subculture 131
Cognitive dissonance 149	Information search 147	Opinion leader 135	Variety-seeking buying behavior 147
Complex buying behavior 145		Perception 143	
Consumer buyer behavior 130			

Discussing the Concepts

1. According to the model of consumer behavior, the buyer's black box consists of buyer characteristics and decision processes. Explain why the text calls this a black box.
2. Explain the cultural, social, and personal characteristics that affect people when they choose a restaurant at which to celebrate their birthdays.
3. A bank used SRI's Consulting Business Intelligence Values and Lifestyles (VALS) research to profile customer segments that did not use any automated or electronic services. Based on your knowledge of this lifestyle classification system, speculate what might be the primary and secondary VALS type for this customer segment.
4. The vice president of marketing for a regional doughnut retailer says, "We believe our customers exhibit high-involvement buying behaviors." Do you agree? Why or why not?
5. Form small groups and discuss how a consumer goes through the buyer decision process when choosing a college.
6. According to Figure 5.8, which adopter category is just now buying 'a' digital camera? Which group is now adding TiVo? Which category describes you? Why?

Applying the Concepts

1. Soft drink marketers spend about \$400 million on television advertising each year. From a consumer behavior perspective, why is this important?
2. You are the vice president of marketing for a small software company that has developed new and novel spam-blocking software. You are charged with selecting the target market for the product launch. How would you use Roger's *Diffusion of Innovations* framework to help you with this decision? What are some of the likely characteristics of this customer group?
3. The chapter defines "alternative evaluation" as "how the consumer processes information to arrive at brand choices." Suppose that, as discussed in the chapter, you have narrowed your choice of new cars to brand A, B, or C. You have finalized the four most important new-car attributes and their weights and have created the evaluation [matrix]. Which new-car brand will you likely select?

New Car Alternatives				
Attributes	Importance Weight	Brand A	Brand B	Brand C
Styling	0.5	3	7	4
Operating Economy	0.2	6	5	7
Warranty	0.1	5	5	6
Price	0.2	8	7	8

Focus on Technology

Many Internet sites use collaborative filtering technology to assist consumers in decision making. The process begins by *collaborating* the purchasing or product rating behavior of a vast group of consumers. Then, the technology filters this information to offer recommendations to a single user based on individual search, rating, or purchasing behavior. Originated by Amazon.com for book recommendations, the technology is now used by many marketers, including iTunes and Netflix.

1. At which step of the consumer behavior decision process does collaborative filtering most help the consumer?
2. What are the drawbacks of collaborative filtering?
3. How could your college use this technology to help its consumers?

Focus on Ethics

Marketing to "tweens," 9–12-year-old consumers, has increased dramatically in recent years. This age group, which once purchased toys, is now more involved in electronics, clothing, and the media. In general, they aspire to be more like their older teen counterparts. Most companies market responsibly to this group, but there is concern that some companies prey on the immature nature of tweens. Abercrombie and Fitch, as well as Victoria's Secret have been criticized as having products, a retail atmosphere, and advertisements that are targeted to tweens as well as teens and young adults. To help parents and tweens understand marketing, PBS has set up an area of its Web site called "Don't Buy It"

(<http://pbskids.org/dontbuyit>). The site covers topics such as food advertising tricks, secrets of a magazine cover model, and how to see through the sales pitch.

1. Why is this age group considered so vulnerable as consumers?
2. Visit pbskids.org/dontbuyit and comment on the effectiveness of this site.
3. Can you think of any other products or services that are targeted to this younger group with inappropriate or dangerous products or messages?

Video Case

Wild Planet

Chances are that when you hear the term *socially responsible business*, a handful of companies leap to mind, companies such as Ben & Jerry's and The Body Shop. Although these companies and their founders led the revolution for socially responsible business, a new generation of activist entrepreneurs has now taken up the reins. Today, socially responsible businesses and their founders not only have a passion to do good, they also have the know-how to connect with consumers.

For example, Wild Planet markets high-quality, nonsexist, nonviolent toys that encourage kids to be imaginative and creative and to explore the world around them. But Wild Planet sells more than just toys. It sells positive play experiences. To better understand those experiences, the company conducts a tremendous amount of consumer research to delve into consumer buyer behavior. Wild Planet even created a Toy Opinion

Panel to evaluate current products and develop new product ideas. The panel helps Wild Planet to understand why parents and kids buy the toys they buy.

After viewing the video featuring Wild Planet, answer the following questions about consumer buyer behavior.

1. Which of the four sets of factors affecting consumer behavior do you believe most strongly affect consumers' choices to buy toys from Wild Planet?
2. What demographic segment of consumers is Wild Planet targeting?
3. Visit the Wild Planet Web site at www.wildplanet.com to learn more about the company. How does the Web site help consumers through the buyer decision process?