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Consumer Behavior

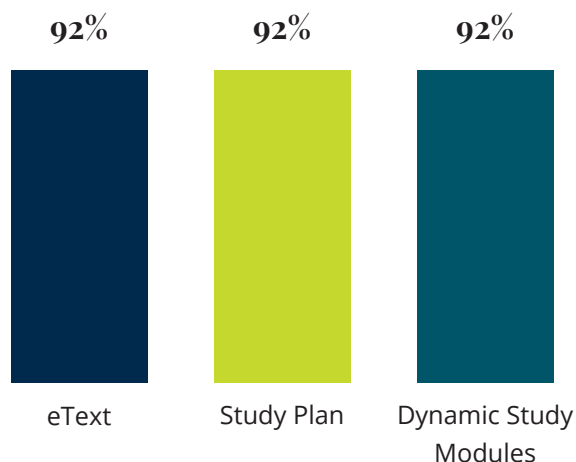
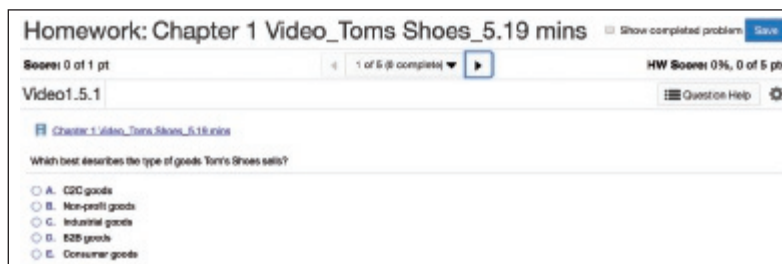
Buying, Having, and Being

Thirteenth Edition

Michael R. Solomon



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Buying, Having, and Being

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Global Edition

Michael R. Solomon

Saint Joseph's University



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PREFACE

For many years, this course was called Buyer Behavior rather than Consumer Behavior. What’s in a name? In this case, a lot—the word “buyer” reflected a singular focus on buyer/seller transactions. This book played a significant role in broadening that focus to the larger sphere of consumption. That includes what happens before, during, and after the point of purchase. Hence the suffix that defines the title: *Buying, Having, and Being*.

The book also was the first to provide a much more interdisciplinary and comprehensive look at the discipline. It continues to incorporate a variety of social science perspectives. Students appreciate the broader context and the emphasis on cultural dynamics that influence (often in unseen ways) the consumption experiences they have every day. It reflects my strong endorsement of the social psychologist Kurt Lewin’s maxim: “There is nothing as practical as a good theory.” If you don’t believe it, that saying is even in my email signature (email me at msolom01@sju.edu and I’ll prove it to you).

The book marries a strong theoretical and empirical foundation with the practical applications of these insights to the everyday practice of marketing. Thoughtful discussion and applications questions at the end of each chapter also encourage students to integrate what they have learned with what is going on around them in the real world.

But here’s the important question: “How is this book different from other Consumer Behavior texts?” Let me count the ways . . .

What’s New and Notable in This Edition

1. It includes a mix of academic and industry research to show students that “there’s nothing as practical as a good theory.”

Academics understand the value of a rigorous theoretical framework and that many of the fleeting “fads” we observe in consumer behavior actually reflect underlying and stable internal and external phenomena. The book cites hundreds of academic articles. In addition, MyLab Marketing offers brief essays on consumer behavior research by professors who relate the work they do to chapter topics. There are 38 of these “CB As I See It” contributions, including 11 that are new to this edition.

As valuable as I believe academic research to be (and I’ve published my share of it), I believe it’s vital to complement this work with industry data. Thus you’ll find a large number of studies that companies and survey firms have conducted to support the academic data. This edition also includes updated end-of-section assignments with data provided by GfK, one of the world’s largest marketing research firms. These allow students to “get their hands dirty” by actually working with real information that they can manipulate and use to do a deep dive into real world problems.

Section
1

Analyzing the Athletic Shoe Market

Background

You are the marketing analyst for an online athletic shoe store. To date, your company has done little formal marketing research about athletic shoe buyers in the United States. Using the 2017 Spring GfK MRI data, you recently ran a series of reports about the shoe-buying habits of several U.S. consumer segments. At this time, you have decided to focus on the five best-selling shoe brands on your website: Adidas, Asics, Nike, New Balance, and Reebok. After looking through the GfK MRI data report options, you decided that the most fitting question for your purposes was “Did you buy (SHOE BRAND) in the last 12 months?”

The report is designed to compare the shoe-buying habits of consumers across several different consumer characteristics: gender, age, and internet use. In addition, you also created three subsegment schemes that combined two different segmentation variables: Gender and Age (men 18-34 and women 18-34) and Internet Use and Age (heavy internet users 18-34 years old).

Your Goal

First, review the data from the 2017 GfK MRI. You will use this information to make some inferences about the brand preferences of the different segments. You will combine the information in the GfK MRI with some financial assumptions provided

by your company to make some recommendations for future marketing tactics.

The Data


You can interpret the data in the following manner:

- Market Segment Size (000s): The total number of U.S. adults that meet the criteria for the segment (regardless of whether they did or did not buy a particular shoe brand)
- Market Segment Size (%): The same as Market Segment Size (000s), but presented as a percentage of all U.S. Adults.
- Estimated Count (000s): The estimated number of U.S. adults within the segment who bought that particular pair of shoes at least once in the last 12 months.
- Percentage of Total: Among all U.S. adults who bought a particular brand of shoes in the last 12 months, the percentage of them who belong to that particular segment.
- Percentage within market segment who bought in last year: The percentage of people within a particular segment who bought the shoe brand within the last 12 months.
- Index: The likelihood of a member of the segment to have bought the particular shoe brand in the last 12 months, indexed to the likelihood of an average U.S. adult (the U.S. average equals an index value of 100). Thus, an index value of 120 can be interpreted as members of that segment being 20 percent more likely than the national average to have bought a particular brand of shoes in the last 12 months.

	Total	Men	Women	Adults 18-34	Men 18-34	Women 18-34	Internet Heavy Users	Adults 18-34 Heavy Internet
Market Segment Size (000s)	245,907	118,605	127,302	74,034	37,200	37,014	48,147	23,632
Market Segment Size (%)	100	48.2	51.8	30.1	15.1	15.1	19.6	9.6
ADIDAS								
Estimated Count (000s)	18,845	10,350	8,495	6,493	4,566	3,226	4,910	2,998
% of Total	100	54.92	45.08	34.41	24.23	20.83	26.06	15.91
% within Mkt. Seg. who bought last year	7.86	8.73	6.87	11.47	12.33	10.81	9.99	12.88
Index	100	114	87	150	161	138	139	150
ASICS								
Estimated Count (000s)	11,135	4,712	6,424	2,909	1,503	1,817	2,070	804
% of Total	100	42.31	57.69	26.13	9.81	16.31	18.59	7.22
% within Mkt. Seg. who bought last year	4.53	3.97	3.93	3.93	2.95	4.91	4.21	3.40
Index	100	88	111	87	87	108	95	75

(Continued)

Hey, I get the need to marry theory and data. As a regular contributor to *Forbes.com*, I'm challenged each and every week to identify important developments in today's fast-moving business world and explain to thousands of readers why these relate to what we know about consumer behavior. This book references brands that students know and love (e.g., L'oreal Paris, KitKat, Lush, KonMari, etc.), which helps them to be engaged in reading about consumer behavior.



Appendix

Research Methods

As we saw in Chapter 1 (see especially Table 1.1), there are many approaches to studying consumer behavior. They range from one-on-one intensive interviews to sophisticated analyses of “Big Data” that may involve (literally) millions of observations. If you are a marketing major, the odds are quite good that you will take a separate course on marketing research. So for now, we'll only briefly review some of the many methodologies available to researchers.

Remember that information we collect for our own use is called **primary data**, while information that others collect (and we use or purchase) is called **secondary data**. For example, if your professor assigns you to interview friends and family members on their thoughts about snack food brands (or snacking in general), you are collecting primary data. If on the other hand he or she? assigns you to analyze the information the GiK marketing research firm kindly provided at several places in this text, you are using secondary data that was collected by someone else. In this section we're going to focus on different types of primary data. Appendix III provides more information about some

Department of On Deck, a small company that makes skateboard decks and a limited amount of skate gear. Actually, Brittany is the Marketing Department! Her college friend Cody started On Deck in his basement when a sophomore, and now he's sold enough merch to actually move into a converted warehouse near Laguna Beach. That's because his designs caught the attention of an “angel investor” who pumped enough money into the business to give it a good kick start. A staff of five guys (all fraternity brothers of Cody's) make the decks, and Cody designs the hats, hoodies, and shirts that then get made in China. Brittany's task is to understand the skateboard market and help Cody to grow the business with a limited research budget. She needs to get a handle on how potential customers think about the emerging On Deck brand, and understand how “wood pushers” choose one board over others.

Qualitative Methods

Brittany will probably want to start with some quick-and-dirty projects that will start to give her some insights into

And last but not least, you'll find a new **Appendix on Research Methods to Study Consumer Behavior**. This section summarizes an array of methodologies to help students understand that there is more than one way to approach a challenging problem. The Appendix shows how a marketer with a specific problem might employ each technique to better understand his or her customers.

2. It expands its prior focus on “participatory marketing.” In my opinion the single biggest transformation in consumer behavior today is the extent to which everyday people actually participate to create and promote the products and services they use as we all become absorbed into the “Internet of Things.” This added coverage starts in Chapter 1, where I have added a new section on this topic. The book emphasizes the positive aspects (e.g., co-creation) and the

not-so-positive aspects (e.g., chipping, biohacking) of this revolution. As always, I apply a somewhat critical eye to new developments and take care to highlight the huge ethical quandaries some of these “advances” pose to our civilization in addition to the exciting opportunities they create for marketers who are savvy enough to jump on them. Quite frankly, I just haven't seen competing titles that begin to capture many of the amazing disruptions we're witnessing in the real world.

3. It's up-to-date and relevant to students' lives. *I actually teach this course every semester*, so I know firsthand that we are all challenged to show students why these important concepts are so relevant to them NOW and tomorrow. To them, an example from, say, 2013, should pop up in a course on Ancient History.

We need to wake up these students! I strive to write the book in a conversational tone and to minimize jargon. And, you'll find some humor thrown in that I don't believe other books offer (of course, everyone's definition of humor is subjective, but at least I get a kick out of some of it). There is also an Appendix on **Careers in Consumer Behavior** that shows students how they can actually land a job in this fascinating discipline.

You deserve teaching materials that meet your own high standards for your course. That's why we partner with highly respected authors to develop interactive content and course-specific resources that you can trust—and that keep your students engaged. With the 13th edition of *Consumer Behavior*, we've added brand new assignments to the MyLab.

New **Dynamic Study Modules** use the latest developments in cognitive science and help students study chapter topics by adapting to their performance in real time.

New **CB As I See It sections** in MyLab Marketing feature prominent consumer behavior researchers who share their current work with students. These short essays are accompanied by open-ended discussion questions to get students thinking about how the research relates to what they've just learned in the chapter.

Wait, I haven't convinced you that the book's contents are current? Here's a partial list of new key terms I have included in the 13th edition:

Internet of Things	Cellphone Zombie	Buyer Personas	Authenticity
Robot Companions	Emoji	Decluttering	Agile Marketing
Machine Learning	The Google Effect	Minimalism	Scrum
M2M (machine to machine communication)	Subscription Boxes	Paid Influencer Programs	Blockchain
Autonomous vehicles	Biohackers	Fake News	Content marketing
AI (Artificial intelligence)	Thinspiration	Astroturfing	Sneakerheads
Mindfulness	Gender Binarism	Ethnocentrism	
	Brand Resonance	Social scoring	

Instructor Teaching Resource

This edition's program comes with the following teaching resources.

Supplements available to instructors at www.globaleditions.com	Features of the Supplement
Instructor's Manual authored by Kate Pounders from The University of Texas at Austin	<ul style="list-style-type: none"> • Chapter-by-chapter summaries • Examples and activities not in the main book • Teaching outlines • Teaching tips • Solutions to all questions and problems in the book
Test Bank authored by John Capela from St. Joseph's College	4,000 multiple-choice, true/false, short-answer, and graphing questions with these annotations: <ul style="list-style-type: none"> • Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis) • Type (Multiple-choice, true/false, short-answer, essay) • Topic (The term or concept the question supports) • Learning outcome • AACSB learning standard (Written and Oral Communication; Ethical Understanding and Reasoning; Analytical Thinking; Information Technology; Interpersonal Relations and Teamwork; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge)
Computerized TestGen	TestGen allows instructors to: <ul style="list-style-type: none"> • Customize, save, and generate classroom tests • Edit, add, or delete questions from the Test Item Files • Analyze test results • Organize a database of tests and student results.
PowerPoints authored by Darci Wagner from Ohio University	Slides include all the graphs, tables, and equations in the textbook. PowerPoints meet accessibility standards for students with disabilities. Features include, but are not limited to: <ul style="list-style-type: none"> • Keyboard and Screen Reader access • Alternative text for images • High color contrast between background and foreground colors

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CONTRIBUTORS

Nina Von Arx-Steiner, University of Applied Sciences Northwestern Switzerland
FHNW
Adele Berndt, Jönköping University
Nadia Rattoo, University of Central Lancashire
Muneeza Shoaib, ADR Institute of Canada

REVIEWERS

Norman Chiliya, University of Witwatersrand
Zita Kelemen, Corvinus University of Budapest
Mariusz Soltanifar, University of Groningen
Jimmy Wong Shiang Yang, Singapore University of Social Sciences

ABOUT THE AUTHOR



Michael R. Solomon, Ph.D., is Professor of Marketing in the Haub School of Business at Saint Joseph's University in Philadelphia. Before joining the Saint Joseph's faculty in the fall of 2006, he was the Human Sciences Professor of Consumer Behavior at Auburn University. Before moving to Auburn in 1995, he was chair of the Department of Marketing in the School of Business at Rutgers University, New Brunswick, New Jersey. Professor Solomon began his academic career in the Graduate School of Business Administration at New York University (NYU), where he also served as Associate Director of NYU's Institute of Retail Management. He earned his B.A. degrees in psychology and sociology *magna cum laude* at Brandeis University and a Ph.D. in social psychology at the University of North Carolina at Chapel Hill. In 1996 he was awarded the Fulbright/FLAD Chair in Market Globalization by the U.S. Fulbright Commission and the Government of Portugal, and he served as Distinguished Lecturer in Marketing at the Technical University of Lisbon. He held an appointment as Professor of Consumer Behaviour at the University of Manchester (United Kingdom) from 2007 to 2013.

Professor Solomon's primary research interests include consumer behavior and lifestyle issues; branding strategy; the symbolic aspects of products; the psychology of fashion, decoration, and image; services marketing; marketing in virtual worlds; and the development of visually oriented online research methodologies. He has published numerous articles on these and related topics in academic journals, and he has delivered invited lectures on these subjects in Europe, Australia, Asia, and Latin America. His research has been funded by the American Academy of Advertising, the American Marketing Association, the U.S. Department of Agriculture, the International Council of Shopping Centers, and the U.S. Department of Commerce. He currently sits on the editorial or advisory boards of *The Journal of Consumer Behaviour*, *Journal of Marketing Theory and Practice*, *Critical Studies in Fashion and Beauty*, and *Journal for Advancement of Marketing Education*, and he served an elected six-year term on the Board of Governors of the Academy of Marketing Science. Professor Solomon has been recognized as one of the 15 most widely cited scholars in the academic behavioral sciences/fashion literature, and as one of the 10 most productive scholars in the field of advertising and marketing communications.

Professor Solomon is a frequent contributor to mass media. His feature articles have appeared in such magazines as *Psychology Today*, *Gentleman's Quarterly*, and *Savvy*. He has been quoted in numerous national magazines and newspapers, including *Advertising Age*, *Adweek*, *Allure*, *Elle*, *Glamour*, *Mademoiselle*, *Mirabella*, *Newsweek*, the *New York Times*, *Self*, *Time*, *USA Today*, and the *Wall Street Journal*. He frequently appears on television and speaks on radio to comment on consumer behavior issues, including appearances on *The Today Show*, *Good Morning America*, *Inside Edition*, *Newsweek on the Air*, the *Entrepreneur Sales and Marketing Show*, CNBC, Channel One, the *Wall Street Journal* Radio Network, the WOR Radio Network, and National Public Radio. He acts as consultant to numerous companies on consumer behavior and marketing strategy issues and often speaks to business groups throughout the United States and overseas. In addition to this text, Professor Solomon is coauthor of the widely used textbook *Marketing: Real People, Real Choices*. He has three children, Amanda, Zachary, and Alexandra; a son-in-law, Orly; and three granddaughters, Rose, Evey, and Arya. He lives in Philadelphia with his wife Gail and their "other child," a pug named Kelbie Rae.

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DUNKIN'
DONUTS



Give in.

Foundations of Consumer Behavior

This introductory section provides an overview of the field of consumer behavior (CB). In Chapter 1, we look at how consumers influence the field of marketing and at how marketers influence us. We describe the discipline of consumer behavior and some of the different approaches to understanding what makes consumers tick. In Chapter 2, we'll look at the broad issue of well-being, at both the positive and negative ways the products we use affect us, and we'll also focus on the central role of ethics in marketing decisions.

.....> Chapters Ahead



Chapter 1

Buying, Having, and Being:
An Introduction to Consumer
Behavior



Chapter 2

Consumer and Social
Well-Being

1

Buying, Having, and Being: An Introduction to Consumer Behavior

CHAPTER OBJECTIVES When you finish reading this chapter you will understand why:

- 1-1 Consumer behavior is a process.
- 1-2 Marketers have to understand the wants and needs of different consumer segments.
- 1-3 Our choices as consumers relate in powerful ways to the rest of our lives.
- 1-4 Our motivations to consume are complex and varied.
- 1-5 Technology and culture create a new “always-on” consumer.
- 1-6 Many types of specialists study consumer behavior.
- 1-7 There are differing perspectives regarding how and what we should understand about consumer behavior.



Source: arek_malang/Shutterstock.

Gail has some time to kill before her accounting class, so she pulls out her trusty iPhone to see what’s going on in her social networks. Between studying for her accounting and marketing exams, she hasn’t checked out anything interesting in days—even her Facebook friends around campus have been quiet. Enough of the serious stuff, she decides. It’s time for some *really* educational surfing.

So, where to go first? Gail goes straight to Pinterest to see if anyone has pinned any new styles on her Shoe-aholic Board. Yes, definitely some new stuff to post for her sorority sisters. She flicks over to HerCampus (“a collegiette’s guide to lifeSM”) to get the latest 411 on *The Bachelor* TV show. She’s just about to jump to Tobi to check out today’s sales when her friend Courtney texts her to check out Kourtney Kardashian’s new CZ initial necklace that’s just been revealed on the Be Monogrammed jewelry blog.¹ With her PayPal account, it doesn’t take Gail long to throw the necklace in the digital cart and order it—and to share a photo of her haul on Instagram. Just on a whim, Gail opens the Tinder app on her phone; yes, as usual plenty of guys who want to meet up if she “swipes right.” Not happening with these dweebs—a flurry of left swipes and she’s done.² As Gail glances at the clock, she realizes she’d better come back to the real world or she’ll miss her exam. Okay, enough time for one quick post before she runs to catch the campus shuttle: Gail logs on to RateMyProfessors.com and writes a quick but glowing paragraph about how great her consumer behavior professor has been this semester . . . not to mention that awesome textbook they’re using.³

OBJECTIVE 1-1
Consumer behavior
is a process.

▶ Consumer Behavior: People in the Marketplace

This book is about people like Gail—and *you*. It concerns the products and services we buy and use and the ways these fit into our lives. This introductory chapter describes some important aspects of the field of consumer behavior and some reasons why it's essential to understand how people interact with the marketing system. For now, though, let's return to one "typical" consumer: Gail, the business major. The preceding vignette allows us to highlight some aspects of consumer behavior that we will cover in the rest of the book.

Gail is a consumer; so let's compare her to other consumers. For some purposes, marketers find it useful to categorize her in terms of her age, gender, income, or occupation. These are descriptive characteristics of a population, or **demographics**. In other cases, marketers would rather know something about Gail's interests in clothing or music or the way she spends her leisure time. Knowledge of consumer characteristics plays an extremely important role in many marketing applications, such as when a manufacturer defines the market for a product or an advertising agency decides on the appropriate techniques to employ when it targets a certain group of consumers.

Gail's sorority sisters strongly influence her purchase decisions. The conversations we have with others transmit a lot of product information, as well as recommendations to use or avoid particular brands; this content often is more influential than what we see on television commercials, magazines, or billboards. The growth of the internet has created thousands of online **consumption communities**, where members share opinions and recommendations about anything from Barbie dolls to baseball fantasy league team lineups to iPhone apps. Gail forms bonds with fellow group members because they use the same products. There is also pressure on each group member to buy things that will meet with the group's approval. A consumer may pay a steep price in the form of group rejection or embarrassment when he or she doesn't conform to others' conceptions of what is good or bad, "in" or "out."

As members of a large society, such as in the United States, people share certain cultural values, or strongly held beliefs about the way the world should function. Members of subcultures, or smaller groups within the culture, also share values; these groups include Hispanics, teens, Midwesterners, and even hipsters who listen to The Lumineers, wear Band of Outsiders clothing, and eat sushi burritos.

Every day Gail comes into contact with information about many competing *brands*. Some don't capture her attention at all, whereas others are just a turnoff because they don't relate to "looks," people, or ideas with which she identifies. The use of **market segmentation strategies** means an organization targets its product, service, or idea only to specific groups of consumers rather than to everybody—even if it means that other consumers who don't belong to this target market aren't attracted to it. That's why they make chocolate and vanilla ice cream (and even candied bacon flavor!).

Brands often have clearly defined images, or "personalities," that advertising, packaging, branding, and other marketing elements help to shape. Even the choice of a favorite website is very much a *lifestyle* statement: It says a lot about a person's interests, as well as something about the type of person he or she would like to be. People often purchase a product because they like its image or because they feel its "personality" somehow corresponds to their own.

This is true even when they evaluate other people; after all, each of us is in a way a "brand" that others like or not—thus the popularity of dating apps such as Tinder that let people quickly choose among competing alternatives! Moreover, a consumer may believe that if he or she buys and uses the product or service, its desirable qualities will

Consumers form strong loyalties with their favorite brands or stores. If necessary, many are willing to camp out for a new product introduction, much like they would for scarce tickets at a big concert.

Source: Jeffrey Blackler/Alamy Stock Photo.



“magically” rub off on to him or her. When a product or service satisfies our specific needs or desires, we may reward it with many years of *brand loyalty*, which is a bond between product and consumer that is difficult for competitors to break.

The appearance, taste, texture, or smell of the item influences our evaluations of products. A good website helps people to feel, taste, and smell with their eyes. We may be swayed by the shape and color of a package on the store shelf, as well as by more subtle factors, such as the symbolism in a brand name, in an advertisement, or even in the choice of a cover model for a magazine. These judgments are affected by—and often reflect—how a society feels people should define themselves at that point in time. Many product meanings lurk below the surface of packaging and advertising; we’ll discuss some of the methods marketers and social scientists use to discover or apply these meanings.

Like Gail, we shape our opinions and desires based on a mix of voices from around the world, which is becoming a much smaller place as a result of rapid advancements in communications and transportation systems. In today’s global culture, consumers often prize products and services that “transport” them to different places and allow them to experience the diversity of other cultures—even if only to watch others brush their teeth on YouTube.

What Is Consumer Behavior?

The field of **consumer behavior** covers a lot of ground: *It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.* Consumers take many forms, ranging from a ten year old child who begs her mother for a smartphone to an executive in a large corporation who helps to decide on a multimillion-dollar computer system. The items we consume include anything from canned peas to a massage, democracy, Juicy jeans, Reggaeton music, or a celebrity like Taylor Swift. The needs and desires we satisfy range from hunger and thirst to love, status, and even spiritual fulfillment. Also, as we’ll see throughout this text, people get passionate about a broad range of products. Whether it’s vintage Air Jordans, that perfect yoga mat, or the latest

computer tablet, there's no shortage of brand fans who will do whatever it takes to find and buy what they crave.

Consumer Behavior Is a Process

In its early stages of development, researchers referred to the field as *buyer behavior*; this reflected the emphasis at that time (1960s and 1970s) on the interaction between consumers and producers at the time of purchase. Most marketers now recognize that consumer behavior is in fact an *ongoing process*, not merely what happens at the moment a consumer hands over money or a credit card and in turn receives some good or service.

The **exchange**, a transaction in which two or more organizations or people give and receive something of value, is an integral part of marketing.⁴ Although *exchange theory* remains an important part of consumer behavior, the expanded view emphasizes the *entire* consumption process, which includes the issues that influence the consumer before, during, and after a purchase. Figure 1.1 illustrates some of the issues that we address during each stage of the consumption process.

A **consumer** is a person who identifies a need or desire, makes a purchase, and then disposes of the product during the three stages of the consumption process. In many cases, however, different people play a role in this sequence of events. The purchaser and user of a product might not be the same person, as when a parent picks out clothes for a teenager (and makes selections that can result in “fashion suicide” in the view of the teen). In other cases, another person may act as an *influencer* when he or she recommends certain products without actually buying or using them. A friend's grimace when you try on that new pair of pants may be more influential than anything your mother might say.

Finally, consumers may take the form of organizations or groups. One or several persons may select products that many will use, as when a purchasing agent orders a company's office supplies. In other organizational situations, a large group of people may make purchase decisions: for example, company accountants, designers,

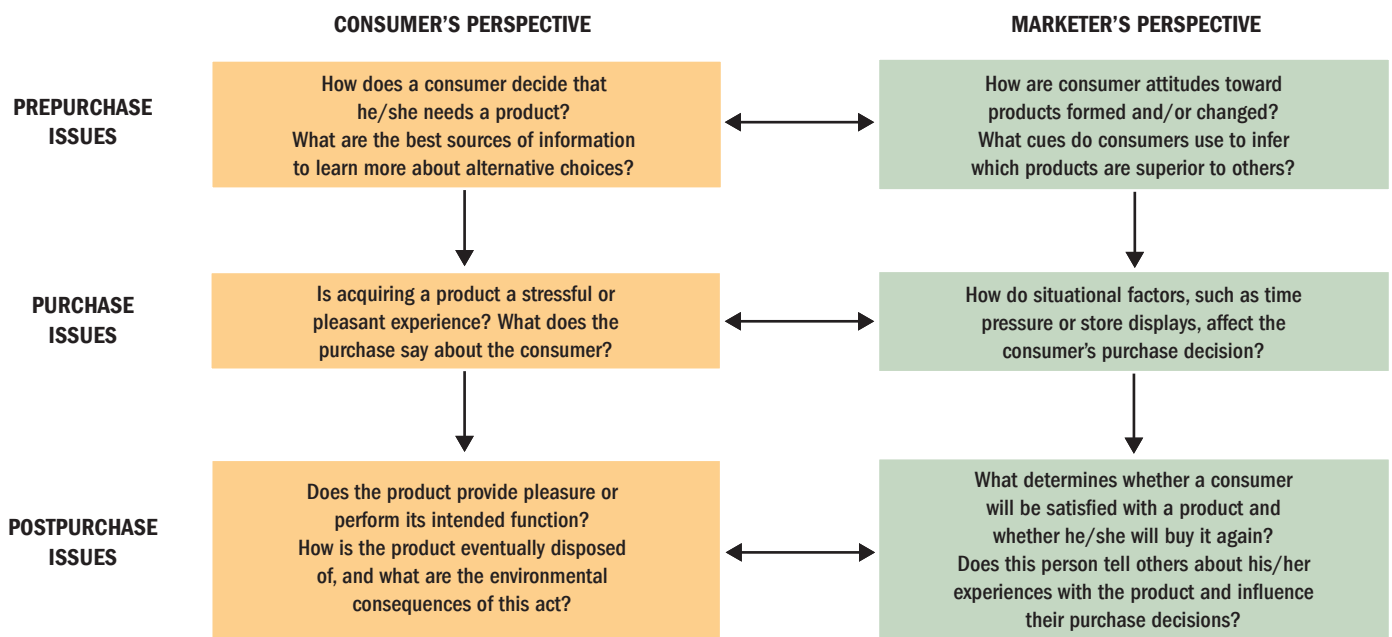


Figure 1.1 STAGES IN THE CONSUMPTION PROCESS

Marketing Opportunity

Successful companies understand that needs are a moving target. No organization—no matter how renowned for its marketing prowess—can afford to rest on its laurels. *Everyone* needs to keep innovating to stay ahead of changing customers and the marketplace. BMW is a great example. No one (not even rivals like Audi or Mercedes-Benz) would argue that the German automaker knows how to make a good car (although they may not agree with the company's claim to be “the ultimate driving machine”). Still, BMW's engineers and designers know they have to understand how drivers' needs will change in the future—even those loyal owners who love the cars they own today. The company is highly sensitive to such key trends as:

- A desire for environmentally friendly products
- Increasingly congested roadways and the movement by some cities such as London and New York to impose fees on vehicles in central areas
- New business models that encourage consumers to rent products only while they need them rather than buying them outright

BMW's response: The company committed more than \$1 billion to develop electric BMWi models such as its new i3 commuter car and i8 sports car. These futuristic-looking vehicles are largely made from lightweight carbon fiber to maximize the distance they can go between battery charges, and 25 percent of the interior plastic comes from recycled or renewable raw materials. In addition, BMW started a car-sharing service (now in Portland, Seattle, and Brooklyn) it calls DriveNow: Drivers use a computer chip in their licenses to hire a car and leave it wherever they are when they no longer need it. That's forward thinking.⁵

engineers, sales personnel, and others—all of whom will have a say in the various stages of the consumption process. As we'll see in Chapter 11, one important type of organization is the family, in which different family members weigh in about products and services that all will use.

Consumers' Impact on Marketing Strategy

Why should managers, advertisers, and other marketing professionals bother to learn about consumer behavior? Simply, *it's good business*. The basic marketing concept that you (hopefully) remember from your basic marketing class states that organizations exist to satisfy needs. Marketers can satisfy these needs only to the extent that they understand the people or organizations that will use the products and services they sell. *Voilà!* That's why we study consumer behavior.

OBJECTIVE 1-2
Marketers have to understand the wants and needs of different consumer segments.

Consumers Are Different! How We Divide Them Up

Our society is evolving from a *mass culture* in which many consumers share the same preferences to a diverse one in which we each have almost an infinite number of choices.

We may have “fifty shades of grey,” but just think about how many shades of lipstick or necktie patterns compete for your attention! This change makes it more important than ever to identify distinct market segments and to develop specialized messages and products for those groups.

As we'll see later, building loyalty to a brand is a smart marketing strategy, so sometimes companies define market segments when they identify their most faithful customers or **heavy users**. As a rule of thumb, marketers use the **80/20 Rule**: 20 percent of users account for 80 percent of sales. This guideline often holds up well, and in some cases even this lopsided split isn't big enough: A study of 54 million shoppers reported that only 2.5 percent of consumers account for 80 percent of sales for the average packaged-goods brand. The 1 percent of pet owners who buy 80 percent of Iams pet food spend \$93 a year on the brand, and the 1.2 percent of beer drinkers who account for 80 percent of Budweiser sales spend \$170 on Bud each year. Of the 1,364 brands the researchers studied, only 25 had a consumer base of more than 10 percent that accounted for 80 percent of volume.⁶ So, just think of the 80/20 rule as a guideline rather than a strict proportion that's set in stone.

Aside from heavy usage of a product, we use many other dimensions to divide up a larger market. As we've already seen, *demographics* are statistics that measure observable aspects of a population, such as birth rate, age distribution, and income. The U.S. Census Bureau is a major source of demographic data on US families, but many private firms gather additional data on specific population groups as well. The changes and trends that demographic studies reveal are of great interest to marketers because they can use the data to locate and predict the size of markets for many products, ranging from home mortgages to brooms and can openers. Imagine trying to sell baby food to a single person or an around-the-world cruise to a couple making \$15,000 a year!

In this text we explore many of the important demographic variables that make one consumer the same as or different from others. We also consider other important characteristics that are a bit subtler, such as differences in consumers' personalities and



BMW anticipates changes in consumer behavior as it develops electric car models like the i8 that satisfy dual desires for style and environmental responsibility.

Source: BMW of North America, LLC.

tastes that we can't objectively measure, yet may have a huge impact on our product choices. For now, let's summarize a few of the most important demographic dimensions, each of which we'll describe in more detail in later chapters.

Age

Consumers of different *age groups* obviously have different needs and wants. Although people who belong to the same age group differ in many other ways, they do tend to share a set of values and common cultural experiences that they carry throughout life.

The startup beauty brand Glossier had an eye on young women from day one. The company quickly built a loyal customer base entirely via **social media**. Employees talked directly to customers in a casual voice. The founder was a former style assistant at *Vogue* who started a beauty blog, then realized she was onto something. As she explains, "If I want to know how to do a black cat eye, I'm not going to drive to a department store. I'm going to go on YouTube, cross-check reviews of a product, and then maybe talk about it on Instagram. There wasn't a brand that encouraged me to take ownership of my routine—and understood that everyone is their own expert." At one point Glossier's eyebrow product had a 10,000 person waiting list—and you can bet not too many women over the age of 30 were on it.⁸

Gender

We start to make gender distinctions at an early age—even diapers come in pink versions for girls and blue for boys. Many products, from fragrances to footwear, target either men or women. These strategies often come from assumptions about what will appeal to each gender. For example, when microwaves first appeared in stores, they were sold alongside TVs and radios and marketed almost exclusively to men. Companies at the time assumed products like this would appeal only to men, so they made them in traditionally masculine colors (presumably men would want to "nuke" a quick snack while watching a game on TV). As a result, these products became known as "brown goods," while appliances for laundry and conventional cooking were largely made in white enamel and were called "white goods." Note: The microwaves gathered dust until marketers threw in the towel (pun intended) and moved them over to the side of stores that sold white goods. Sales soared after manufacturers realized female cooks might want to save time in the kitchen after all.⁹

Marketing Pitfall

When Hurricane Sandy devastated cities on the East Coast in 2012, some marketers rose to the occasion, whereas others stumbled in the wind. Gap, for example, tweeted, "We'll be doing lots of Gap.com shopping today. How about you?" American Apparel offered an incentive to shoppers: "In case you're bored during the storm, just enter SANDYSALE at check-out." Many of the storm victims were not amused. One tweeted, "Hey @americanapparel people have died and others are in need. Shut up about your #Sandy sale."

In contrast, Allstate ran radio commercials to let policyholders know how to file claims quickly. JetBlue Airways waived change and cancellation fees for people who had to rebook. How's that for a relationship builder? Duracell batteries sent a truck to New York City with free batteries and access to charging lockers for mobile devices and computers to desperate people who had been without power (or even worse, access to social media).⁷

Family Structure

A person's family and marital status is yet another important demographic variable because this has a huge effect on consumers' spending priorities. Not surprisingly, young bachelors and newlyweds are the most likely to exercise; go to bars, concerts, and movies; and consume alcohol (enjoy it while you can!). Families with young children are big purchasers of health foods and fruit juices, whereas single-parent households and those with older children buy more junk food. Older couples and bachelors are most likely to use home maintenance services.¹⁰

Social Class and Income

People who belong to the same *social class* are approximately equal in terms of income and social standing in the community. They work in roughly similar occupations, and they tend to have similar tastes in music, clothing, leisure activities, and art. They also tend to socialize with one another, and they share many ideas and values regarding the way they should live.¹¹ The distribution of wealth is of great interest to marketers because it determines which groups have the greatest buying power and market potential.

The Redneck Bank takes a unique approach to social class segmentation (yes, this is a real bank).¹²

Source: Courtesy of www.redneckbank.com.

Race and Ethnicity

African Americans, Hispanic Americans, and Asian Americans are the three fastest-growing ethnic groups in the United States. As our society becomes increasingly multicultural, new opportunities develop to deliver specialized products to racial and ethnic groups and to introduce other groups to these offerings. McDonald's regards ethnic consumers as trendsetters. The restaurant chain often assesses their reactions to new menu items or advertisements before it rolls them out to the Caucasian market. For example, the fruit combinations in McDonald's smoothies are based on preferences the company's researchers discovered in ethnic communities.¹³

Geography

Many national marketers tailor their offerings to appeal to consumers who live in different parts of the country. Even the same product may go by different names depending upon where it's sold. For example, people call a sweet carbonated beverage a soda, pop, coke (even if it's a Sprite) or a soft drink in different parts of the U.S.A.¹⁴

Lifestyles

Consumers also have different *lifestyles*, even if they share other demographic characteristics such as gender or age. The way we feel about ourselves, the things we value, the things we like to do in our spare time—all of these factors help to determine which products will push our buttons or even those that make us feel better. Procter & Gamble developed its heartburn medicine Prilosec OTC with an ideal customer in mind based on a lifestyle analysis. Her name is Joanne, and she's a mother older than age 35 who's more likely to get heartburn from a cup of coffee than from an overdose of pizza and beer. A P&G executive observed, "We know Joanne. We know what she feels. We know what she eats. We know what else she likes to buy in the store."¹⁵

Segmenting by Behavior: Relationships and "Big Data"

Marketers carefully define customer segments and listen to people in their markets as never before. Many of them now realize that a key to success is building relationships between brands and customers that will last a lifetime. Marketers who subscribe to this philosophy of **relationship marketing** interact with customers on a regular basis and give them solid reasons to maintain a bond with the company over time. A focus on relationships is even more vital, especially during the nasty economic conditions we experienced in the years following the Great Recession of 2008; when times are tough, people tend to rely on their good friends for support!

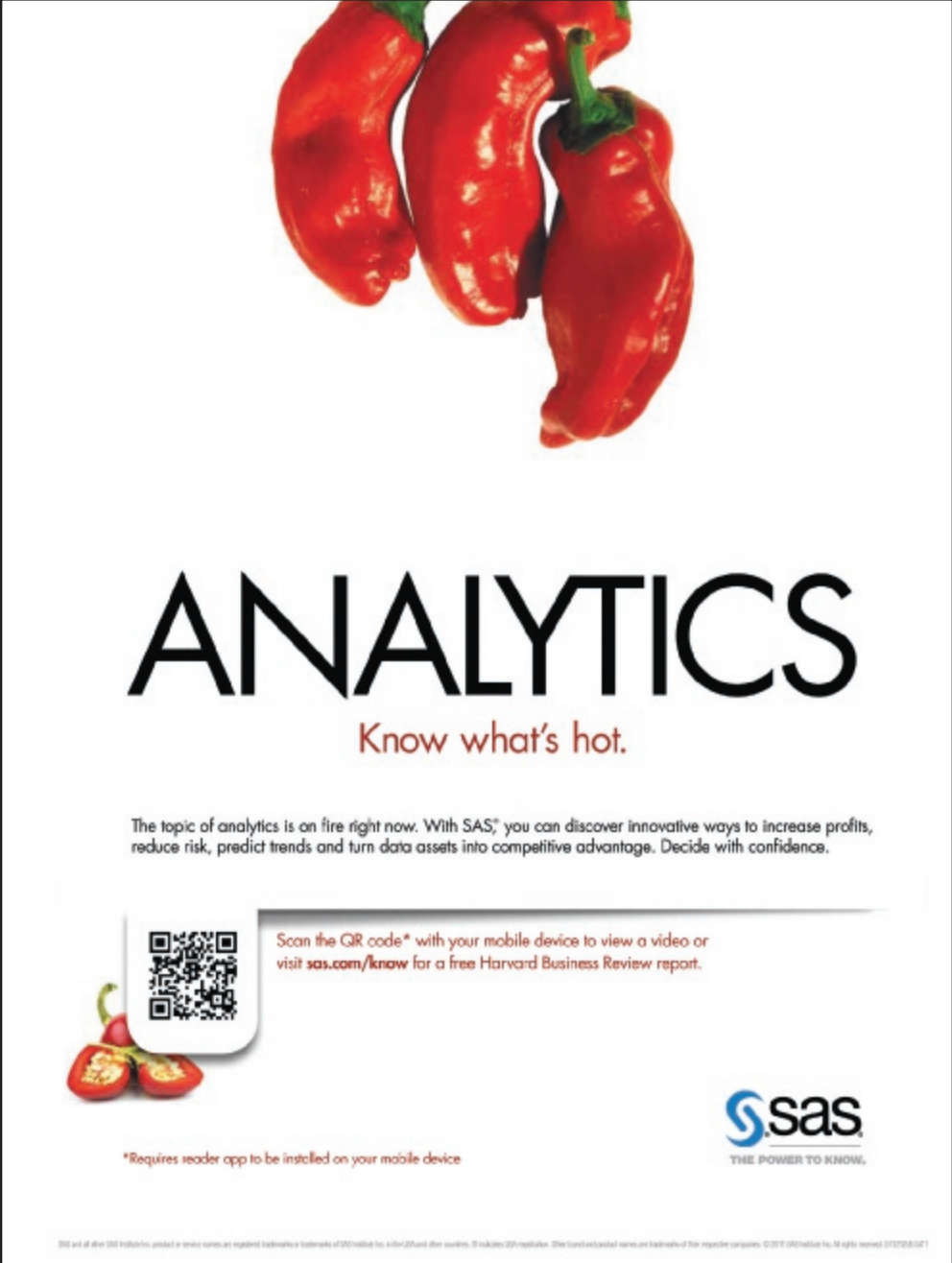
Database marketing tracks specific consumers' buying habits closely and tailors products and messages precisely to people's wants and needs based on this information. Walmart stores massive amounts of information on the 100 million people who visit its stores each week, and the company uses these data to fine-tune its offerings. For example, when the company analyzed how shoppers' buying patterns react when forecasters predict a major hurricane, it discovered that people do a lot more than simply stock up on flashlights. Sales of strawberry Pop-Tarts increased by about 700 percent, and the top-selling product of all is . . . beer. Based on these insights, Walmart loads its trucks with toaster pastries and six-packs to stock local stores when a big storm is approaching.¹⁶

At this very moment (and every moment thereafter until we croak), we are all generating massive amounts of information that holds tremendous value for marketers. You may not see it, but we are practically buried by data that come from many sources—sensors that collect climate information, the comments you and your friends make on your favorite social media sites, the credit card transactions we authorize, and even the GPS signals in our smartphones that let organizations know

where most of us are pretty much anytime day or night. This incredible amount of information has created a new field that causes tremendous excitement among marketing analysts (and other math geeks). The collection and analysis of extremely large datasets is called **Big Data**, and you'll be hearing a lot more about it in the next few years. Hint: If you have aptitude or interest in quantitative topics, this will be a desirable career path for you.

There were 3.8 billion internet users in 2017, a 42 percent increase in just three years! Social media platforms gain 840 new users every minute. And in that same minute, Instagram users upload 46,740 million posts.¹⁷

In addition to the huge *volume* of information marketers now have to play with, its *velocity* (speed) also enables companies to make decisions in real time that used to



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Forward-looking companies mine the gold they find in “Big Data.”

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take months or years. For example, one group of researchers used the GPS phone signals that were coming from Macy's parking lots on Black Friday to estimate whether the department store was going to meet or exceed its sales projections for the biggest shopping day of the year—*before* the stores even reported their sales. This kind of intelligence allows financial analysts and marketing managers to move quickly as they buy and sell stocks or make merchandising decisions.

It's safe to say this data explosion is profoundly changing the way we think about consumer behavior. Companies, nonprofits, political parties, and even governments now have the ability to sift through massive quantities of information that enables them to make precise predictions about what products we will buy, what charities we will donate to, what candidates we will vote for, and what levers they need to push to make this even more likely to happen. Walmart alone collects more than 2.5 petabytes of data every hour from its customer transactions (the equivalent of about 20 million filing cabinets' worth of text).¹⁸

User-Generated Content (UGC)

Do you remember all those crazy Mentos/Diet Coke videos? At least 800 of them flooded YouTube after people discovered that when you drop the quarter-size candies into bottles of Diet Coke, you get a geyser that shoots 20 feet into the air. Needless to say, Mentos got a gusher of free publicity out of the deal, too.¹⁹ Probably the biggest marketing phenomenon of this decade is **user-generated content**, whereby everyone can voice their opinions about products, brands, and companies on blogs, podcasts, and social networking sites such as Facebook and Twitter, and even film their own commercials that thousands view on sites such as YouTube. This important trend helps to define the era of **Web 2.0**: the rebirth of the internet from its original roots as a form of one-way transmission from producers to consumers to a social, interactive medium.

OBJECTIVE 1-3

Our choices as consumers relate in powerful ways to the rest of our lives.

▶ Marketing's Impact on Consumers

Does marketing imitate life, or vice versa? After the movie *Wedding Crashers* became a big hit, hotels, wedding planners, and newlyweds across the United States reported an outbreak of uninvited guests who tried to gain access to parties.²⁰ For better or for worse, we all live in a world that the actions of marketers significantly influence.

Popular Culture Is Marketing Is Popular Culture . . .

Marketing stimuli surround us as advertisements, stores, and products compete for our attention and our dollars. Marketers filter much of what we learn about the world, whether through the affluence they depict in glamorous magazines, the roles actors play in commercials, or maybe the energy drink a rock star just “happens” to hold during a photo shoot. Ads show us how we should act with regard to recycling, alcohol consumption, the types of houses and cars we might wish to own—and even how to evaluate others based on the products they buy or don't buy. In many ways we are also at the mercy of marketers, because we rely on them to sell us products that are safe and that perform as promised, to tell us the truth about what they sell, and to price and distribute these products fairly.

Popular culture—the music, movies, sports, books, celebrities, and other forms of entertainment that the mass market produces and consumes—is both a product of and an inspiration for marketers. It also affects our lives in more far-reaching ways,



We are surrounded by elements of popular culture—the good, the bad, and the ugly. This ad for the Museum of Bad Art reminds us of that.

Source: With permission of the Museum of Bad Art.

ranging from how we acknowledge cultural events such as marriage, death, or holidays to how we view social issues such as climate change, gambling, and addictions.

Whether it's the Super Bowl, Christmas shopping, national health care, newspaper recycling, medical marijuana, body piercing, vaping, tweeting, or online video games, marketers play a significant role in our view of the world and how we live in it. And, we increasingly live in a branded world, where advertisers promote events and places of all kinds. A county in Washington State is selling naming rights to park trails, benches, and even trees. To plug the release of the movie *Superman: Man of Steel*, the producers supplied pastors with notes for a sermon entitled "Jesus: The Original Superhero."²¹

This cultural impact is hard to overlook, although many people do not seem to realize how much marketers influence their preferences for movie and musical heroes; the

Marketers exert a huge impact on the way we live, for better and worse. Many companies and entrepreneurs are jumping on the vaping bandwagon although the jury is still out as to whether this substitute for cigarette smoking is a good thing for smokers or simply a way to entice more young people to take up the smoking habit.

Source: Alex_Mac/Fotolia.

