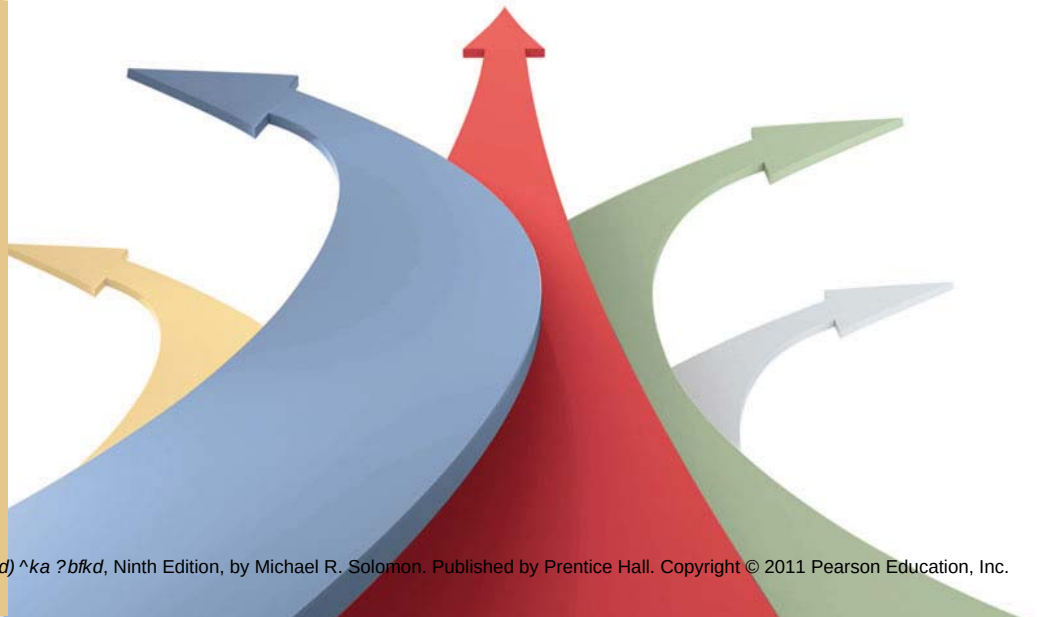
8 Decision Making

Chapter Objectives

When you finish this chapter you will understand:

1. Why is consumer decision making a central part of consumer behavior, but the way we evaluate and choose products (and the amount of thought we put into these choices) varies widely, depending on such dimensions as the degree of novelty or risk in the decision?
2. Why is a decision actually composed of a series of stages that results in the selection of one product over competing options?
3. Why is decision making not always rational?
4. Why is our access to online sources changing the way we decide what to buy?
5. Why do we often fall back on well-learned "rules-of-thumb" to make decisions?
6. Why do consumers rely on different decision rules when they evaluate competing options?



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Richard has had it. There's only so much longer he can go on watching TV on his tiny, antiquated black-and-white set. It was bad enough trying to listen to the scratchy music in MTV videos and squinting through *It's On with Alexa Chung*. The final straw was when he couldn't tell the Titans from the Jaguars during an NFL football game. When he went next door to watch the second half on Mark's home theater setup, he finally realized what he was missing. Budget or not, it was time to act: A man has his priorities.

Where to start looking? The Web, naturally. Richard checks out a few comparison-shopping Web sites, including pricegrabber.com and bizrate.com. After he narrows down his options, he ventures out to scope out a few sets in person. He figures he'll probably get a decent selection (and an affordable price) at one of those huge new warehouse stores. Arriving at Zany Zack's Appliance Emporium, Richard heads straight for the Video Zone in the back—he barely notices the rows of toasters, microwave ovens, and stereos on his way. Within minutes, a smiling salesperson in a cheap suit accosts him. Even though he could use some help, Richard tells the salesperson he's only browsing—he figures these guys don't know what they're talking about, and they're simply out to make a sale no matter what.

Richard examines some of the features on the 60-inch color sets. He knew his friend Carol had a set by Prime Wave that she really liked, and his sister Diane warned him to stay away from the Kamashita. Although Richard finds a Prime Wave model loaded to the max with features such as a sleep timer, on-screen programming menu, cable-compatible tuner, and picture-in-picture, he chooses the less expensive Precision 2000X because it has one feature that really catches his fancy: stereo broadcast reception.

Later that day, Richard is a happy man as he sits in his easy chair and watches Lauren, Audrina, Spencer, and the others doing their thing on MTV's *The Hills*. If he's going to be a couch potato, he's going in style.

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1

OBJECTIVE

Why is consumer decision making a central part of consumer behavior, but the way we evaluate and choose products (and the amount of thought we put into these choices) varies widely, depending on such dimensions as the degree of novelty or risk in the decision?

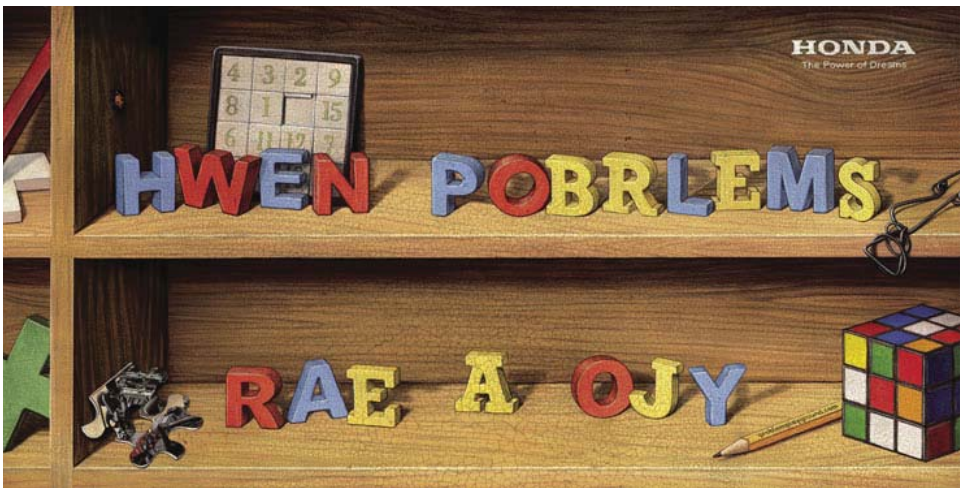
We Are Problem Solvers

A consumer purchase is a response to a problem, which in Richard's case is the need for a new TV. His situation is similar to those that we encounter virtually every day of our lives (even if you decide to make no decisions on your day off, that's still a decision!). He realizes that he wants to make a purchase, and he undergoes a series of steps in order to make it. We describe these steps as (1) problem recognition, (2) information search, (3) evaluation of alternatives, and (4) product choice. Of course, after we make a decision, its outcome affects the final step in the process, in which learning occurs based on how well the choice worked out. This learning process, of course, influences the likelihood that we'll make the same choice the next time the need for a similar decision occurs. And so on and so on . . .

Figure 8.1 provides an overview of this decision-making process. As we begin this chapter we'll review different approaches we might use when we need to make a purchase decision. We then focus on three of the steps in the decision process:

1. How we recognize the problem, or need for a product;
2. How we search for information about product choices; and
3. How we evaluate alternatives to arrive at a decision.

Because some purchase decisions are more important than others, the amount of effort we put into each one differs. Sometimes the decision-making process is almost automatic—we seem to make snap judgments based on very little information. At other times, when we decide what to buy the process resembles a full-time job. A person may literally spend days or weeks agonizing over an important purchase such as a new home, a car, or even Mac versus PC. This intensive decision-making process gets even more complicated in today's environment where we have so many options from which to choose. Ironically, for many modern consumers one of the biggest problems they face is not having *too few* choices but having *too many*. We describe this profusion of options as **consumer hyperchoice**—a condition where the large number of available options forces us to make repeated choices that may drain psychological energy while it saps our abilities to make smart decisions.[1]



A purchase is a response to a problem.
Source: Darko Novakovic/Shutterstock.

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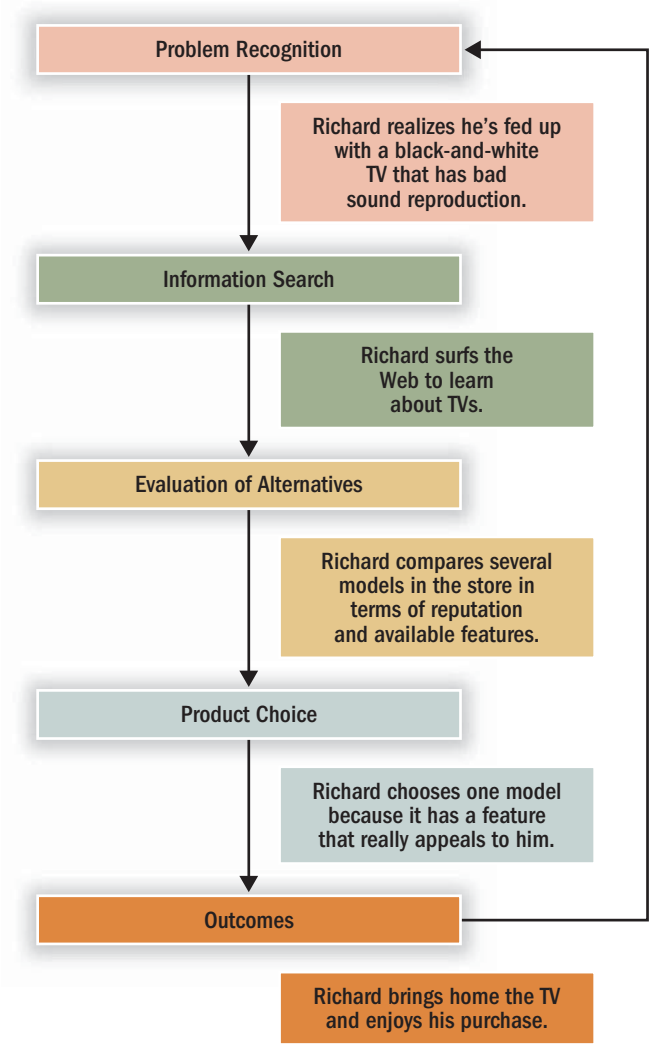

Figure 8.1 STAGES IN CONSUMER DECISION MAKING

Perspectives on Decision Making

Consumer researchers typically apply a **rational perspective** to understand decision making. In this view, we calmly and carefully integrate as much information as possible with what we already know about a product, painstakingly weigh the pluses and minuses of each alternative, and make a satisfactory decision. This traditional perspective relates the *economics of information* approach to the search process—it assumes that we collect just as much data as we need to make an informed decision. We form expectations of the value of additional information and continue to search to the extent that the rewards of doing so (what economists call the *utility*) exceed the costs. This utilitarian assumption also implies that we collect the most valuable units of information first. We absorb additional pieces only to the extent that we think they will add to what we already know.[2] In other words, we'll put ourselves out to collect as much information as we can, so long as the process isn't too onerous or time-consuming.[3]

This rational outlook implies that marketing managers should carefully study steps in decision making to understand how consumers obtain information, how they form beliefs, and what criteria they use to make product choices. Then, companies can develop products that emphasize the appropriate attributes, and marketers can tailor promotional strategies to deliver the types of information customers are most likely to desire and in the most effective formats.[4]

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It all sounds good, but how valid is this perspective? Sure, we do follow these decision-making steps when we make some purchases, but this rational process doesn't accurately portray many of our purchase decisions.[5] We simply don't go through this elaborate sequence every time we buy something. If we did, we'd spend our entire lives making these decisions. This would leave us very little time to enjoy the things we eventually decide to buy. Some of our buying behaviors simply don't seem "rational" because they don't serve a logical purpose (you don't use that belly ring to hold a beach towel). And, you purchase some items with virtually no advance planning at all—have you ever impulsively thrown a fattening candy bar into your cart while you wait at the grocery checkout? (Hint: That's why candy bars and celeb magazines are there.)

Still other actions actually contradict what those rational models predict. For example, **purchase momentum** occurs when our initial impulse purchases actually increase the likelihood that we will buy even more (instead of less as we satisfy our needs); it's like we get "revved up" and plunge into a spending spree (we've all been there!).[6] And, recent research hints that people differ in terms of their **cognitive processing style**. Some of us tend to have a *rational system of cognition* that processes information analytically and sequentially using roles of logic, while others rely on an *experiential system of cognition* that processes information more holistically and in parallel.[7]

Researchers now realize that decision makers actually possess a *repertoire* of strategies—in a thought process we call *constructive processing*, we evaluate the effort we'll need to make a particular choice and then we tailor the amount of cognitive "effort" we expend to get the job done.[8] When the task requires a well-thought-out, rational approach, we'll invest the brainpower to do it. Otherwise, we look for shortcuts or fall back on learned responses that "automate" these choices.

We make some decisions under conditions of low involvement, as we discussed in Chapter 4. In many of these situations, our decision is a learned response to environmental cues (see Chapter 3), as when we decide to buy something on impulse because it just looks cool. We explain these types of decisions as the **behavioral influence perspective**. Under these circumstances, managers should focus on the peripheral cues Chapter 7 describes such as an attention-grabbing package rather than on factual details (i.e., as we said in the last chapter, sell the "sizzle" rather than the "steak").[9]

In other cases, we're highly involved in a decision, but still we can't explain our selections rationally. For example, the traditional approach is hard-pressed to account for our choice of art, music, or even a spouse ("OMG, how did she ever wind up with *him*?"). In these cases, no single quality determines the decision. Instead, the **experiential perspective** stresses the *Gestalt*, or totality (see Chapter 2), of the product or service.[10] In these contexts marketers need to assess consumers' affective responses to products or services and then develop offerings that create a positive emotional response.

Types of Consumer Decisions

It helps to understand the decision-making process when we think about the amount of effort that goes into a decision each time we must make it. Consumer researchers think in terms of a continuum, anchored on one end by *habitual decision making* and at the other extreme by *extended problem solving*. Many decisions fall somewhere in the middle so we describe these as *limited problem solving*. Figure 8.2 presents this continuum.

Extended Problem Solving

Decisions involving **extended problem solving** correspond most closely to the traditional decision-making perspective. As Table 8.1 indicates, we usually initiate this careful process when the decision we have to make relates to our self-concept (see Chapter 5), and we feel that the outcome may be risky in some way. In that case we

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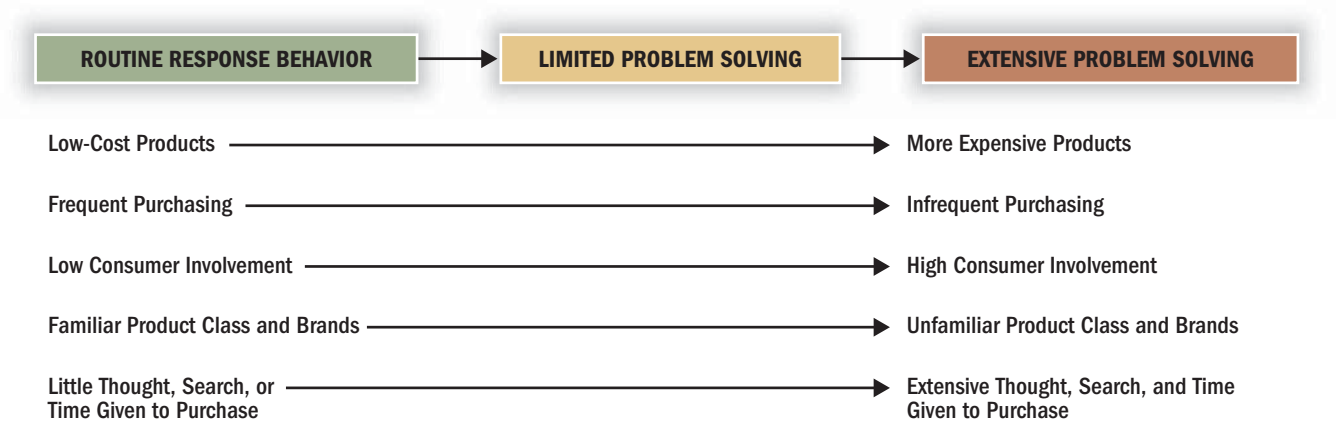
Figure 8.2 A CONTINUUM OF BUYING DECISION BEHAVIOR



try to collect as much information as possible, both from our memory (internal search) and from outside sources such as Google (external search). Then we carefully evaluate each product alternative—often we consider the attributes of one brand at a time and see how each brand's attributes relate to the results we hope to get from our choice.

Limited Problem Solving

Limited problem solving is usually more straightforward and simple. In this case we're not nearly as motivated to search for information or to evaluate each alternative rigorously. Instead, we're likely to use simple *decision rules* as we choose among alternatives. These cognitive shortcuts (more about these later) enable us to fall back on general guidelines, instead of having to start from scratch every time we need to decide.

Habitual Decision Making

Both extended and limited problem-solving modes involve some degree of information search and deliberation. At the other end of the choice continuum, however, lies **habitual decision making**—choices we make with little to no conscious effort. Many purchase decisions are so routinized that we may not realize we've made them until we look in our shopping carts! We make these choices without conscious control—researchers call this process *automaticity.*[11]

TABLE 8.1 Characteristics of Limited Versus Extended Problem Solving

	Limited Problem Solving	Extended Problem Solving
Motivation	Low risk and involvement	High risk and Involvement
Information Search	Little search Information processed passively In-store decision likely	Extensive search Information processed actively Multiple sources consulted prior to visits
Alternative Evaluation	Weakly held beliefs Only most prominent criteria used Alternatives perceived as basically similar Noncompensatory strategy used	Strongly held beliefs Many criteria used Significant differences perceived among alternatives Compensatory strategy used
Purchase	Limited shopping time; may prefer self-service Choice often Influenced by store displays	Many outlets shopped if needed Communication with store personnel often desirable

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Marketing Pitfall



Product labels assist us with problem solving, but some are more useful than others. Here are some examples of the not-so-helpful variety:[12]

- On a Conair Pro Style 1600 hair dryer: WARNING: Do not use in shower. Never use while sleeping.
- Instructions for folding up a portable baby carriage: Step 1: Remove baby.
- A rest stop on a Wisconsin highway: Do not eat urinal cakes.
- On a bag of Fritos: You could be a winner! No purchase necessary. Details inside.
- On some Swanson frozen dinners: Serving suggestion: Defrost.
- On Tesco's Tiramisu dessert (printed on bottom of box): Do not turn upside down.
- On Marks & Spencer bread pudding: Product will be hot after heating.
- On packaging for a Rowenta iron: Do not iron clothes on body.
- On Nytol sleeping aid: Warning: May cause drowsiness.

Although this kind of thoughtless activity may seem dangerous or at best stupid in many cases, it actually makes sense! When we develop these habitual, repetitive behaviors, we minimize the time and energy we spend on mundane purchase decisions. However, habitual decision making poses a problem when a marketer tries to introduce a new way to do an old task. In this case she must convince us to "unfreeze" our former habit and replace it with a new one—perhaps to use an ATM instead of a live bank teller, or switch to a self-service gas pump instead of having an attendant wait on us.

2

OBJECTIVE

Why is a decision actually composed of a series of stages that results in the selection of one product over competing options?

Steps in the Decision-Making Process

Richard didn't suddenly wake up and crave a new TV. He went through several steps between the time he felt the need for a new boob tube and when he actually brought one home. Let's review the basic steps in this process.

Problem Recognition

Ford's plan to promote its 2010 Fusion hybrid model focuses on people who aren't thinking about buying a new car—at least not right now. Its TV commercials target what the auto industry terms the "upper funnel," or potential buyers down the road. Ford's research found that 40 percent of U.S. drivers still are unaware of the Fusion. The company is confident that it can close sales if and when customers decide to buy a new car. But, its weak spot is to get people into the frame of mind where they want to do that. To create desire where there is none now, visitors to weraceyouwin.com can enter to win a trip and a new Fusion. Ford publicized the sweepstakes on Twitter and Facebook; during the first two weeks of the promotion, almost 70,000 people requested more information about the car.[13]

Problem recognition occurs at what Ford terms "the upper funnel" when we experience a significant difference between our current state of affairs and some state



This Dutch ad encourages consumers to recognize a problem: They need to get out and go to the movies asap!
Source: © KesselsKramer, Amsterdam.

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we desire. We realize that to get from here to there we need to solve a problem, which may be small or large, simple or complex. A person who unexpectedly runs out of gas on the highway has a problem, as does the person who becomes dissatisfied with the image of his car, even though there is nothing mechanically wrong with it. Although the quality of Richard's TV had not changed, he altered his *standard of comparison,* and as a result he had a new problem to solve—how to improve his TV experience?

Figure 8.3 shows that a problem arises in one of two ways. The person who runs out of gas experiences a decline in the quality of his *actual state* (*need recognition*). In contrast the person who craves a newer, flashier car moves his *ideal state* upward (*opportunity recognition*). Either way, there is a gulf between the actual state and the ideal state.[14] Richard perceived a problem due to opportunity recognition—he moved his ideal state upward in terms of the quality of TV reception he craved.

Need recognition occurs in several ways. A person's actual state can decrease if she runs out of a product, or if she buys a product that doesn't adequately satisfy her needs, or if she realizes she has a new need or desire. For example, when you buy a house, this sets off an avalanche of other choices because now you need to buy many new things to fill it—assuming there's any money left over! In contrast, opportunity recognition often occurs when we're exposed to different or better-quality products. This happens because our circumstances change, as when we start college or land a new job. As our frame of reference shifts, we make purchases to adapt to the new environment. That awesome pair of True Religion jeans you just scored somehow won't make it on a job interview.

Information Search

Once a consumer recognizes a problem, she needs the 411 to solve it. **Information search** is the process by which we survey the environment for appropriate data to make a reasonable decision. In this section we'll review some of the factors this search involves.[15]

Types of Information Search

You might recognize a need and then search the marketplace for specific information (a process we call *prepurchase search*). However, many of us, especially veteran shoppers, enjoy browsing just for the fun of it or because we like to stay up-to-date on what's happening in the marketplace. Those shopaholics engage in *ongoing search.*[17] Table 8.2 describes some differences between these two search modes.

Marketing Pitfall



Some consumers really have trouble searching for information—because they have difficulty reading. When we do consumer research, we typically assume that our respondents are fully literate so they are able to find information, identify products, and conduct transactions with few problems. However, it's worth noting that, in fact, more than half of the U.S. population reads at or below a sixth-grade level—and that roughly half are unable to master specific aspects of shopping. This fact reminds us to think more about the **low-literate consumer** who is at a big disadvantage in the marketplace. Some of these people (whom researchers term *social isolates*) cope with the stigma of illiteracy by avoiding situations where they will have to reveal this problem. They may choose not to eat at a restaurant with an unfamiliar menu, for example. Low-literate consumers rely heavily on visual cues, including brand logos and store layouts, to navigate in retail settings, but they often make mistakes when they select similarly packaged products (for example, brand line extensions). They also encounter problems with *innumeracy* (understanding numbers)—many low-literate people have difficulty knowing, for example, whether they have enough money to purchase the items in their cart and unethical merchants may cheat them out of the correct amount of change. Not surprisingly, these challenges create an emotional burden for low-literate consumers, who experience stress, anxiety, fear, shame, and other negative emotions before, during, and after they shop.[16]

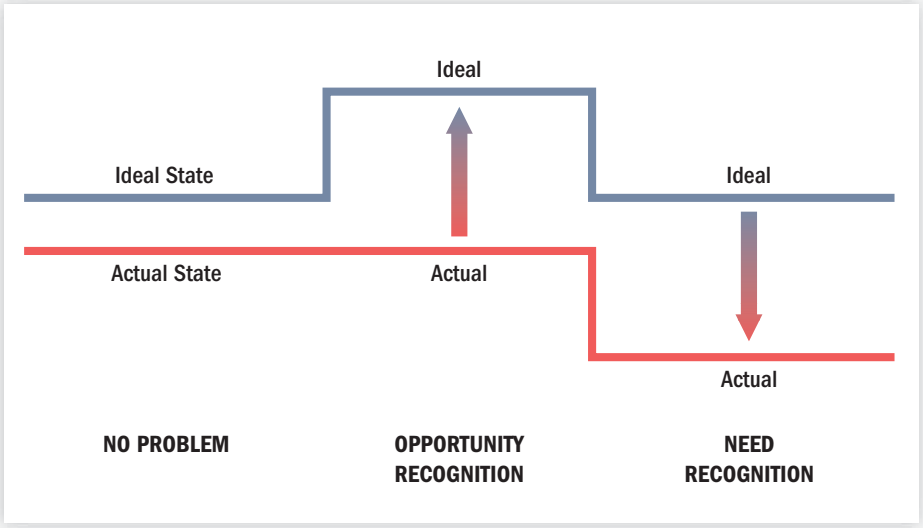

Figure 8.3 PROBLEM RECOGNITION: SHIFTS IN ACTUAL OR IDEAL STATES

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Marketing Pitfall



When it comes to efficient information search, don't look to American men who do the grocery shopping. According to an industry analyst who conducted a study on store behavior, men are " . . . often overwhelmed by the experience." She says they " . . . roam the aisles like lost sheep, and are afraid to make their wives mad by bringing home the wrong brand of cereal bar or toothpaste. . . . They do not want to catch any flak for coming home with the wrong thing. They'd say, 'I'll just tell my wife the store is out of this brand,' rather than admit that they couldn't find it." She notes that grocery stores aren't organized to make life easier for male shoppers. They tend to circle back through aisles multiple times in their searches, become overwhelmed in center-store aisles, and focus their attention within a fairly narrow visual range. But, they're more likely to call their spouses on a cell phone than to ask store employees for help. Kind of like stopping on the road to ask for directions—not happening.[18]

Marketing Opportunity



The proliferation of powerful online search engines creates a new breed of consumers—one research company labels them the **new info shoppers**. This term refers to people who almost automatically search for information online before they buy just about anything. They tend to work in information-based jobs, are well-educated, and fairly affluent. In one survey of these new info shoppers, over three-quarters agreed that TV conventional media advertising no longer provides enough information, and over 90 percent said they have more confidence in what they learn online than from any other source (including salesclerks). More generally, 70 percent of Americans now say they consult product reviews or consumer ratings before they decide what to buy, and three-quarters of those under the age of 45 spend at least half an hour online every week to research purchases. So, we can expect to see a new wave of online applications that cater to our desires to search. Many of the new wave of iPhone apps provide a search function—as one example Kraft Foods offers the iFood

It helps to distinguish between internal and external search. As a result of our prior experience and the fact that we live in a consumer culture, each of us has some degree of knowledge already in memory about many products. When a purchase decision confronts us, we may engage in *internal search* as we scan our own memory banks to assemble information about different product alternatives (see Chapter 3). Usually, though, even those of us who are the most market-savvy need to supplement this knowledge with external search so we also obtain information from advertisements, friends, or just plain people watching. A Finnish study demonstrated how what our neighbors buy impacts our own decision making. The researchers discovered that when one of a person's 10 nearest neighbors bought a car, the odds that he would buy a car of the same make during the next week and a half jumped 86 percent.[19]

Deliberate Versus "Accidental" Search. We may know about a product due to directed learning: On a previous occasion we've already searched for relevant information. A parent who bought a birthday cake for one child last month, for example, probably has a good idea of the best kind to buy for another child this month.

Other times, however we acquire information in a more passive manner. Even though a product may not be of direct interest to us today, we still encounter advertising, packaging, and sales promotion activities that result in *incidental learning*. Mere exposure over time to conditioned stimuli and observations of others makes us learn a lot of information that we may not need for some time, if ever (think of all those advertising jingles you can't get out of your head). For marketers, this is one of the benefits of steady, "low-dose" advertising; they establish and maintain product associations until the time we need them.

In some cases, we may be so expert about a product category (or at least believe we are) that we don't conduct any additional search. Frequently, however, our own

TABLE 8.2 A Framework for Consumer Information Search

Prepurchase Search	Ongoing Search
Determinants	
Involvement in the purchase	Involvement with the product
Market environment	Market environment
Situational factors	Situational factors
Motives	
Making better purchase decisions	Building a bank of information for future use
	Experiencing fun and pleasure
Outcomes	
Increased product and market knowledge	Increased product and market knowledge leading to • future buying efficiencies • personal influence
Better purchase decisions	Increased impulse buying
Increased satisfaction with the purchase outcome	Increased satisfaction from search and other outcomes

Source: Peter H. Bloch, Daniel L Sherrell, and Nancy M. Ridgway. "Consumer Search: An Extended Framework," *Journal of Consumer Research* 13 (June 1986): 120. Copyright © 1986 JCR. Inc. Reprinted with permission of the University of Chicago Press.

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existing state of knowledge is not sufficient to make an adequate decision, and we must look elsewhere for more information. The sources we consult for advice vary: They may be impersonal and marketer-dominated sources, such as retailers and catalogs; they may be friends and family members; or they may be unbiased third parties, such as *Consumer Reports*.[20]

Online Search

When we search online for product information, we're a perfect target for advertisers because we declare our desire to make a purchase. Recognizing this, many companies pay **search engines** like Google as well as Bing, Yahoo!, and Ask.com to show ads to users who search for their brand names. However, when DoubleClick (an online marketing company) looked closely at what people search for, its analysts found we rarely specify brand names in our queries. Instead, most prepurchase searches use only generic terms, such as *hard drive*. Consumers tend to make these searches early on and then conduct a small flurry of brand-name queries right before they buy.[21]

Do We Always Search Rationally?

3 OBJECTIVE

Why is decision making not always rational?

As we've seen, we don't necessarily engage in a rational search process where we carefully identify every alternative before we choose the one we want. In fact, the amount of external search we do for most products is surprisingly small, even when we would benefit if we had more information. And lower-income shoppers, who have more to lose when they make a bad purchase, actually search less before they buy than do more affluent people.[22]

Like our friend Richard, some consumers typically visit only one or two stores and rarely seek out unbiased information sources before they make a purchase decision, especially when they have little time available to do so.[23] This pattern is especially prevalent for decisions about durable goods, such as appliances or autos, even when these products represent significant investments. One study of Australian car buyers found that more than a third had made two or fewer trips to inspect cars prior to buying one.[24]

This tendency to avoid external search is less prevalent when consumers consider the purchase of symbolic items, such as clothing. In those cases, not surprisingly, people tend to do a fair amount of external search, although most of it involves asking peers' opinions.[25] Although the stakes may be lower financially, people may see these self-expressive decisions as having dire social consequences if they make the wrong choice. The level of risk, a concept we'll discuss shortly, is high.

In addition, we often engage in *brand switching*, even if our current brand satisfies our needs. When researchers for British brewer Bass Export studied the American beer market, they discovered that many drinkers have a repertoire of two to six favorite brands rather than one clear favorite.[26]

Sometimes, it seems we simply like to try new things—we crave variety as a form of stimulation or to reduce boredom. **Variety seeking**, the desire to choose new alternatives over more familiar ones, even influences us to switch from our favorite products to ones we like less! This can occur even before we become *satiated,* or tired, of our favorite. Research supports the idea that we are willing to trade enjoyment for variety because the unpredictability *itself* is rewarding.[27]

We're especially likely to look for variety when we are in a good mood, or when there isn't a lot of other stuff going on.[28] In the case of foods and beverages, we may decide to try new things due to *sensory-specific satiety*. Put simply, this means the

Assistant to make it easier to search recipes, plan meals, and locate the nearest store that sells the ingredients you need.

Obviously our thirst for information is what drives the growth of search-engine advertising, where marketers bid on key words (like *pizza delivery*) in a continuous auction. When a consumer searches for any of the words, a marketer's ad will appear with the results if the company has bid enough and the engine's software determines the ad is relevant. That process in turn has spawned the industry of **search engine optimization (SEO)**—the small army of consultants who help companies to "game" the search engines to insure that their links turn up near the top of the list when we hop online to find a pizza or even a Picasso.

Our quest for information takes us beyond traditional Web sites as social media continue to grow; for example, in addition to buying advertising space on Google, Pizza Hut now places messages that people access through their mobile phones and on Facebook. One-third of Americans who use cell phones recalled seeing mobile advertising (most as SMS text messages) during the fourth quarter of 2008—and 40 percent of iPhone users did. Women were almost twice as likely as men to say they responded in some way to a mobile ad they'd received and not surprisingly 18- to 24-year-olds were the most responsive. Overall, one in seven people said they'd bought a product or visited a store after they saw an ad on their mobile. Our reliance on our cells to find anything and perhaps anyone will increase as technology advances. Using its mobile maps service, Google's new Latitude service enables you to share your location with your friends, and see where your friends are (or at least where they want you to "think" they are). For marketers, this is another step toward integrating social networking into our daily lives—not just reaching us when we've stopped what we're doing to check in on Facebook.

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CB AS I LIVE IT

Jason Calcano, *Rutgers University, New Brunswick*

I have been working out ever since my freshman year in high school. I began exercising consistently because of my participation in football, basketball, and baseball. Throughout high school, my exercising consisted of weightlifting and conditioning programs set by my coaches. Once I enrolled in college, I continued weightlifting but my cardio workouts had pretty much ended. Recently, my gym membership was coming to an end, and I decided that I would try and change up my workout routine. I went to four different gyms and they all felt the same. Finally, a friend of mine told me about mixed martial arts classes she was taking at Tiger Schulmann's Mixed Martial Arts. I decided to look into it and was able to take a trial class. The workout was a lot different than what I was used to, but I really enjoyed it. The classes at Tiger Schulmann's gave me a full workout in an hour and taught me self-defense techniques as well. The workout improved my strength, cardio, flexibility, and the self-defense techniques made me a lot more confident. I felt that this workout was very refreshing, and I decided to join Tiger Schulmann's program instead of joining a new gym.

My situation best illustrates the concept of *variety seeking*. I wanted to switch up the same workout routine that I had been using for the past 8 years. Also, I wanted to get more cardio in my workouts and try something different because my normal routine was starting to bore me, especially since I could not get any of my friends to join the gym with me. I was working out by myself for the past 2 years, and it was hard to stay motivated. When I found Tiger Schulmann's, I immediately knew it was something that I have never tried before and the challenge motivated me. Another great factor was that I would be in classes working out with other people and not going by myself.

I agree with the chapter's description of variety seeking. I definitely chose Tiger Schulmann's as a form of stimulation and to reduce my monotonous workouts. Even though I loved going to the gym, I felt that I needed a change. This decision was just what I needed. I went from lifting heavy weights and normally just working out my upper body to getting a great cardio workout and training my whole body. Knowing about the variety seeking concept will probably affect some of my decisions in the future. Knowing that there are many alternatives out there will force me to try out different brands or activities that I normally would not.

I believe a marketer could learn a lot from my experience. Marketers can present their products as alternatives to the normal, repetitive routines that get boring. I would never have tried to work out at Tiger Schulmann's if it was not for my friend's advice. I feel that if marketers can show that their products or brands are different and can offer variety in your life, they can greatly increase the amount of sales they make. Marketers should try to explain that their product can reinvigorate or stimulate someone's life and that would make their product more successful. I believe people are always looking for something different and if you can market your product as a refreshing alternative, you will be a lot better off.

pleasantness of a food item we have just eaten drops, whereas the pleasantness of uneaten foods remains unchanged.[29] So even though we have favorites, we still like to sample other possibilities. However, when the decision situation is ambiguous, or when there is little information about competing brands, we tend to opt for the safe choice. Figure 8.4 shows the brand attributes consumers consider most important when they choose among alternatives, according to a survey *Advertising Age* conducted.

Mental Accounting: Biases in the Decision-Making Process

Consider the following scenario: You've scored a free ticket to a major football game. At the last minute, though, a sudden snowstorm makes it somewhat dangerous to get to the stadium. Would you still go? Now, assume the same game and snowstorm—except this time you paid a small fortune for the ticket. Would you head out in the storm in this case?

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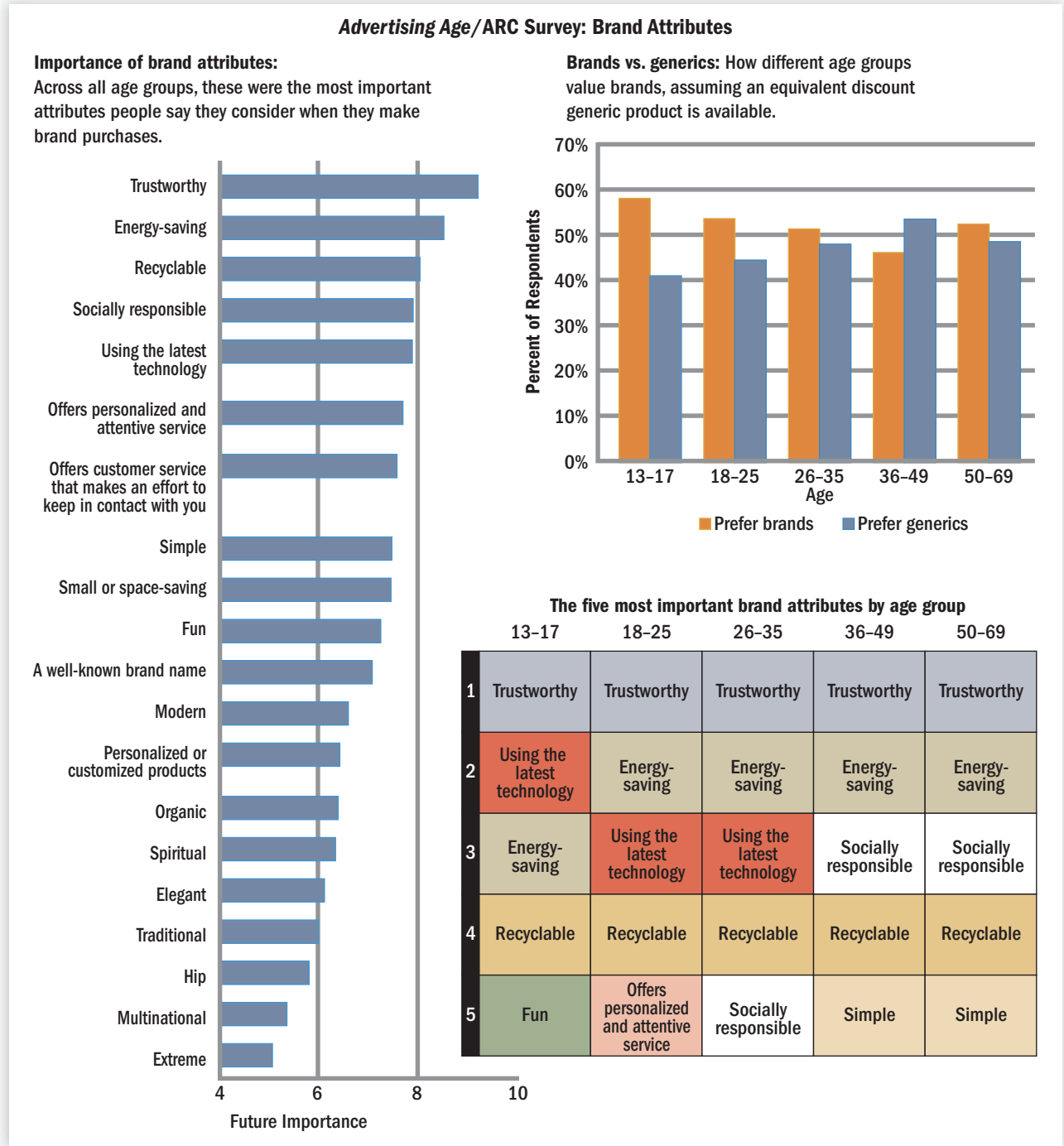
Figure 8.4 *ADVERTISING AGE* POLL: IMPORTANCE OF BRAND ATTRIBUTES



Analyses of people's responses to this situation and to other similar puzzles illustrate principles of **mental accounting**. This process demonstrates that the way we pose a problem (we call this *framing*) and whether it's phrased in terms of gains or losses influences our decisions.[30] In this case, researchers find that people are more likely to risk their personal safety in the storm if they paid for the football ticket than if it's a freebie. Only the most die-hard fan would fail to

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recognize that this is an irrational choice because the risk is the same regardless of whether you got a great deal on the ticket. Researchers call this decision-making bias the *sunk-cost fallacy*—if we've paid for something we're more reluctant to waste it.

Whether we focus on the present or the future is another example of how the way we frame an issue influences the options we choose and how we feel about them. The condition of **hyperopia** (the medical term for people who have farsighted vision) describes people who are so obsessed with preparing for the future that they can't enjoy the present. College students who participated in a study on this phenomenon reported that they regretted not working, studying, or saving money during their winter breaks. But, when researchers asked them to imagine how they will feel about this break a year from now, their biggest regrets were that they didn't have enough fun or travel enough. In another study, female subjects received a ticket for a lottery that would be held three months later. They had to choose in advance from one of two prizes if they won: either $85 in cash or an $80 voucher for a massage or facial at a spa. Even though they were reminded that they could use the $85 in cash to get a spa treatment and pocket the $5 difference, more than a third of the women chose the voucher. Researchers found similar results in other situations; when people had to choose between cash and prizes like bottles of wine or dinners out, many of them chose the luxuries even though the cash was a better deal. One participant observed, "If I took the cash it would end up going into the rent."[31]

Loss aversion is another bias. This means that we emphasize our losses more than our gains. For example, for most people losing money is more *unpleasant* than gaining money is *pleasant*. **Prospect theory** describes how people make choices—it defines utility in terms of gains and losses. We evaluate the riskiness of a decision differently if it's put to us in terms of what we stand to gain rather than what we stand to lose.[32] To illustrate this bias, consider the following choices. For each, would you take the safe bet or choose to gamble?

- **Option 1**—You're given $30 and a chance to flip a coin: Heads you win $9, tails you lose $9.
- **Option 2**—You get $30 outright or you accept a coin flip that will win you either $39 or $21.

In one study, 70 percent of those who got option 1 chose to gamble, compared to only 43 percent of those who got option 2. Yet the odds are the same for both options! The difference is that we prefer to "play with the house money"—we're more willing to take risks when we think we're using someone else's resources. So, contrary to a rational decision-making perspective, we value money differently depending on its source. This explains, for example, why the same person who chooses to blow a big bonus on a $2,000 pair of Manolo Blahnik heels would never consider taking that same amount out of her savings account to buy shoes.

Finally, research in mental accounting demonstrates that extraneous characteristics of the choice situation can influence our selections, even though they wouldn't *if* we were totally rational decision makers. Researchers gave survey participants one of the two versions of this scenario:

> You are lying on the beach on a hot day. All you have to drink is ice water. For the past hour you have been thinking about how much you would enjoy a nice cold bottle of your favorite brand of beer. A companion gets up to go make a phone call and offers to bring back a beer from the only nearby place where beer is sold (either a fancy resort hotel or a small, run-down grocery store, depending on the version you're given). He says that the beer might be expensive and so asks how much you are willing to pay for it. What price do you tell him?

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CB AS I SEE IT

Professor Gavan Fitzsimons, *Duke University*

For many years consumer researchers have thought of the consumer largely as a conscious, thinking machine. Consumers consider what is important to them, evaluate choice options on those alternatives on those dimensions, and make a decision. Recently, however, a growing group of consumer researchers has started to revisit an old idea that had been largely considered debunked—namely that much of what goes on in the life of a consumer occurs outside of his or her conscious awareness.

The idea that consumers are influenced outside of their conscious awareness is frightening to many consumers, and has thus received considerable resistance. And yet, the data become more and more clear that consumers are influenced by stimuli they don't realize they have been exposed to, processes occur in the consumers' minds they are unaware of, and consumers even engage in behavior that they are not conscious of (e.g., consider many habitual behaviors). These nonconscious processes are often adaptive and helpful for the consumer, but can also at times be detrimental.

One interesting recent example from our own lab involved subliminally exposing consumers to brand logos—in several studies either an Apple or an IBM logo. Incidental brand exposures occur every day—recent estimates range between 3,000 and 10,000 times in a single day for the typical American consumer—and thus we were curious if they could influence consumer behavior in meaningful ways. Apple or IBM logos were flashed on a screen for very brief intervals—from 10 to 50 milliseconds—to mimic this real-world incidental brand exposure. Participants had no conscious experience of seeing a brand, and believed they were only seeing a box on the left or right of the screen. Our results showed that nonconscious exposure to the Apple logo led consumers to be significantly more creative than consumers similarly exposed to an IBM logo. This **incidental brand exposure** activated a goal in consumers that they actively pursued until they could satisfy it. Similar studies have shown dramatic increases in choices of one brand versus another as a result of incidental brand exposure.

The future of research on unconscious consumer behavior is likely to continue to document domains in which the consumer is influenced outside of his or her awareness. Contexts in which consumers find themselves taxed, exhausted, or overwhelmed are all ripe for unconscious influence, which sadly have become the default rather than the exception for most consumers. Some of the most interesting questions remaining deal with exactly how nonconscious processes work, and when they may be adaptive versus harmful. If helpful, how can consumers, firms, and public policy makers embrace and encourage them. For example, many consumers might like to be more creative, or faster, for example, and thus might strategically surround themselves with Apple or Speedo logos. Over time exposure to these logos will become incidental and they may find themselves increasingly creative or faster. If such exposures are harmful, what can these groups do to minimize their effects? Preliminary evidence suggests that pre-warnings can, at least in part, dampen these nonconscious effects.

In the survey, the median price participants who read the fancy resort version gave was $2.65, but those who got the grocery store version were only willing to pay $1.50. In both versions the consumption act is the same, the beer is the same, and they don't consume any "atmosphere" because they drink the beer on the beach.[33] So much for rational decision making!

How Much Do We Search?

As a general rule, we search more when the purchase is important, when we have more of a need to learn more about the purchase, or when it's easy to obtain the relevant information.[34] Consumers differ in the amount of search they tend to undertake, regardless of the product category in question. All things being equal, younger, better-educated people who enjoy the shopping/fact-finding process

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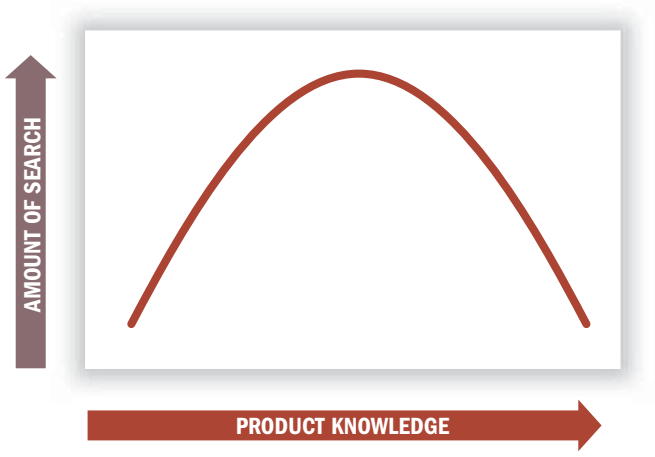
Figure 8.5 THE RELATIONSHIP BETWEEN AMOUNT OF INFORMATION SEARCH AND PRODUCT KNOWLEDGE



tend to conduct more information search. Women are more inclined to search than men are, as are those who place greater value on style and the image they present.[35]

Does knowing something about the product make it more or less likely that we will engage in search? The answer to this question isn't as obvious as first appears: Product experts and novices use very different procedures during decision making. Novices who know little about a product should be the most motivated to find out more about it. However, experts are more familiar with the product category—they should be better able to understand the meaning of any new product information they might acquire.

So who searches more? The answer is neither: Search tends to be greatest among those consumers who are *moderately knowledgeable* about the product. We find an inverted-U relationship between knowledge and external search effort, as Figure 8.5 shows. People with very limited expertise may not feel they are competent to search extensively. In fact, they may not even know where to start. Richard, who did not spend a lot of time researching his purchase, is typical. He visited one store, and he looked only at brands with which he was already familiar. In addition, he focused on only a small number of product features.[36]

Because experts have a better sense of what information is relevant to the decision, they engage in *selective search*, which means their efforts are more focused and efficient. In contrast, novices are more likely to rely on the opinions of others and on "nonfunctional" attributes, such as brand name and price, to distinguish among alternatives. Finally, novice consumers may process information in a "top-down" rather than a "bottom-up" manner—they focus less on details than on the big picture. For instance, they may be more impressed by the sheer amount of technical information an ad presents than by the actual significance of the claims it makes.[37]

Ironically, people who have details about a product before they buy it do *not* expect to be as happy with it as do those who got only ambiguous information. The so-called **blissful ignorance effect** apparently occurs because we want to feel like we've bought the right thing—and if we know precisely how the product performs it's not as easy to rationalize away any shortcomings. In one experiment some subjects were told of a manufacturer's claims about a hand lotion and informed that separate research had shown that 50 percent of people in fact obtained these benefits. Another set of subjects also heard about the manufacturers' claims, but they were told the results from independent research were not yet available. Those who were provided with less information (the latter group) actually expected the product to perform better. In other words, the less we know about something the easier it is to persuade ourselves that we like it.[38]

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Perceived Risk

As a rule, purchase decisions that involve extensive search also entail **perceived risk**, or the belief that there may be negative consequences if you use or don't use a product or service. This may occur when the product is expensive or is complex and hard to understand. Alternatively, perceived risk can be a factor when others can see what we choose, and we may be embarrassed if we make the wrong choice.[39]

Figure 8.6 lists five kinds of risk—including objective (e.g., physical danger) and subjective (e.g., social embarrassment) factors—as well as the products each type tends to affect. Perceived risk is less of a problem for consumers who have greater "risk capital" because they have less to lose from a poor choice. For example, a highly self-confident person might worry less than a vulnerable, insecure person who chooses a brand that peers think isn't cool.



Minolta features a no-risk guarantee as a way to reduce the perceived risk in buying an office copier.
Source: Courtesy of Minolta Corporation.

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Figure 8.6 FIVE TYPES OF PERCEIVED RISK

	BUYERS MOST SENSITIVE TO RISK	PURCHASES MOST SUBJECT TO RISK
MONETARY RISK	Risk capital consists of money and property. Those with relatively little income and wealth are most vulnerable.	High-ticket items that require substantial expenditures are most subject to this form of risk.
FUNCTIONAL RISK	Risk capital consists of alternative means of performing the function or meeting the need. Practical consumers are most sensitive.	Products or services whose purchase and use requires the buyer's exclusive commitment are most sensitive.
PHYSICAL RISK	Risk capital consists of physical vigor, health, and vitality. Those who are elderly, frail, or in ill health are most vulnerable.	Mechanical or electrical goods (such as vehicles or flammables), drugs and medical treatment, and food and beverages are most sensitive.
SOCIAL RISK	Risk capital consists of self-esteem and self-confidence. Those who are insecure and uncertain are most sensitive.	Socially visible or symbolic goods, such as clothes, jewelry, cars, homes, or sports equipment are most subject to social risk.
PSYCHO-LOGICAL RISK	Risk capital consists of affiliations and status. Those lacking self-respect or attractiveness to peers are most sensitive.	Expensive personal luxuries that may engender guilt, durables, and services whose use demands self-discipline or sacrifice are most sensitive.

How Do We Decide Among Alternatives?

Much of the effort we put into a purchase decision occurs at the stage where we have to put the pedal to the metal and actually choose a product from several alternatives. This may not be easy—modern consumer society abounds with choices. In some cases, there may be literally hundreds of different brands (as in cigarettes) or different variations of the same brand (as in shades of lipstick).

Ask a friend to name all the brands of perfume she can think of. The odds are she will reel off three to five names rather quickly, then stop and think awhile before she comes up with a few more. She's probably very familiar with the first set of brands, and in fact she probably wears one or more of these. Her list may also contain one or two brands that she doesn't like—to the contrary they come to mind because she thinks they smell nasty or are unsophisticated. Note also that there are many, many more brands on the market that she did not name at all.

If your friend goes to the store to buy perfume, it is likely that she will consider buying some or most of the brands she listed initially. She might also entertain a few more possibilities if these come to her attention while she's at the fragrance counter—for example, if an employee "ambushes" her with a scent sample as she walks down the aisle.

How do we decide which criteria are important, and how do we narrow down product alternatives to an acceptable number and eventually choose one instead of others? The answer varies depending on the decision-making process we use. A person who engages in extended problem solving may carefully evaluate several brands, whereas someone who makes a habitual decision may not consider any

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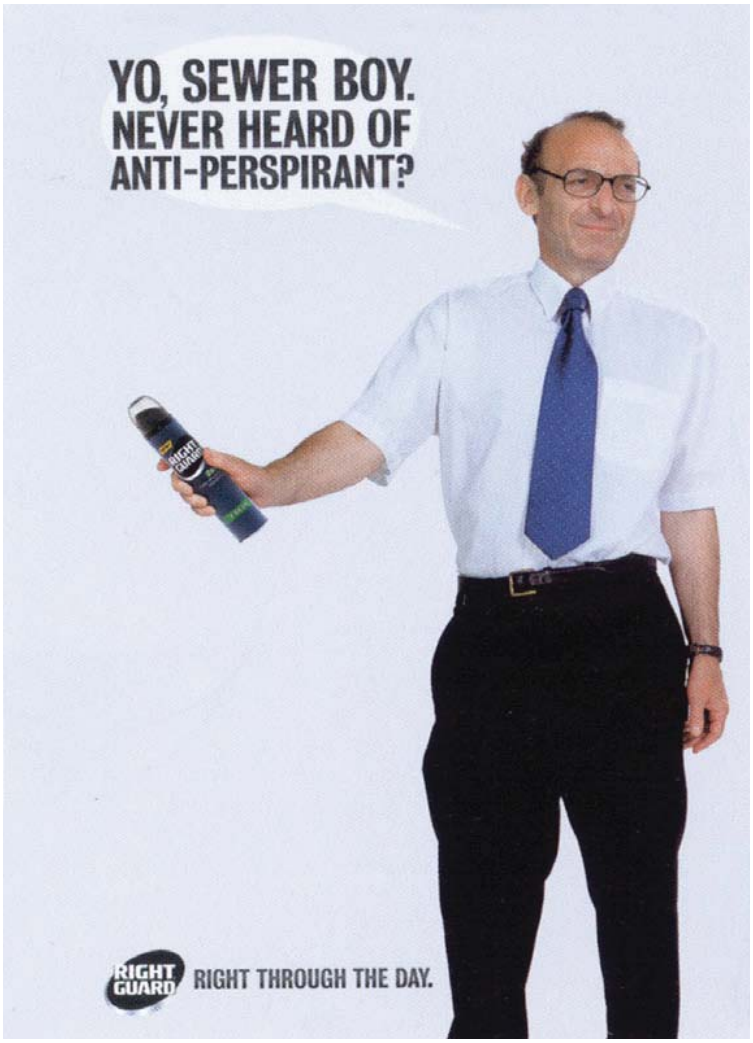

This British ad appeals to social risk.
Source: © Abbott Mead Vickers BBDO, London. Ad created and produced by Simon Langley, Richard Morgan, and John Offenbach.

alternatives to his normal brand. Furthermore, some evidence indicates that we do more extended processing in situations that arouse negative emotions because of conflicts we feel among the available choices. This is most likely to occur when there are difficult trade-offs; for example when a person has to choose between the risks involved in having a bypass operation versus the potential improvement in his life if the operation succeeds.[40]

We call the alternatives a consumer knows about his **evoked set** and the ones that he actually considers his **consideration set** (often we don't seriously consider every single brand we know about because it's out of our price range or we've had a bad experience with it).[41] Recall that Richard did not know much about the technical aspects of television sets, and he had only a few major brands in memory. Of these, two were acceptable possibilities and one was not.

Consumers often consider a surprisingly small number of alternatives—especially with all the choices available to us. A cross-national study found that people generally include just a few products in their consideration, although this amount varies by product category and across countries. For example, on average American beer consumers considered only three brands whereas Canadian consumers typically considered seven brands. In contrast, while auto buyers in Norway studied two alternatives, American consumers on average looked at more than eight models before they decided.[42] We seem to be a lot more picky about our wheels than our brews.

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This ad for Sunkist lemon juice attempts to establish a new category for the product by repositioning it as a salt substitute.
Source: Courtesy of Sunkist Growers.

For obvious reasons, a marketer who finds that his brand is not in his target market's evoked set has cause to worry. You often don't get a second chance to make a good first impression; a consumer isn't likely to place a product in his evoked set after he already considered it and rejected it. Indeed, we're more likely to add a new brand to the evoked set than one that we previously considered but passed over, even after a marketer has provided additional positive information about it.[43] For marketers, a consumer's reluctance to give a rejected product a second chance underscores the importance of ensuring that it performs well from the time the company introduces it.

An advertising campaign for Hyundai illustrates how hard a company sometimes has to work to get its brand into consumers' consideration sets. Many people think of Hyundai strictly as a low-cost vehicle, even though it has received high marks for quality in recent years. The carmaker's "Think About It" campaign encouraged consumers to reconsider their long-held beliefs through frank statements like "The logo is there to tell you what the car is, not who you are" and "When a car company charges for roadside assistance, aren't they just helping themselves?" As Hyundai's vice president for marketing in America explained, "Unless we give people a compelling reason to shuffle the brand deck, they'll stand with the brands they know rather than make that switch."[44]

Marketing Opportunity

Women choose a new shoe according to its brand category—or do they? At the new footwear Web site musthaveshoes.com shoppers see shoes categorized by style rather than brand—for example black high heels, strappy thong sandals, or funky boots. One of the site's developers explains the shift in categorization: "When you walk into a shoe store, there are tables set up with shoes that have something in common—they're not usually separated by brand. Maybe everything will have a metallic tone, or there'll be several evening shoes together." Categories matter.[45]

How Do We Put Products into Categories?

Remember that when consumers process product information, they don't do it in a vacuum. They evaluate its attributes in terms of what they already know about the item or other similar products. A person who thinks about a particular 35mm camera will most likely compare it to other 35mm cameras rather than to a disposable camera. Because the *category* in which a consumer places a product determines the other products she will compare it to, the way we classify a brand in our minds plays a big role in how we evaluate it.

The products in a consumer's evoked set are likely to share some similar features. This process can either help or hurt a product, depending on what people

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compare it to. For example, in one survey about 25 percent of consumers said they would be less likely to buy a product made of hemp if they know it's derived from the same plant from which marijuana comes (but without any of the latter's effects). When we come across a new product, we tend to place it into an existing category rather than create a new category.[46] Of course, that's one of the big hurdles a new form of technology has to clear—before a person will buy a microwave oven, MP3 player, or GPS, they need to make sense out of the category to which it belongs.

It is important to understand how we cognitively represent this information in a **knowledge structure**—this term refers to a set of beliefs and the way we organize these beliefs in our minds.[47] We discussed these knowledge structures in Chapter 4. Their makeup matters to marketers because they want to ensure that customers correctly group their products. For example, General Foods brought out a new line of Jell-O flavors, such as Cranberry Orange, that it called Jell-O Gelatin Flavors for Salads. Unfortunately the company discovered that people used the product only for salad because the name encouraged them to put the product in their "salad" structure rather than in their "dessert" structure. General Foods dropped the product line.[48]

Typically we represent a product in a cognitive structure at one of three levels. To understand this idea, consider how someone might respond to these questions about an ice cream cone: What other products share similar characteristics, and which would you consider as alternatives to eating a cone?

These questions may be more complex than they first appear. At one level, a cone is similar to an apple because you could eat both as a dessert. At another level, a cone is similar to a piece of pie because you could eat either for dessert and both are fattening. At still another level, a cone is similar to an ice cream sundae—you could eat either for dessert, both are made of ice cream, and both are fattening. Figure 8.7 depicts these three levels.

It's easy to see that the foods a person associates with, the category "fattening dessert," influence his or her decision about what to eat after dinner. The middle level, or *basic level category*, is typically the most useful to classify products. At this level the items we group together tend to have a lot in common with each other but still permit us to consider a broad enough range of alternatives. The broader *superordinate category* is more abstract, whereas the more specific *subordinate category* often includes individual brands.[50] Of course, not all items fit equally well into a category. Apple pie is a better example of the subordinate category "pie" than is rhubarb pie, even though both are types of pies. This is because it's more *prototypical*, and most people would think of apple as a pie flavor before they thought of rhubarb. In contrast, true pie experts probably know a lot about both typical and atypical category examples.[51]

Marketing Pitfall



Kimberly-Clark Corp., which makes well-known paper products including Kleenex and Scott tissues, learned the hard way about the perils of product categorization and consumers' resistance to products they find hard to assign to a well-known category. The company announced "the most significant category innovation since toilet paper first appeared in roll form in 1890." Even Jay Leno covered the news of the new product: Cottonelle Fresh Rollwipes, a roll of moist wipes in a plastic dispenser that clips onto a regular toilet-paper holder. To quiet skeptics who questioned whether Americans would change their bathroom habits so dramatically, Kimberly-Clark unveiled its research showing that 63 percent of adults were already in the habit of wetting toilet paper or using a wipe.

Although the company spent more than $100 million to develop the roll and dispenser and guards it with more than 30 patents, high hopes for the product have gone down the toilet. Part of the problem is that the company is dealing with a product most people don't even want to discuss in the first place, and its advertising failed to show consumers what the wipes even do. Its ad agency tried to create a fun image with TV ads showing shots of people splashing in the water from behind with the slogan, "sometimes wetter is better." A print ad with an extreme close-up of a sumo wrestler's *derriere* was a flop. To make matters worse, the company didn't design a version in small product sizes, so it couldn't pass out free samples. And, the wipes come in a container that is immediately visible in a bathroom—another strike for people already bashful about buying the product.[49]

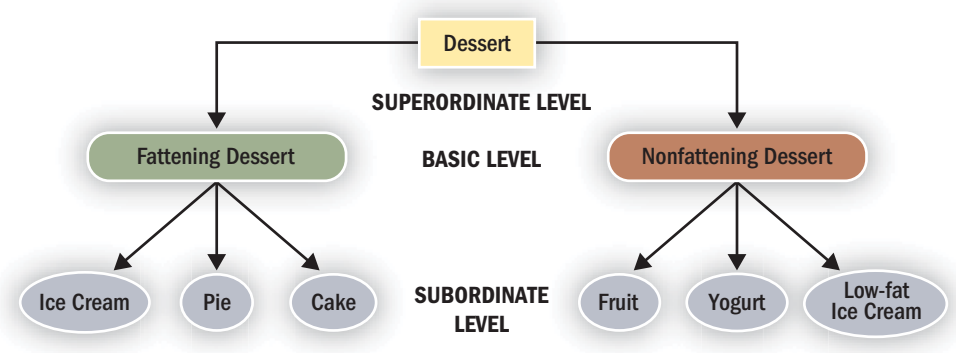

Figure 8.7 LEVELS OF ABSTRACTION IN DESSERT CATEGORIES

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Strategic Implications of Product Categorization

The way we categorize products has a lot of strategic implications. That's because this process affects which products consumers will compare to our product and also the criteria they'll use to decide if they like us or the other guys.

Position a Product. The success of a *positioning strategy* hinges on the marketer's ability to convince the consumer to consider its product within a given category. For example, the orange juice industry tried to reposition orange juice as a drink people can enjoy all day long ("It's not just for breakfast anymore"). However, soft-drink companies attempt the opposite when they portray sodas as suitable for breakfast consumption. They are trying to make their way into consumers' "breakfast drink" category, along with orange juice, grapefruit juice, and coffee. Of course, this strategy can backfire, as Pepsi-Cola discovered when it introduced Pepsi A.M. and positioned it as a coffee substitute. The company did such a good job of categorizing the drink as a morning beverage that customers wouldn't drink it at any other time, and the product failed.[52]

Identify Competitors. At the abstract, superordinate level, many different product forms compete for membership. The category "entertainment" might comprise both bowling and the ballet, but not many people would substitute one of these activities for the other. Products and services that on the surface are quite different, however, actually compete with each other at a broad level for consumers' discretionary dollars. Although bowling or ballet may not be a likely trade-off for many people, a symphony might try to lure away season ticket holders to the ballet by positioning itself as an equivalent member of the superordinate category "cultural event."[53]

We're often faced with choices between noncomparable categories, where we can't directly relate the attributes in one to those in another (the old problem of comparing apples and oranges). When we can create an overlapping category that encompasses both items (e.g., entertainment, value, usefulness) and then rate each alternative in terms of that superordinate category comparison, the process is easier.[54]

Create an Exemplar Product. As we saw with the case of apple pie versus rhubarb pie, if a product is a really good example of a category it is more familiar to consumers and they more easily recognize and recall it.[55] The characteristics of **category exemplars** tend to exert a disproportionate influence on how people think of the category in general.[56] In a sense, brands we strongly associate with a category get to "call the shots"—they define the criteria we use to evaluate all category members.

Being a bit less than prototypical is not necessarily a bad thing, however. Products that are moderately unusual within their product category may stimulate more information processing and positive evaluations because they are neither so familiar that we will take them for granted nor so different that we won't consider them at all.[57] A brand that is strongly discrepant (such as Zima, a clear malt beverage) may occupy a unique niche position, whereas those that are somewhat different (e.g., local microbrews) remain in a distinct position within the general category.[58]

Locate Products in a Store. Product categorization also can affect consumers' expectations regarding the places they can locate a desired product. If products do not clearly fit into categories (e.g., is a rug furniture?), this may diminish our ability to find them or figure out what they're supposed to be once we do. For instance, a frozen dog food that pet owners had to thaw and cook before they served it to Fido failed in the market, partly because people could not adapt to the idea of buying dog food in the "frozen foods for people" section of their grocery stores.

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Product Choice: How Do We Select from the Alternatives?

Once we assemble and evaluate the relevant options in a category, eventually we have to choose one.[59] Recall that the decision rules that guide our choices range from very simple and quick strategies to complicated processes that require a lot of attention and cognitive processing.[60] Our job isn't getting any easier as companies overwhelm us with more and more features. We deal with 50-button remote controls, digital cameras with hundreds of mysterious features and book-length manuals, and cars with dashboard systems worthy of the space shuttle. Experts call this spiral of complexity **feature creep**. As evidence that the proliferation of gizmos is counterproductive, Philips Electronics found that at least half of the products buyers return have nothing wrong with them—consumers simply couldn't figure out how to use them! What's worse, on average the buyer spent only 20 minutes trying to figure out how to use the product and then gave up.

Why don't companies avoid this problem? One reason is that we often assume the more features the better. It's only when we get the product home that we realize the virtue of simplicity. In one study consumers chose among three models of a digital device that varied in terms of how complex each was. More than 60 percent chose the one with the most features. Then, the participants got the chance to choose from up to 25 features to customize their product—the average person chose 20 of these add-ons. But when they actually used the devices, it turns out that the large number of options only frustrated them—they ended up being much happier with the simpler product. As the saying goes, "Be careful what you wish for. . . . "[61]

Evaluative Criteria

When Richard looked at different television sets, he focused on one or two product features and completely ignored several others. He narrowed down his choices as he only considered two specific brand names, and from the Prime Wave and Precision models, he chose one that featured stereo capability.

Evaluative criteria are the dimensions we use to judge the merits of competing options. When he compared alternative products, Richard could have chosen from among many criteria that ranged from very functional attributes ("Does this TV come with remote control?") to experiential ones ("Does this TV's sound reproduction make me imagine I'm in a concert hall?").

Another important point is that criteria on which products *differ* from one another carry more weight in the decision process than do those where the alternatives are *similar*. If all brands a person considers rate equally well on one attribute (e.g., if all TVs come with remote control), Richard needs to find other reasons to choose one over another. **Determinant attributes** are the features we actually use to differentiate among our choices.

Marketers often educate consumers about which criteria they should use as determinant attributes. For example, consumer research from Church & Dwight indicated that many consumers view the use of natural ingredients as a determinant attribute. As a result, the company promoted its toothpaste made from baking soda, which the company already manufactured for Church & Dwight's Arm & Hammer brand.[62]

And sometimes, the company actually invents a determinant attribute: Pepsi-Cola accomplished this when it stamped freshness dates on soda cans. It spent about $25 million on an advertising and promotional campaign to convince consumers that there's nothing quite as horrible as a stale can of soda—even though people in the industry estimate that drinkers consume 98 percent of all cans well before this could be a problem. Six months after it introduced the campaign, lo and behold an independent survey found that 61 percent of respondents felt that freshness dating is an important attribute for a soft drink![63] In order for a marketer

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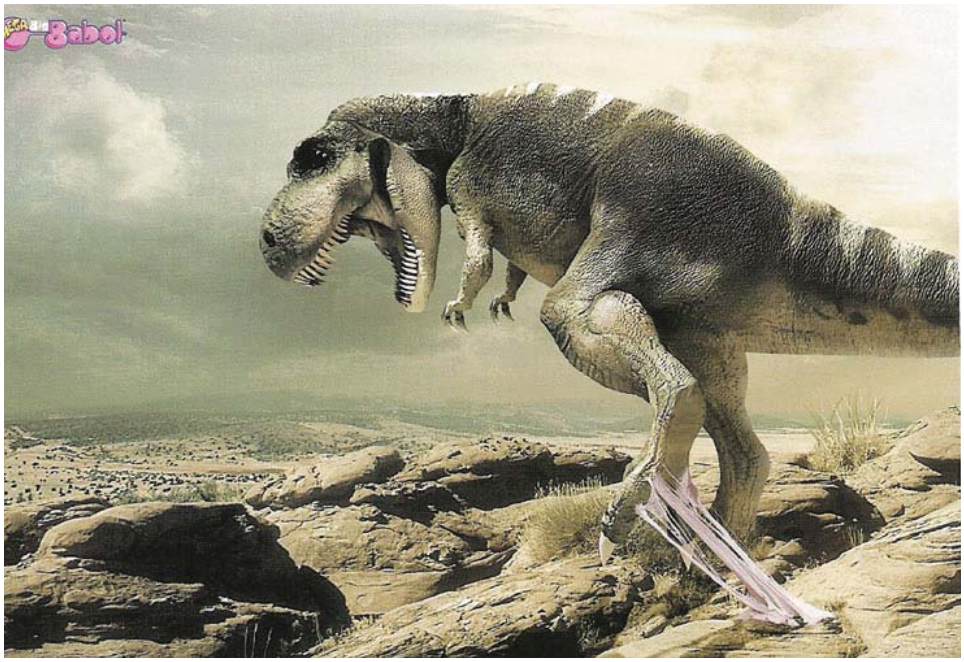

This Indonesian ad shows us one of bubblegum's determinant attributes.
Source: Courtesy of draft FCB Jakarta Indonesia.

ECONsumer Behavior



The recession brings with it a new determinant attribute: Can you return something you buy if you lose your job and can no longer afford it?

- In a 2009 promotion, the men's clothing chain Jos. A. Bank offered to refund the price of a suit if the purchaser loses his job—and he can still keep the suit. The company's press release explained, " . . . we understand the uncertainty everyone is facing. We want to help the customer look good at work, and if he loses his job, to be dressed appropriately as he meets with his next employer. It's like giving all of our customers a bit of unemployment insurance."
- Service First Mortgage promises up to $1,800 in mortgage payments for six months if a client is laid off within the first 24 months of the mortgage.
- After focus groups revealed that fear of losing one's job was one of the most pressing issues on the minds of drivers, Hyundai initiated its Hyundai Assurance program that buys back cars from new owners if they get laid off.[65]

to effectively recommend a new decision criterion, it should convey three pieces of information:[64]

1. It should point out that there are significant differences among brands on the attribute.
2. It should supply the consumer with a decision-making rule, such as *if* . . . (deciding among competing brands), *then* . . . (use the attribute as a criterion).
3. It should convey a rule that is consistent with how the person made the decision on prior occasions. Otherwise, she is likely to ignore the recommendation because it requires too much mental work.

Neuromarketing: How Your Brain Reacts to Alternatives

Is there a "buy button" in your brain? Some corporations have teamed up with neuroscientists to find out.[66] **Neuromarketing** uses *functional magnetic resonance imaging* (or *fMRI*), a brain-scanning device that tracks blood flow as we perform mental tasks. In recent years, researchers discovered that regions in the brain, such as the amygdala, the hippocampus, and the hypothalamus, are dynamic switchboards that blend memory, emotions, and biochemical triggers. These interconnected neurons shape the ways that fear, panic, exhilaration, and social pressure influence our choices.

Scientists know that specific regions of the brain light up in these scans to show increased blood flow when a person recognizes a face, hears a song, makes a decision, or senses deception. Now they hope to harness this technology to measure consumers' reactions to movie trailers, automobiles, the appeal of a pretty face, and even their loyalty to specific brands. British researchers recorded brain activity as shoppers toured a virtual store. They claim they identified the neural region that becomes active when a shopper decides which product to pluck from a supermarket shelf. DaimlerChrysler took brain scans of men as they looked at photos of cars and confirmed that sports cars activated their reward centers. The company's scientists found that the most popular vehicles—the Porsche- and Ferrari-style sports cars—triggered activity in a section of the brain they call the *fusiform face area*, which governs facial

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recognition. A psychiatrist who ran the study commented, "They were reminded of faces when they looked at the cars. The lights of the cars look a little like eyes."

A study that took brain scans of people as they drank competing soft-drink brands illustrates how loyalty to a brand affects our reactions, even at a very basic, physiological level. When the researchers monitored brain scans of 67 people who took a blind taste test of Coca-Cola and Pepsi, each soft drink lit up the brain's reward system, and the participants were evenly split as to which drink they preferred—even though three out of four participants *said* they preferred Coke. When told they were drinking Coke, the regions of the brain that control memory lit up, and this activation drowned out the area that simply reacts to taste cues. In this case, Coke's strong brand identity trumped the sensations coming from respondents' taste receptors.

In another study, researchers reported that pictures of celebrities triggered many of the same brain circuits as did images of shoes, cars, chairs, wristwatches, sunglasses, handbags, and water bottles. All of these objects set off a rush of activity in a part of the cortex that neuroscientists know links to our sense of identity and social image. The scientists also identified types of consumers based on their responses. At one extreme were people whose brains responded intensely to "cool" products and celebrities with bursts of activity but who didn't respond at all to "uncool" images. They dubbed these participants "cool fools" who are likely to be impulsive or compulsive shoppers. At the other extreme were people whose brains reacted only to the unstylish items—this pattern fits well with people who tend to be anxious, apprehensive, or neurotic. Many researchers remain skeptical about how helpful this technology will be for consumer research. If indeed researchers can reliably track consumers' brand preferences by seeing how their brains react, there may be many interesting potential opportunities for new research techniques that rely on what we (or at least our brains) do rather than what we say.

4

OBJECTIVE

Why is our access to online sources changing the way we decide what to buy?

Cybermediaries

As anyone who's ever typed a phrase such as "home theaters" into Google or another search engine, the Web delivers enormous amounts of product and retailer information in seconds. In fact (recall our earlier discussion of the problem of *hyperchoice*), the biggest problem Web surfers face these days is to narrow down their choices, not to beef them up. In cyberspace, simplification is key.

With the tremendous number of Web sites available and the huge number of people surfing the Web each day, how can people organize information and decide where to click? A **cybermediary** often is the answer. This is an intermediary that helps to filter and organize online market information so that customers can identify and evaluate alternatives more efficiently.[67] Many consumers regularly link to comparison-shopping sites, such as Bizrate.com or Pricegrabbers.com, for example, that list many online retailers that sell a given item along with the price each charges.[68]

Cybermediaries take different forms:[69]

- *Directories* and *portals* such as Yahoo! or The Knot are general services that tie together a large variety of different sites.
- *Forums, fan clubs,* and *user groups* offer product-related discussions to help customers sift through options (more on these in Chapter 10). It's clear that customer product reviews are a key driver of satisfaction and loyalty. In one large survey, about half of the respondents who bought an item from a major Web site remembered seeing customer product reviews. This group's satisfaction with the online shopping experience was 5 percent higher than for shoppers who didn't recall customer reviews.[70] Another advantage is that consumers get to experience a much wider array of options—and at the same time products such as

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movies, books, and CDs that aren't "blockbusters" are more likely to sell. At Netflix, the online DVD rental company, for example, fellow subscribers recommend about two-thirds of the films that people order. In fact, between 70 and 80 percent of Netflix rentals come from the company's back catalog of 38,000 films rather than recent releases.[71]

Net Profit



When a UC-Berkeley professor realized he didn't know much about the everyday products he bought for his family, he decided to do something about it. He developed GoodGuide, a Web site and iPhone application that lets consumers enter a product's name and learn about its health, environmental, and social impacts. The site continues to grow—Apple featured it as one of its apps. The site maintains its objectivity because it refuses to sell advertising, but it does collect a small fee if a customer links to Amazon to find a product it rates highly.[77]

And, this aspect of online customer review is one important factor that's fueling a new way of thinking one writer calls the **long tail**.[72] The basic idea is that we need no longer rely solely on big hits (such as blockbuster movies or best-selling books) to find profits. Companies can also make money if they sell small amounts of items that only a few people want—if they sell enough different items. For example, Amazon.com maintains an inventory of 3.7 million books compared to the 100,000 or so you'll find in a Barnes & Noble retail store. Most of these will sell only a few thousand copies (if that), but the 3.6 million books that Barnes & Noble doesn't carry make up a quarter of Amazon's revenues! Other examples of the long tail include successful microbreweries and TV networks that make money on reruns of old shows on channels such as the Game Show Network.

Intelligent agents are sophisticated software programs that use *collaborative filtering* technologies to learn from past user behavior in order to recommend new purchases.[73] When you let Amazon.com suggest a new book, the site uses an intelligent agent to propose novels based on what you and others like you have bought in the past. Collaborative filtering is still in its infancy. In the next few years, expect to see many new Web-based methods to simplify the consumer decision-making process. Now if only someone could come up with an easier way to pay for all the great stuff you find courtesy of shopping bots!

Researchers work hard to understand how consumers find information online, and in particular how they react to and integrate recommendations they receive from different kinds of online agents into their own product choices. An **electronic recommendation agent** is a software tool that tries to understand a human decision maker's multiattribute preferences for a product category as it asks the user to communicate his preferences. Based on that data, the software then recommends a list of alternatives sorted by the degree that they fit these criteria. These agents do appear to influence consumers' decision making though some evidence indicates they're more effective when they recommend a product based on utilitarian attributes (functionality like nutritional value) than hedonic attributes (like design or taste).[74]

Although engineers continually improve the ability of electronic recommendations agents to suggest new things we might like, we still rely on other people to guide our search. About 80 percent of online shoppers rely on customer reviews before they buy. We call the people who supply these reviews **brand advocates**. Yahoo! estimates that 40 percent of people who spend time online are advocates and that they influence purchases two to one over nonadvocates. Marketers who adjust their strategies to acknowledge this impact find it's worth their while. For example, PETCO saw a 500 percent increase in its click-through rate when it included consumers' reviews in its online ads.[75]

The huge growth in demand for user reviews in turn fuels new opinion-based sites including Yelp for local businesses, TripAdvisor for travel, and Urbanspoon for restaurants. Yelp for example offers over 4 million reviews of everything from corner cafés to dog groomers. People who take the time to post to these sites don't do it for money, but they do generate an income in the form of props for good recommendations. Analysts refer to this reward system as the **reputation economy**—many thousands of consumers devote significant time to editing Wikipedia entries, serving as brand advocates, or uploading clips to YouTube simply because they enjoy the process and want to boost their reputation as knowledgeable advisors.[76]

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5

OBJECTIVE

Why do we often fall back on well-learned "rules-of-thumb" to make decisions?

Heuristics: Mental Shortcuts

Do we actually perform complex mental calculations every time we make a purchase decision? Get a life! When we don't rely on a Web site to steer us to the right place, we often use other decision rules to simplify our choices. For example, Richard made certain assumptions instead of engaging in prolonged information search. In particular, he assumed the selection at Zany Zack's was more than sufficient, so he did not bother to shop at any of Zack's competitors.[78]

Especially when limited problem solving occurs prior to making a choice, we often fall back on **heuristics**, or mental rules-of-thumb to make a speedy decision. These rules range from the very general ("higher-priced products are higher-quality products" or "buy the same brand I bought last time") to the very specific ("buy Domino, the brand of sugar my mother always bought").[79] Sometimes these shortcuts may not be in our best interests. A car shopper who personally knows one or



Consumers often simplify choices when they use heuristics such as automatically choosing a favorite color or brand.
Source: Courtesy of iParty Retail Store Corp.

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Marketing Pitfall



Companies fall all over one another in their quest to be "green." Unfortunately, many consumers who want to buy earth-friendly products aren't sure how to tell if an item really is as green as it says. They would like to rely on a convenient heuristic like the environmental equivalent of a *Good Housekeeping* Seal of Approval. Unfortunately, so many organizations offer their own version of this seal it's hard to know which are legitimate. The Web site ecolabelling.org reports that more than 300 of these labels currently certify items from seafood to coffee. While some of these programs such as Green Seal and EcoLogo obtain independent verification of product manufacturers' green claims, many others don't expend the time and money to do that. A few major retailers try to reduce confusion as they perform their own ratings—these include Home Depot's "Eco Options" designation for items such as energy-efficient lightbulbs and Office Depot's "Green Book" catalog it distributes to business buyers. Still, the potential for confusion and misleading claims is huge—one study of almost 4,000 consumer products found evidence of rampant **greenwashing**, where manufacturers make untrue or misleading green claims.[84]

two people who have had problems with a particular vehicle, for example, might assume he would have similar trouble with it rather than taking the time to find out it has an excellent repair record.[80]

How Do We Rely on Product Signals?

One shortcut we often use is to *infer* hidden dimensions of products from attributes we observe. In these cases the visible element is a **product signal** that communicates some underlying quality. This explains why someone who tries to sell a used car makes sure the car's exterior is clean and shiny: Potential buyers often judge the vehicle's mechanical condition by its appearance, even though this means they may drive away in a clean, shiny clunker.[81]

When we only have incomplete product information, we often base our judgments on our beliefs about *covariation*—the associations we have among events that may or may not actually influence one another.[82] For example, a shopper may judge product quality by the length of time a manufacturer has been in business. Other signals or attributes consumers tend to believe coexist with good or bad products include well-known brand names, country of origin, price, and the retail outlets that carry the product.

Unfortunately, many of us estimate covariation quite poorly. And, our erroneous beliefs persist despite evidence to the contrary. In a process similar to the consistency principle we discussed in Chapter 7, we tend to see what we're looking for. In other words, we'll look for product information that confirms our guesses and ignore or explain away information that contradicts what we already think.[83]

Market Beliefs: Is It Better if I Pay More for It?

We constantly form assumptions about companies, products, and stores. These **market beliefs** then become shortcuts that guide our decisions—as our discussion of green-washing indicates, these beliefs are not necessarily accurate.[85] Recall that Richard chose to shop at a large "electronics warehouse store" because he *assumed* the selection would be better there than at a specialty store. Table 8.3 lists some market beliefs researchers have identified —how many do you share?

Do higher prices mean higher quality? The link we assume between price and quality is one of the most pervasive market beliefs.[86] Novice consumers, in fact, may consider price as the only relevant product attribute. Experts also consider this information although they tend to use price for its informational value when they evaluate products (e.g., virgin wool) that they know vary widely in quality. When this quality level is more standard or strictly regulated (e.g., Harris Tweed sport coats), experts do not weigh price in their decisions. For the most part, this belief is justified—you do tend to get what you pay for. However, let the buyer beware: The price–quality relationship is not always justified.[87]

Country of Origin as a Product Signal

Does a shrimp have a personality? As cheap foreign imports flood the market, U.S. shrimpers hope they do. They know that consumers prefer coffee from exotic places such as Kenya and salmon from Alaska, so they hope to persuade consumers to prefer American shrimp. At the Lark restaurant in Seattle, diners can read on the menu whether the prawns come from Georgia, Florida, or Alaska. Other places get even more specific about the home address of their crustaceans. The Silverado Resort and Spa in Napa, California, serves "local West Texas white shrimp."[88]

A product's "address" matters. We Americans like to buy Italian shoes, Japanese cars, clothing imported from Taiwan, and microwave ovens built in South Korea. **Country of origin** often is a determinant attribute in the decision-making process. Consumers strongly associate certain items with specific countries, and products from those countries often attempt to benefit from these linkages. The consumer's own expertise with the product category moderates the effects of this attribute. When other information is available, experts tend to ignore country-of-origin infor-

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TABLE 8.3 Common Market Beliefs

Brand	All brands are basically the same. Generic products are just name brands sold under a different label at a lower price. The best brands are the ones that are purchased the most. When in doubt, a national brand is always a safe bet.
Store	Specialty stores are great places to familiarize yourself with the best brands; but once you figure out what you want, it's cheaper to buy it at a discount outlet. A store's character is reflected in its window displays. Salespeople in specialty stores are more knowledgeable than other sales personnel. Larger stores offer better prices than small stores. Locally owned stores give the best service. A store that offers a good value on one of its products probably offers good values on all of its items. Credit and return policies are most lenient at large department stores. Stores that have just opened usually charge attractive prices.
Prices/Discounts/Sales	Sales are typically run to get rid of slow-moving merchandise. Stores that are constantly having sales don't really save you money. Within a given store, higher prices generally indicate higher quality.
Advertising and Sales Promotion	"Hard-sell" advertising is associated with low-quality products. Items tied to "giveaways" are not a good value (even with the freebie). Coupons represent real savings for customers because they are not offered by the store. When you buy heavily advertised products, you are paying for the label, not for higher quality.
Product/Packaging	Largest-sized containers are almost always cheaper per unit than smaller sizes. New products are more expensive when they're first introduced; prices tend to settle down as time goes by. When you are not sure what you need in a product, it's a good idea to invest in the extra features, because you'll probably wish you had them later. In general, synthetic goods are lower in quality than goods made of naturals materials. It's advisable to stay away from products when they are new to the market; it usually takes the manufacturer a little time to work the bugs out.

Source: Adapted from Calvin P. Duncan, "Consumer Market Beliefs: A Review of the Literature and an Agenda for Future Research," in Marvin E. Goldberg. Gerald Gorn, and Richard W. Pollay eds., *Advances in Consumer Research* 17 (Provo, UT: Association for Consumer Research, 1990):729–35.

mation, whereas novices continue to rely on it. However, when other information is unavailable or ambiguous, both experts and novices will rely on a product's birthplace to make a decision.

Swadeshi describes an Indian nationalist movement that started in the Nineteenth century in reaction to the British decision to divide the country into separate provinces. Adherents boycott multinational brands like Coca-Cola and express their ideology as they buy products made in India. Men buy Godrej or Emani shaving creams instead of Old Spice or Gillette; women make a point of shampooing with Lakme, Nirma, or Velvet instead of Western brands that sell in India such as Halo, All Clear, Sunsilk, Head & Shoulders, or Pantene.[89] **Ethnocentrism** is the tendency to prefer products or people of one's own culture to those of other countries. Ethnocentric consumers are likely to feel it is wrong to buy products made elsewhere, particularly because this may have a negative effect on the domestic economy.

Marketing campaigns that stress the desirability of "buying American" obviously appeal to ethnocentric consumers. The Consumer Ethnocentric Scale (CETSCALE) measures this trait: Ethnocentric consumers agree with statements such as the following:[90]

- Purchasing foreign-made products is un-American.
- Curbs should be put on all imports.
- American consumers who purchase products made in other countries are responsible for putting their fellow Americans out of work.[91]

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A Dutch shoe ad reminds us that a product's address matters.
Source: Coutesy of Grey/Copenhagen.

ECONsumer Behavior



The high unemployment rate fuels resentment among some Americans about jobs that companies outsource overseas. Some companies see this as an opportunity to shift course and emphasize that their products are made in the United States. One of these is athletic-shoe manufacturer New Balance. It launched a national campaign to play up the fact that a quarter of its total stock is either made or assembled in America.[92] This is an interesting tactic, since by implication three-quarters of the shoes are not. However, that proportion does compare favorably to most other manufacturers that today don't make any of their products domestically.

Do We Choose Familiar Brand Names Because of Loyalty or Habit?

When you fall in love with a brand, it may be your favorite for a lifetime. In a study the Boston Consulting Group conducted of the market leaders in 30 product categories, 27 of the brands that were number one in 1930 (such as Ivory Soap and Campbell's Soup) still were at the top more than 50 years later.[93] Clearly "choose a well-known brand name" is a powerful heuristic. As this study demonstrates, some brands in a sense are well-known *because* they are well-known—we assume that if so many people choose a product it must be good.

Indeed, our tendency to prefer a number one brand to the competition is so strong that it seems to mimic a pattern scientists find in other domains from earthquakes to linguistics. **Zipf's Law** describes this pattern. In the 1930s, a linguist named George Kingsley Zipf found that *the*—the most-used English word—occurs about twice as often as *of* (second place), about three times as often as *and* (third), and so on. Since then, scientists have found similar relationships between the size and frequency of earthquakes and a variety of other natural and artificial phenomena.

A marketing researcher decided to apply Zipf's Law to consumer behavior. His firm asked Australian consumers to identify the brands of toilet paper and instant coffee they use and to rank them in order of preference. As the model predicted,

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Marketers like this Danish restaurant often rely on consumers' expectations based on country-of-origin cues.
Source: Courtesy of Reef 'N Beef/Saatchi

people spend roughly twice as much of their toilet paper budget on the top choice than on the second-ranked brand, about twice on the number two brand as on the third-ranked brand, and about twice on the number three brand as on the number four brand. One ramification is that a brand that moves from number two to number one in a category will see a much greater jump in sales than will, say, a brand that moves from number four to number three. Brands that dominate their markets are as much as 50 percent more profitable than their nearest competitors.[94]

Inertia: The Lazy Customer

Many people tend to buy the same brand just about every time they go to the store. Often this is because of **inertia**—we buy a brand out of habit merely because it requires less effort (see Chapter 4). If another product comes along that is cheaper (or if the original product is out of stock), we won't hesitate to change our minds. A competitor who tries to encourage this switch often can do so rather easily because the shopper won't hesitate to jump to the new brand if it offers the right incentive.

When we have little to no underlying commitment to a particular brand, marketers find it easy to "unfreeze" our habit with the help of promotional tools such as point-of-purchase displays, extensive couponing, or noticeable price reductions. Some analysts predict that we're going to observe this kind of fickle behavior more and more as consumers flit from one brand to the next. Indeed, one industry observer labels this variety-seeking consumer a *brand slut*; she points out that from

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2004 to 2007 the number of women who say a manufacturer's brand name is very influential in their decision to buy a beauty product decreased by 21 percentage points to stand at 19 percent.[95]

Brand Loyalty: A "Friend," Tried-and-True

This kind of "promiscuity" will not occur if true brand loyalty exists. In contrast to inertia, **brand loyalty** describes repeat purchasing behavior that reflects a conscious decision to continue buying the same brand.[96] This definition implies that the consumer not only buys the brand on a regular basis but she also has a strong positive attitude toward it rather than that she simply buys it out of habit. In fact we often find that a brand-loyal consumer has more than simply a positive attitude—she is passionate about the product. Because of these emotional bonds, "true-blue" users react more vehemently when a company alters, redesigns, or (God forbid) eliminates a favorite brand.[97]

6

OBJECTIVE

Why do consumers rely on different decision rules when they evaluate competing options?

Decision Rules We Use When We Care

We've seen that we use different rules when we choose among competing products that depend on the decision's complexity and how important the choice is to us. Sometimes we use a simple heuristic, but at other times we carefully weigh alternatives. We describe the processes we use when we give more thought to these decisions as we divide the rules we



To reinforce brand loyalty, MiniUSA delivered custom messages to Mini Cooper owners on digital signs the company calls "talking" billboards. The boards are programmed to identify approaching Mini drivers through a coded signal from a radio chip embedded in their key fob. The messages are personal, based on questionnaires that owners filled out. For example, if a lawyer completed the survey the message might say, "Mary, moving at the speed of justice."
Source: Photo Courtesy of Newscast and MINI, a Divison of **BMW of North America, LLC.**

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TABLE 8.4 Hypothetical Alternatives for a TV Set

Attribute	Importance Ranking	Brand Ratings: Prime Wave	Precision	Kamashita
Size of screen	1	Excellent	Excellent	Excellent
Stereo broadcast capability	2	Poor	Excellent	Good
Brand reputation	3	Excellent	Excellent	Poor
Onscreen programming	4	Excellent	Poor	Poor
Cable-ready capability	5	Good	Good	Good
Sleep timer	6	Excellent	Poor	Good

use into two categories: *compensatory* and *noncompensatory*. To aid in the discussion of some of these rules, Table 8.4 summarizes the attributes of the TV sets that Richard considered. Now, let's see how some of these rules result in different brand choices.

We use **noncompensatory decision rules** when we feel that a product with a low standing on one attribute can't compensate for this flaw even if it performs better on another attribute. In other words, we simply eliminate all options that do not meet some basic standards. A consumer like Richard who uses the decision rule, "Only buy well-known brand names," would not consider a new brand, even if it were equal or superior to existing ones. When people are less familiar with a product category or are not very motivated to process complex information, they tend to use simple, noncompensatory rules such as the ones we summarize next.[98]

The Lexicographic Rule. When a person uses the *lexicographic rule*, he selects the brand that is the best on the most important attribute. If he feels two or more brands are equally good on that attribute, he then compares them on the second most important attribute. This selection process goes on until the tie is broken. In Richard's case, because both the Prime Wave and Precision models were tied on his most important attribute (a 60-inch screen), he chose the Precision because of its rating on this second most important attribute—its stereo capability.

The Elimination-by-Aspects Rule. Using the *elimination-by-aspects rule*, the buyer also evaluates brands on the most important attribute. In this case, though, he imposes specific cutoffs. For example, if Richard had been more interested in having a sleep timer on his TV (i.e., if it had a higher importance ranking), he might have stipulated that his choice "must have a sleep timer." Because the Prime Wave model had one and the Precision did not, he would have chosen the Prime Wave.

The Conjunctive Rule. Whereas the two former rules involve processing by attribute, the *conjunctive rule* entails processing by brand. As with the elimination-by-aspects procedure, the decision maker establishes cutoffs for each attribute. He chooses a brand if it meets all the cutoffs, but failure to meet any one cutoff means he will reject it. If none of the brands meet all the cutoffs, he may delay the choice, change the decision rule, or modify the cutoffs he chooses to apply.

If Richard stipulated that all attributes had to be rated "good" or better, he would not have been able to choose any of the options. He might then have modified his decision rule, conceding that it was not possible to attain these high standards in his

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price range. In this case, perhaps Richard could decide that he could live without on-screen programming, so he would reconsider the Precision model.

Compensatory Decision Rules

Unlike noncompensatory rules, **compensatory decision rules** give a product a chance to make up for its shortcomings. Consumers who employ these rules tend to be more involved in the purchase, so they're willing to exert the effort to consider the entire picture in a more exacting way.[99]

If we're willing to allow good and bad product qualities to cancel each other out, we arrive at a very different choice. For example, if Richard were not concerned about having stereo reception, he might have chosen the Prime Wave model. But because this brand doesn't feature this highly ranked attribute, it doesn't stand a chance when he uses a noncompensatory rule.

Researchers identify two basic types of compensatory rules. A person uses a *simple additive rule* if he merely chooses the alternative that has the largest number of positive attributes. This is most likely to occur when his ability or motivation to process information is limited. One drawback to this approach for the consumer is that some of these attributes may not be very meaningful or important. An ad that presents a long list of product benefits may be persuasive, despite the fact that many of the benefits it names are actually standard within the product class.

The *weighted additive rule* is a more complex version.[100] When he uses this rule, the consumer also takes into account the relative importance of positively rated attributes, essentially multiplying brand ratings by importance weights. If this process sounds familiar, it should. The calculation process strongly resembles the multiattribute attitude model we described in Chapter 7.

CHAPTER SUMMARY

Now that you have finished reading this chapter you should understand why:

1 Consumer decision making is a central part of consumer behavior, but the way we evaluate and choose products (and the amount of thought they put into these choices) varies widely, depending on such dimensions as the degree of novelty or risk related to the decision.

We almost constantly need to make decisions about products. Some of these decisions are very important and entail great effort, whereas we make others on a virtually automatic basis. The decision-making task is further complicated because of the sheer number of decisions we need to make in a marketplace environment characterized by consumer hyperchoice.

Perspectives on decision making range from a focus on habits that people develop over time to novel situations involving a great deal of risk in which consumers must carefully collect and analyze information prior to making a choice. Many of our decisions are highly automated and we make them largely by habit. This trend is accelerating as marketers begin to introduce smart products that enable silent commerce, where the products literally make their own purchase decisions (e.g., a malfunctioning appliance that contacts the repairperson directly).

2 A decision is actually composed of a series of stages that results in the selection of one product over competing options.

A typical decision process involves several steps. The first is problem recognition, where we realize we must take some action. This recognition may occur because a current possession malfunctions or perhaps because we have a desire for something new.

Once the consumer recognizes a problem and sees it as sufficiently important to warrant some action, he begins the process of information search. This search may range from scanning simple scan of his memory to determine what he's done before to resolve the same problem to extensive fieldwork where he consults a variety of sources to amass as much information as possible. In many cases, people engage in surprisingly little search. Instead, they rely

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on various mental shortcuts, such as brand names or price, or they may simply imitate others' choices.

In the evaluation of alternatives stage, the product alternatives a person considers comprise his evoked set. Members of the evoked set usually share some characteristics; we categorize them similarly. The way the person mentally groups products influences which alternatives she will consider, and usually we associate some brands more strongly with these categories (i.e., they are more prototypical).

3 Decision making is not always rational.

Research in the field of behavioral economics illustrates that decision making is not always strictly rational. Principles of mental accounting demonstrate that the way a problem is posed (called framing) and whether it is put in terms of gains or losses influences what we decide.

4 Our access to online sources is changing the way we decide what to buy.

The World Wide Web has changed the way many of us search for information. Today, our problem is more likely to weed out excess detail than to search for more information. Comparative search sites and intelligent agents help to filter and guide the search process. We may rely on cybermediaries, such as Web portals, to sort through massive amounts of information as a way to simplify the decision-making process.

5 We often fall back on well-learned "rules-of-thumb" to make decisions.

Very often, we use heuristics, or mental rules-of-thumb, to simplify decision making. In particular, we develop many market beliefs over time. One of the most common beliefs is that we can determine quality by looking at the price. Other heuristics rely on well-known brand names or a product's country of origin as signals of product quality. When we consistently purchase a brand over time, this pattern may be the result of true brand loyalty or simply to inertia because it's the easiest thing to do.

6 Consumers rely on different decision rules when evaluating competing options.

When the consumer eventually must make a product choice from among alternatives, he uses one of several decision rules. Noncompensatory rules eliminate alternatives that are deficient on any of the criteria we've chosen. Compensatory rules, which we are more likely to apply in high-involvement situations, allow us to consider each alternative's good and bad points more carefully to arrive at the overall best choice.

KEY TERMS

Behavioral influence perspective, 308
Blissful ignorance effect, 318
Brand advocates, 328
Brand loyalty, 334
Category exemplars, 324
Cognitive processing style, 308
Compensatory decision rules, 336
Consideration set, 321
Consumer hyperchoice, 306
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Search engines, 313
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Zipf's Law 332

REVIEW

1 Why do we say that "mindless" decision making can actually be more efficient than when we devote a lot of thought to what we buy?
2 List the steps in the model of rational decision making.
3 What is purchase momentum, and how does it relate (or not) to the model of rational decision making?

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4 What is the difference between the behavioral influence and experiential perspectives on decision making? Give an example of the type of purchase that each perspective would most likely explain.
5 Name two ways a consumer problem arises.
6 Give an example of the sunk-cost fallacy.
7 What is prospect theory? Does it support the argument that we are rational decision makers?
8 Describe the relationship between a consumer's level of expertise and how much he is likely to search for information about a product.
9 List three types of perceived risk, and give an example of each.
10 "Marketers need to be extra sure their product works as promised when they first introduce it." How does this statement relate to what we know about consumers' evoked sets?
11 Describe the difference between a superordinate category, a basic level category, and a subordinate category.
12 What is an example of an exemplar product?
13 List three product attributes that consumers use as product quality signals and provide an example of each.
14 How does a brand name work as a heuristic?
15 Describe the difference between inertia and brand loyalty.
16 What is the difference between a noncompensatory and a compensatory decision rule? Give one example of each.

CONSUMER BEHAVIOR CHALLENGE

DISCUSS

1 This chapter argues that for many of today's consumers it's a bigger problem to have too many choices than to not have enough choices. Do you agree? Is it possible to have too much of a good thing?
2 How big a problem is greenwashing? What is the potential impact of this practice on consumer decision making?
3 Commercial Alert, a consumer group, is highly critical of neuromarketing. The group's executive director wrote, "What would happen in this country if corporate marketers and political consultants could literally peer inside our brains and chart the neural activity that leads to our selections in the supermarket and voting booth? What if they then could trigger this neural activity by various means, so as to modify our behavior to serve their own ends?"[101] What do you think? Is neuromarketing dangerous?
4 If people are not always rational decision makers, is it worth the effort to study how they make purchasing decisions? What techniques might marketers employ to understand experiential consumption and to translate this knowledge into marketing strategy?
5 Why is it difficult to place a product in a consumer's evoked set after the person has already rejected it? What strategies might a marketer use to accomplish this goal?
6 Discuss two different noncompensatory decision rules and highlight the difference(s) between them. How might the use of one rule versus another result in a different product choice?
7 Technology has the potential to make our lives easier as it reduces the amount of clutter we need to work through in order to access the information on the Internet that really interests us. However, perhaps intelligent agents that make recommendations based only on what we and others like us have chosen in the past limit us—they reduce the chance that we will stumble on something (e.g., a book on a topic we've never heard of or a music group that's different from the style we usually listen to). Will the proliferation of "shopping bots" make our lives too predictable by only giving us more of the same? If so, is this a problem?
8 It's increasingly clear that many postings on blogs and product reviews on Web sites are fake or are posted there to manipulate consumers' opinions. How big a problem is this if consumers increasingly look to consumer-generated product reviews to guide their purchase decisions? What steps if any can marketers take to nip this problem in the bud?

APPLY

1 Find examples of electronic recommendation agents on the Web. Evaluate these—are they helpful? What characteristics of the sites you locate are likely to make you buy products you wouldn't have bought on your own?
2 In the last few years several products made in China including toothpaste and toys have been recalled because they are dangerous to use or even fatal. In one survey, about 30 percent of American respondents indicated that they have stopped purchasing some Chinese goods as a result of the recalls or that they usually don't buy products from China.[102] If the Chinese government hired you as a consultant to help it repair some of the damage to the reputation of products made there, what actions would you recommend?

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3 Conduct a poll based on the list of market beliefs you'll find in Table 8.3. Do people agree with these beliefs, and how much do they influence their decisions?
4 Pepsi invented freshness dating and managed to persuade consumers that this was an important product attribute. Devise a similar strategy for another product category by coming up with a brand new product attribute. How would you communicate this attribute to your customers?
5 Define the three levels of product categorization the chapter describes. Diagram these levels for a health club.
6 Choose a friend or parent who grocery shops on a regular basis and keep a log of his or her purchases of common consumer products during the term. Can you detect any evidence of brand loyalty in any categories based on consistency of purchases? If so, talk to the person about these purchases. Try to determine if his or her choices are based on true brand loyalty or on inertia. What techniques might you use to differentiate between the two?
7 Form a group of three. Pick a product and develop a marketing plan based on each of the three approaches to consumer decision making: rational, experiential, and behavioral influence. What are the major differences in emphasis among the three perspectives? Which is the most likely type of problem-solving activity for the product you have selected? What characteristics of the product make this so?
8 Locate a person who is about to make a major purchase. Ask that person to make a chronological list of all the information sources they consult prior to deciding what to buy. How would you characterize the types of sources he or she uses (i.e., internal versus external, media versus personal, etc.)? Which sources appeared to have the most impact on the person's decision?
9 Perform a survey of country-of-origin stereotypes. Compile a list of five countries and ask people what products they associate with each. What are their evaluations of the products and likely attributes of these different products? The power of a country stereotype can also be demonstrated in another way. Prepare a brief description of a product, including a list of features, and ask people to rate it in terms of quality, likelihood of purchase, and so on. Make several versions of the description, varying only the country from which it comes. Do ratings change as a function of the country of origin?
10 Ask a friend to "talk through" the process he or she used to choose one brand rather than others during a recent purchase. Based on this description, can you identify the decision rule that he most likely employed?
11 Give one of the scenarios described in the section on biases in decision making to 10 to 20 people. How do the results you obtain compare with those the chapter reported?
12 Think of a product you recently shopped for online. Describe your search process. How did you become aware that you wanted or needed the product? How did you evaluate alternatives? Did you wind up buying online? Why or why not? What factors would make it more or less likely that you would buy something online versus in a traditional store?

Case Study

DOMINO'S DILEMMA

Social media sites are so much part of mainstream culture that the Internet Advertising Bureau (IAB) recently reported they have exceeded the reach of television. *Social media marketing* describes the use of social media to engage with customers to meet marketing goals. It's about reaching customers via online dialogue. According to Lloyd Salmons, chairman of the IAB, it's really about brands having conversations.

But sometimes social media backfires for companies. Domino's, the national pizza delivery company, found itself in a crisis in April 2009. Two employees of a North Carolina Domino's store posted a YouTube video of themselves in the kitchen as they performed disgusting practices with pizza ingredients:

> *In about five minutes it'll be sent out on delivery where somebody will be eating these, yes, eating them, and little did they know that cheese was in his nose and that there was some lethal gas that ended up on their salami . . . that's how we roll at Domino's.*

What steps should a company take when it faces a social media marketing disaster like this? Should Domino's just ignore the videos and assume that the buzz will die down, or should it take quick action? Domino's did nothing for the first 48 hours but eventually—after more than one million people viewed the spot—got the video removed from YouTube. Domino's also posted a YouTube clip of its CEO who stated:

> *We sincerely apologize for this incident. We thank members of the online community who quickly alerted us and allowed us to take immediate action. Although the individuals in question claim it's a hoax, we are taking this incredibly seriously.*

Domino's also announced the store where the videos were taken was shut down and sanitized. In addition, the

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company opened a Twitter account to deal with consumer questions. The two employees involved were charged with the felony of delivering prohibited foods and Domino's is preparing a civil lawsuit against them.

Was this a strong enough response by Domino's? Most social media marketing experts grade Domino's actions as excellent but a bit delayed. In fact, an *Advertising Age* survey revealed that 64 percent of readers believed that the company did the best it could to deal with the crisis. Still, there's no doubt this incident was a pie in the eye for the company.

DISCUSSION QUESTIONS

1 Is the decision about what to eat for dinner and more specifically what type of pizza to order an example of extended, limited, or habitual problem solving?

2 Describe how the video would influence a consumer during the information search stage of this purchase decision.

3 How might this incident affect brand loyalty for Domino's in the short-term? In the long-term?

4 Would you have done anything differently if your employees posted a disparaging or obscene video?

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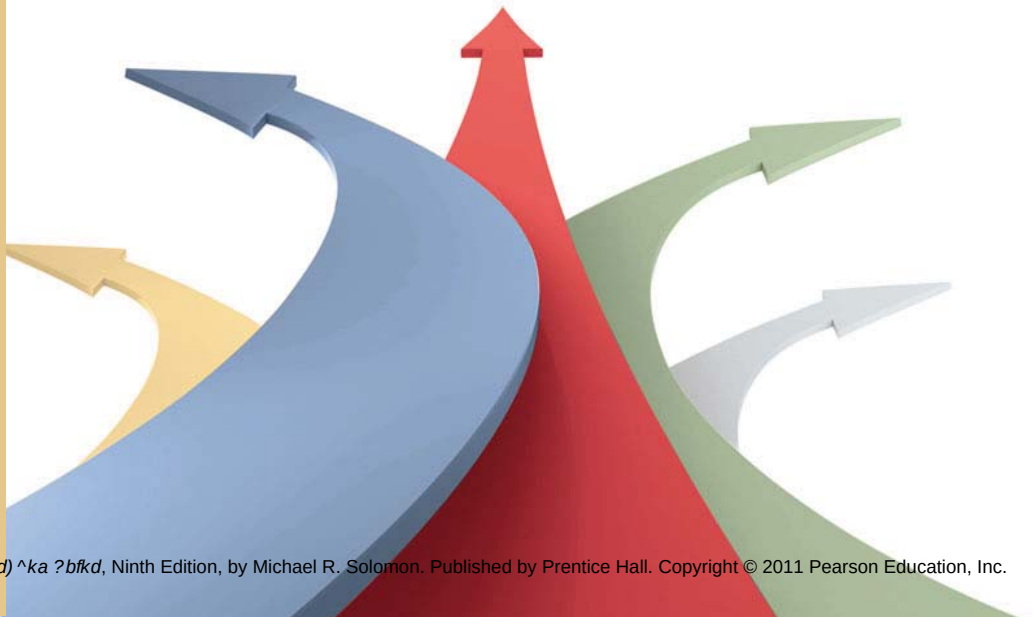
9 Buying and Disposing

When you finish this chapter you will understand:

Chapter Objectives

1. Why do many factors over and above the qualities of the product or service influence the outcome of a transaction? Why do factors at the time of purchase dramatically influence the consumer decision-making process?
2. Why does the information a store or Web site provides strongly influence a purchase decision in addition to what a shopper already knows or believes about a product?
3. Why is a salesperson often the crucial link between interest in a product and its actual purchase?
4. Why do marketers need to be concerned about a consumer's evaluations of a product after he buys it as well as before?
5. Why is getting rid of products when consumers no longer need or want them a major concern both to marketers and to public policy makers?



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Kyle is really psyched. The big day has actually arrived: He's going to buy a car! He's had his eye on that silver 2005 Malibu parked in the lot of Jon's Auto-Rama for weeks now. Although the sticker says $2,999, Kyle figures he can probably get this baby for a cool $2,000—with GM going bankrupt, these Chevy dealers are desperate to move their inventory. Besides, Jon's dilapidated showroom and seedy lot makes it look like just the kind of place that's hungry to move some cars.

Kyle did his homework on the Web. First he found out the wholesale value of similar used Malibus from the Kelley Blue Book (kbb.com), and then he scouted out some cars for sale in his area at autobytel.com. So, Kyle figures he's coming in loaded for bear—he's going to show these guys they're not dealing with some rube.

Unlike some of the newer, flashy car showrooms he's been in lately, this place is a real nuts-and-bolts operation—it's so dingy and depressing he can't wait to get out of there and take a shower. Kyle dreads the prospect of haggling over the price, but he hopes to convince the salesperson to take his offer because he knows the real market value of the car he wants. At the Auto-Rama lot, big signs on all the cars proclaim that today is Jon's Auto-Rama Rip Us Off Day! Things look better than Kyle expected—maybe he can get the Malibu for even less than he hoped. He's a bit surprised when a salesperson comes over to him and introduces herself as Rhoda. He expected to deal with a middle-aged man in a loud sport coat (a stereotype he has about used-car salespeople), but this is more good luck: He figures he won't have to be so tough if he negotiates with a woman his age.

Rhoda laughs when he offers her $1,800 for the Malibu; she points out that she can't take such a low bid for such a sweet car to her boss or she'll lose her job. Rhoda's enthusiasm for the car convinces him all the more that he has to have it. When he finally writes a check for $2,700, he's exhausted from all the haggling. What an ordeal! In any case, Kyle reminds himself that he at least convinced Rhoda to sell him the car for less than the sticker price—and maybe he can fix it up and sell it for even more in a year or two. That Web surfing really paid off—he's a tougher negotiator than he thought.

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1

OBJECTIVE

Why do many factors over and above the qualities of the product or service influence the outcome of a transaction? Why do factors at the time of purchase dramatically influence the consumer decision-making process?

Situational Effects on Consumer Behavior

Even in today's buyer's market, many consumers dread the act of buying a car. In fact, a survey by Yankelovich Partners found that this transaction is the most anxiety-provoking and least satisfying of any retail experience.[1] But change is in the wind as dealers transform the car showroom. Car shoppers like Kyle log onto Internet buying services, call auto brokers who negotiate for them, buy cars at warehouse clubs, and visit giant auto malls where they can easily comparison shop.

Kyle's experience when he bought a car illustrates some of the concepts we'll discuss in this chapter. Making a purchase is often not a simple, routine matter where you just pop into a store and make a quick choice. As Figure 9.1 illustrates, many contextual factors affect our choice, such as our mood, whether we feel time pressure to make the purchase, and the particular reason we need the product. In some situations, such as when we buy a car or a home, the salesperson or realtor plays a pivotal role in our final selection. And today people often use the Web to arm themselves with product and price information before they even enter a dealership or a store; this puts more pressure on retailers to deliver the value their customers expect.

But the sale doesn't end at the time of purchase. A lot of important consumer activity occurs after we bring a product home. Once we use a product, we have to decide whether we're satisfied with it. The satisfaction process is especially important to savvy marketers who realize that the key to success is not to sell a product *one* time, but rather to forge a relationship with the consumer so that he will come back for more. Finally, just as Kyle thought about the resale value of his car, we must also consider how consumers dispose of products and how we often rely on secondary markets (e.g., used-car dealers) to obtain what we want. We'll consider these issues in this chapter.

The Denny's chain hopes to motivate college students to drop in for a munch between 10 P.M. and 5 A.M. It introduced a "Pick 3" appetizer promotion for $9.99 on weekdays and gives a 20 percent discount with a college ID on Saturday nights. A company executive explains, ". . . [We] treat each day-part as a specific business. Late-night is one. We wanted to create a marketing and promotions program that targets what we know are our predominate [sic] late-night visitors—college kids."[2] Even some online advertisers tailor content to time of day. McDonald's advertises

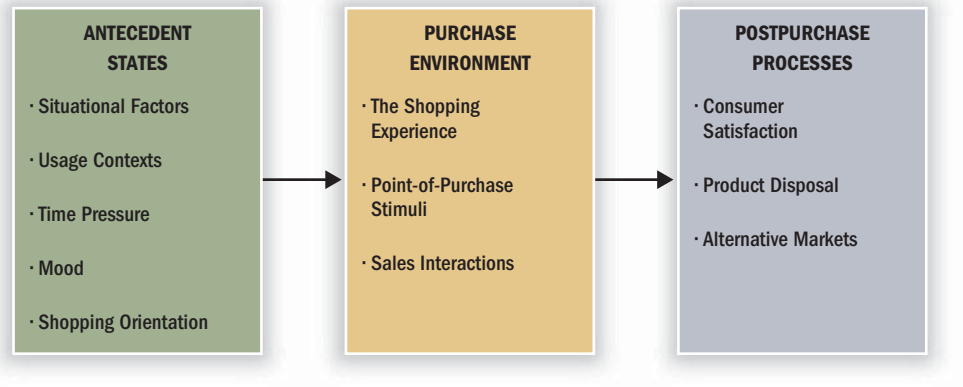

Figure 9.1 ISSUES RELATED TO PURCHASE AND POSTPURCHASE ACTIVITIES

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breakfast meals in the morning hours on Yahoo! whereas Sanofi-Aventis runs ads for its sleep-aid drug Ambien CR in the middle of the night on CBSNews.com.[3]

These companies understand that a *consumption situation* includes a buyer, a seller, a product or service—but also many other factors, such as the reason we want to make a purchase and how the physical environment makes us feel.[4] Common sense tells us that we tailor our purchases to specific occasions and that the way we feel at a specific point in time affects what we want to do—or buy. Smart marketers understand these patterns and plan their efforts to coincide with situations in which we are most prone to purchase. For example, book clubs invest heavily in promotional campaigns in June because many people want to stock up on "beach books" to read during the summer.[5] Our moods even change radically during the day, so at different times we might be more or less interested in what a marketer offers.

A study used a technique researchers call the *day reconstruction method* to track these changes. More than 900 working women kept diaries of everything they did during the day, from reading the paper in the morning to falling asleep in front of the TV at night. The next day they relived each diary entry and rated how they felt at the time (annoyed, happy, etc.). Overall, researchers found the study participants woke up a little grumpy but soon entered a state of mild pleasure. This mood increased by degrees through the day though it was punctuated by occasional bouts of anxiety, frustration, and anger. Not surprisingly the subjects were least happy when they engaged in mundane activities like commuting to work and doing housework, whereas they rated sex, socializing with friends, and relaxing as most enjoyable. Contrary to prior findings, however, the women were happier when they watched television than when they shopped or talked on the phone. They ranked taking care of children low, below cooking and not far above housework. The good news: Overall, people seem to be pretty happy, and these ratings aren't influenced very much by factors such as household income or job security. By far, the two factors that most upset daily moods were a poor night's sleep and tight work deadlines.[6]

In addition to the functional relationships between products and usage situation, another reason to take environmental circumstances seriously is that a person's *situational self-image*—the role she plays at any one time—helps to determine what she wants to buy or consume (see Chapter 5).[7] A guy who tries to impress his date as he plays the role of "man-about-town" may spend more lavishly, order champagne instead of beer, and buy flowers—purchases he would never consider when he hangs out with his friends, slurps beer, and plays the role of "one of the boys." Let's see how these dynamics affect the way people think about what they buy.

If we systematically identify important usage situations, we can tailor market segmentation strategies to insure that our offerings meet the specific needs these situations create. For example, we often tailor our furniture choices to specific settings. We prefer different styles for a city apartment, a beach house, or an executive suite. Similarly, we distinguish motorcycles in terms of how riders use them, including commuting, riding them as dirt bikes, or on a farm versus highway travel.[8]

Coach, the maker of luxury leather goods, decided to overhaul its marketing strategy to convince women that they need more than simply a bag for everyday use and one for dressy occasions. Now, the company helps women (at least those who can still afford Coach!) to update their wardrobes when it offers them weekend bags, evening bags, backpacks, satchels, clutches, totes, briefcases, diaper bags, coin purses, duffels, and even a "wristlet"—a mini-handbag that doubles as a bag-within-a-bag. Coach also makes new bags to fill what it calls "usage voids"—activities that range from weekend getaways to trips to the grocery store. Coach introduced its Hamptons Weekend collection with a display of bags it stuffed with beach towels and colorful flip-flops. Have bag, will travel.[9]

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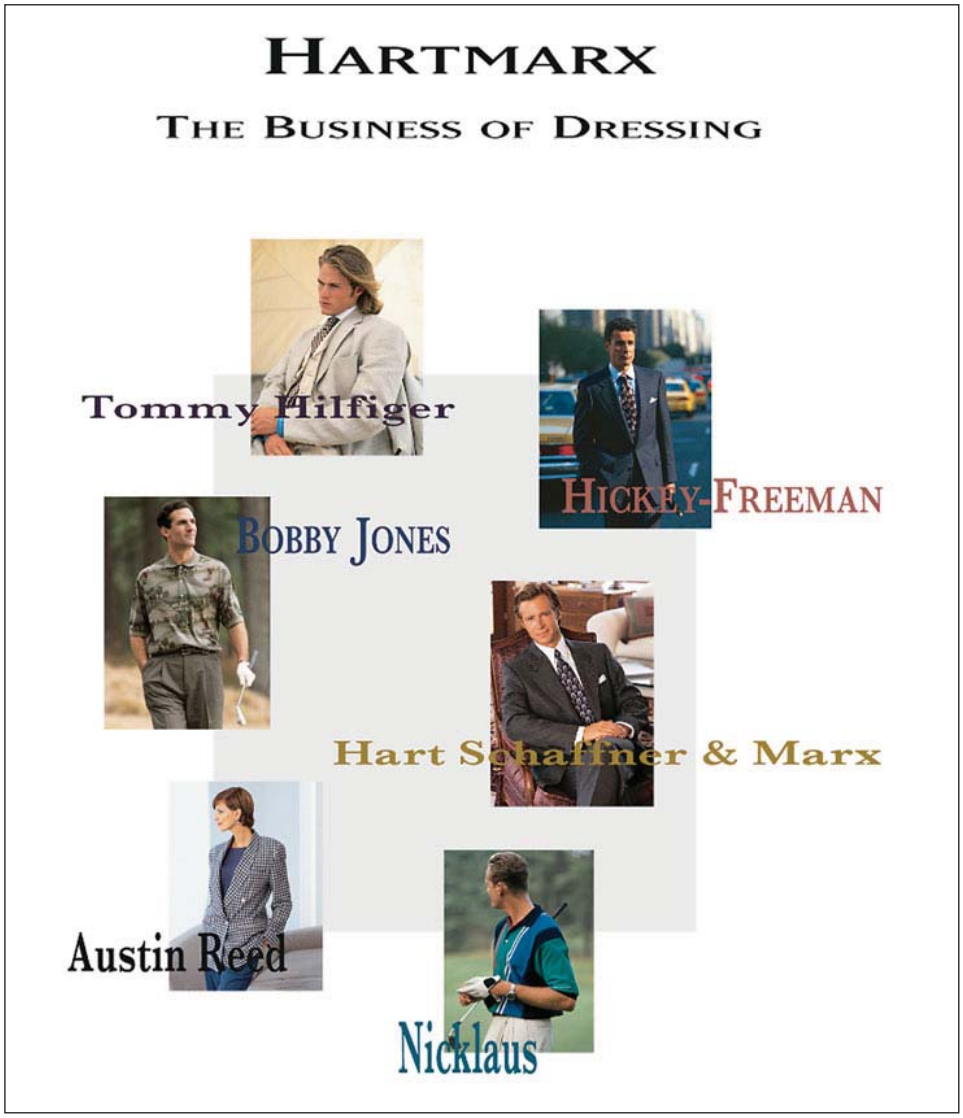

Clothing choices are often heavily influenced by the situation in which we need to wear them.
Source: Courtesy of Hart Schaffner Marx/Hartmarx.

Table 9.1 gives one example of how a marketer fine-tunes its segmentation strategy to the usage situation. When we list the major contexts in which people use a product (e.g., snow skiing and sunbathing for a suntan lotion) and the different types of people who use the product, we can construct a matrix that identifies specific product features we should emphasize for each situation. During the summer a lotion manufacturer might promote the fact that the bottle floats and is hard to lose, but during the winter season it could tout its nonfreezing formula.

Our Social and Physical Surroundings

A consumer's physical and social environment affects her motives to use a product as well as how she will evaluate the item. Important cues include her immediate environment as well as the amount and type of other consumers who are there as well. Dimensions of the physical environment, such as decor, odors, and even temperature can significantly influence consumption. One study even found that if a Las Vegas casino pumped certain odors into the room, patrons fed more money into the slot machines![10] We'll take a closer look at some of these factors a bit later in this chapter when we consider how important store design is to consumer behavior.

In addition to physical cues, though, groups or social settings significantly affect many of our purchase decisions. In some cases, the sheer presence or absence of

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TABLE 9.1 A Person-Situation Segmentation Matrix for Suntan Lotion

	Young Children		Teenagers		Adult Women		Adult Men		
Situation	Fair Skin	Dark Skin	Fair Skin	Dark Skin	Fair Skin	Dark Skin	Fair Skin	Dark Skin	Benefits/Features
Beach/boat sunbathing	Combined insect repellent				Summer perfume				a. Product serves as windburn protection b. Formula and container can stand heat c. Container floats and is distinctive (not easily lost)
Home-poolside sunbathing					Combined moisturizer				a. Product has large pump dispenser b. Product won't stain wood, concrete, furnishings
Sunlamp bathing					Combined moisturizer and massage oil				a. Product is designed specifically for type of lamp b. Product has an artificial tanning ingredient
Snow skiing					Winter perfume				a. Product provides special protection from special light rays and weather b. Product has antifreeze formula
Person benefit/ features	Special protection		Special protection		Special protection		Special protection		
	a. Protection is critical b. Formula is non-poisonous		a. Product fits in jean pocket b. Product used by opinion leaders		Female perfume		Male perfume		

Source: Adapted from Peter R. Dickson, "Person-Situation: Segmentation's Missing Link," *Journal of Marketing* 46 (Fall 1982): 62. Copyright © 1982 American Marketing Association. By permission of American Marketing Association.

co-consumers, the other patrons in a setting, actually is a product attribute—think about an exclusive resort or boutique that promises to provide privacy to privileged customers. At other times, the presence of others can have positive value. A sparsely attended ball game or an empty bar can be a depressing sight.

Have you ever experienced a panicky feeling if you're trapped in the middle of a big crowd? The presence of large numbers of people in a consumer environment increases *physiological arousal levels*, so our experiences are more intense. This boost, however, can be positive or negative—the experience depends on how we *interpret* this arousal. It is important to distinguish between *density* and *crowding* for this reason. The former term refers to the actual number of people who occupy a space; whereas the unpleasant psychological state of crowding exists only if a negative affective state occurs as a result of this density.[11] For example, 100 students packed into a classroom designed for 75 may result in an unpleasant situation for all, but the same number of people jammed together at a party—and who occupy a room of the same size—might just make for a great time.

In addition, the *type* of consumers who patronize a store or service or who use a product affects our evaluations. We often infer something about a store when we examine its customers. For this reason, some restaurants require men to wear jackets for dinner (and supply rather tacky ones if they don't), and bouncers at some "hot" nightspots handpick people who wait in line based on whether they have the right "look" for the club. To paraphrase the comedian Groucho Marx, "I would never join a club that would have me as a member!"

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Marketing Opportunity



When is fast food even faster? When we can click for a Coke or text for a taco to go. The restaurant industry is investing in technology to attract on-the-go consumers who live or die by their BlackBerrys or mobile phones. The average American 18 years old and older buys a snack or a meal from a restaurant five times a week on average, and the industry finds that most people won't wait more than 5 minutes in a drive-through line. According to the National Restaurant Association, about 13 percent of Americans placed online food orders in 2006, and industry experts expect this number to mushroom as more eateries offer this service. As one busy salesperson who orders both breakfast and lunch online observed, "I'm saving time. I'm so adept at it now that I can actually do business on the phone while I'm placing my food order."[16]

Temporal Factors

Time is one of consumers' most precious resources. We talk about "making time" or "spending time" and we frequently remind others that "time is money." Common sense tells us that we think more about what we want to buy when we have the luxury to take our time. Even a normally meticulous shopper who never buys before she compares prices might sprint through the mall at 9:00 P.M. on Christmas Eve to scoop up anything left on the shelves if she needs a last-minute gift.

Economic Time

Time is an economic variable; it is a resource that we must divide among our activities.[12] We try to maximize satisfaction when we allocate our time to different tasks. Of course, people's allocation decisions differ; we all know people who seem to play all of the time, and others who are workaholics. An individual's priorities determine his *timestyle*.[13] People in different countries also "spend" this resource at different rates. A social scientist compared the pace of life in 31 cities around the world as part of a study on timestyles.[14] He and his assistants timed how long it takes pedestrians to walk 60 feet and the time postal clerks take to sell a stamp. Based on these responses, he claims that the fastest and slowest countries are:

Fastest countries—(1) Switzerland, (2) Ireland, (3) Germany, (4) Japan, (5) Italy

Slowest countries—(31) Mexico, (30) Indonesia, (29) Brazil, (28) El Salvador, (27) Syria

Many consumers believe they are more pressed for time than ever before; marketers label the feeling **time poverty**. This problem appears to be more perception than fact. The reality is we simply have more options to spend our time, so we feel pressured by the weight of all of these choices. The average working day at the turn of the nineteenth century was 10 hours (6 days per week), and women did 27 hours of housework per week, compared to less than 5 hours weekly now. Of course, there are plenty of husbands who share these burdens more, and in some families it's not as important as it used to be to maintain an absolutely spotless home as our values change (see Chapter 4). Ironically, though husbands do help out a lot more than they used to, married women spend a lot more time on housework than do single women (having kids to take care of figures in there). Married men and single women do roughly the same amount each week and (surprise!) single men average the least time of anyone (about 7 to 8 hours per week). Still, about a third of Americans report always feeling rushed—up from 25 percent of the population in 1964.[15]

Psychological Time

"Time flies when you're having fun," but other situations (like some classes?) seem to last forever. Our experience of time is very subjective; our immediate priorities and needs determine how quickly time flies. The fluidity of time is important for marketers to understand because we're more likely to be in a consuming mood at some times than at others.

A study examined how the timestyles of a group of American women influence their consumption choices.[17] The researchers identified four dimensions of time: (1) the *social dimension* refers to individuals' categorization of time as either "time for me" or "time with/for others"; (2) the *temporal orientation dimension* depicts the relative significance individuals attach to past, present, or future; (3) the *planning orientation dimension* alludes to different time management styles varying on a continuum from analytic to spontaneous; and (4) the *polychronic orientation dimension* distinguishes between people who prefer to do one thing at a time from those who have multitasking timestyles. After they interviewed and observed these women, the researchers identified a set of five metaphors that they say capture the participants' perspectives on time:

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Time poverty is creating opportunities for many new products (like portable soups) that let people multitask.
Source: Courtesy of Campbell Soup Company.

Time is a pressure cooker—These women are usually analytical in their planning, other-oriented, and monochronic in their timestyles. They treat shopping in a methodical manner and they often feel under pressure and in conflict.

Time is a map—These women are usually analytical planners; they exhibit a future temporal orientation and a polychronic timestyle. They often engage in extensive information search and comparison shop.

Time is a mirror—Women in this group are also analytic planners and have a polychronic orientation. However, they have a past temporal orientation. Because of their risk averseness in time use, these women are usually loyal to products and services they know and trust. They prefer convenience-oriented products.

Time is a river—These women are usually spontaneous in their planning orientation and have a present focus. They go on unplanned, short, and frequent shopping trips.

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Time is a feast—These women are analytical planners with a present temporal orientation. They view time as something they consume to pursue sensory pleasure and gratification, and for this reason they value hedonic consumption and variety-seeking.

Net Profit



The Walt Disney Co. is counting on our cell phones to enhance our theme park experiences. Guests who wait in line for a comedy show at Walt Disney World can text message jokes that may be included in the show they go to see. As one executive explained, "It works as our warm-up act essentially for the show, but it also . . . keeps them entertained while they're waiting." In a deal with Verizon Wireless, park visitors will use their mobiles to save a spot in a line at a popular ride or even to determine where they can find Mickey Mouse at the moment to get an autograph. Visitors will be able to download an app to plan their trips, make hotel reservations, and create a checklist of must-see attractions. They'll be able to check wait times at rides or locate the closest pizza vendor. Disney will be able to recommend alternative activities with faster wait times and even suggest places to see based on the user's current location in the park. They can follow up with personalized mementoes of the trip, such as a digital photo of Sleeping Beauty who thanks a child for coming.[25]

Our experience of time is largely a result of our culture because people around the world think about the passage of time very differently. To most Western consumers, time is a neatly compartmentalized thing: We wake up in the morning, go to school or work, come home, eat dinner, go out, go to sleep, wake up, and do it all over again. We call this perspective *linear separable time*—events proceed in an orderly sequence and "There's a time and a place for everything." There is a clear sense of past, present, and future. We perform many activities as the means to some end that will occur later, as when we "save for a rainy day."

This perspective seems "natural" to us, but not all others share it. Some cultures run on *procedural time* and ignore the clock completely—people simply decide to do something "when the time is right." For example, in Burundi people might arrange to meet when the cows return from the watering hole. If you ask someone in Madagascar how long it takes to get to the market, you will get an answer such as, "in the time it takes to cook rice."

Alternatively, in *circular* or *cyclic* time, natural cycles such as the regular occurrence of the seasons govern people's sense of time (a perspective many Hispanic cultures share). To these consumers, the notion of the future does not make sense—that time will be much like the present. Because the concept of future value does not exist, these consumers often prefer to buy an inferior product that is available now rather than wait for a better one that may be available later. Also, it is hard to convince people who function on circular time to buy insurance or save for a rainy day when they don't think in terms of a linear future.

To appreciate all the different ways people think about time, consider those who speak Aymara, an Indian language of the high Andes. They actually see the future as behind them and the past ahead of them! Aymara call the future *qhipa pacha/timpu*, meaning back or behind time, and the past *nayra pacha/timpu*, meaning front time. And they gesture ahead of them when remembering things past and backward when talking about the future. Anthropologists explain that people in this culture distinguish primarily between what they know and what they don't—and they know what they see in front of them with their own eyes. So, because they know the past, it lies ahead of them. The future is unknown, so it lies behind them where they can't see it.[18] Just imagine trying to sell them life insurance!

The sketches in Figure 9.2 illustrate what happened when a researcher asked college students to draw pictures of time. The drawing at the top left represents procedural time; there is lack of direction from left to right and little sense of past, present, and future. The three drawings in the middle denote cyclical time, with markers that designate regular cycles. The bottom drawing represents linear time, with a segmented time line moving from left to right in a well-defined sequence.[19]

The psychological dimension of time—how we actually experience it—is an important factor in **queuing theory**, the mathematical study of waiting lines. As we all know, our experience when we wait has a big effect on our evaluations of what we get at the end of the wait. Although we assume that something must be pretty good if we have to wait for it, the negative feelings that long waits arouse can quickly turn people off.[20] In a survey, NCR Corp. found that standing around the local Department or Division of Motor Vehicles is the most dreaded wait of all. Waiting on line at retail outlets came in a close second, followed by registering at clinics or hospitals, checking in at airports, and ordering at fast-food restaurants or deli counters. On average, consumers estimate that they spend more than 2 days per year waiting in line for service, and half believe they waste between 30 minutes and 2 hours each week on lines.[21]

Marketers use "tricks" to minimize psychological waiting time. These techniques range from altering customers' perceptions of a line's length to providing distractions that divert attention away from waiting:[22]

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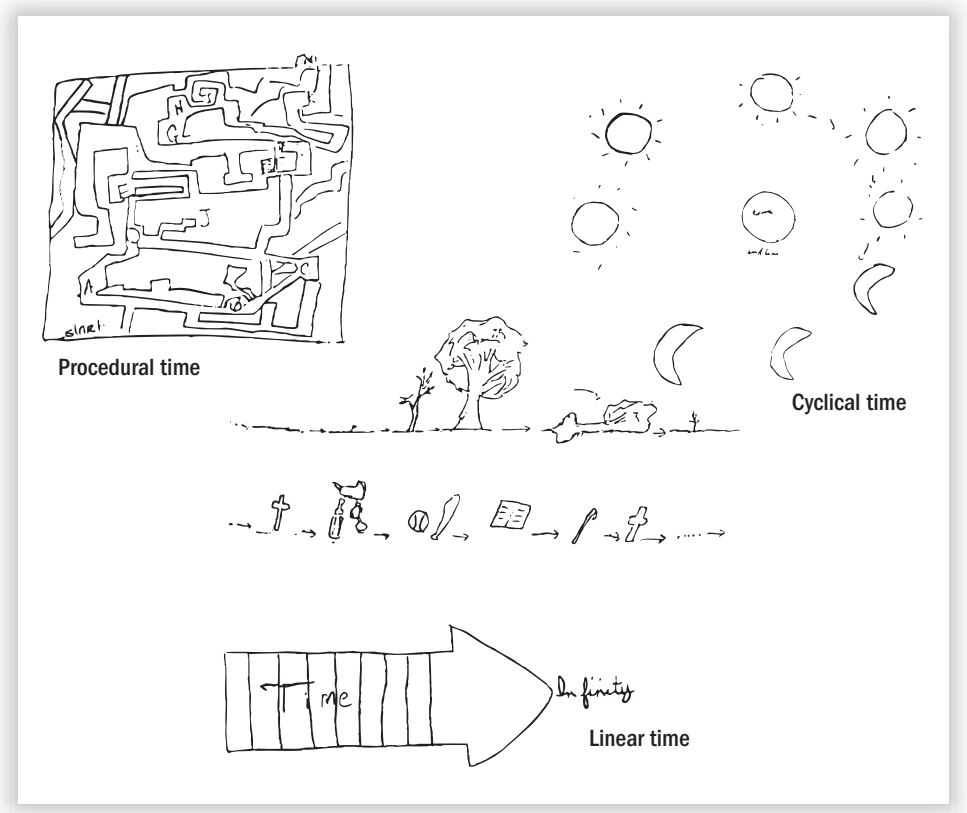

Figure 9.2 DRAWINGS OF TIME
Source: Esther S. Page-Wood, Carol J. Kaufman, and Paul M. Lane, (1990) "The Art of Time." *Proceedings of the 1990 Academy of Marketing Science* conference, ed B. J. Dunlap, Vol. xiii, Cullowhee, NC: Academy of Marketing Science, 56–61. Copyright © 1990 Academy of Marketing Science. Used with permission.

- One hotel chain received excessive complaints about the wait for elevators so it installed mirrors near the elevator banks. People's natural tendency to check their appearance reduced complaints, even though the actual waiting time was unchanged.
- Airline passengers often complain about the wait to claim their baggage. In one airport, they would walk 1 minute from the plane to the baggage carousel and then wait 7 minutes for their luggage. When the airport changed the layout so that the walk to the carousel took 6 minutes and bags arrived 2 minutes after that, complaints disappeared.[23]
- Restaurant chains are scrambling to put the fast back into fast food, especially for drive-through lanes, which now account for 65 percent of revenues. In a study that ranked the speed of 25 fast-food chains, cars spent an average of 203.6 seconds from the menu board to departure. Wendy's was clocked the fastest at 150.3 seconds. To speed things up and eliminate spills, McDonald's created a salad that comes in a container to fit into car cup holders. Arby's is working on a "high viscosity" version of its special sauce that's less likely to spill. Burger King is testing see-through bags so customers can quickly check their orders before speeding off.[24]

Queuing theory needs to take cultural differences into account because these affect how we behave while in line. One Hong Kong researcher maintains, for example, that Asians and others in more collective cultures compare their situation with those around them. This means they're more likely to patiently stand in a long line—they are likely to compare their situation to the number of people *behind* them rather than to the number ahead of them. By contrast, Americans and others in more individualistic societies don't make these "social comparisons." They don't necessarily feel better that more people are behind them, but they feel bad if too many people are in front of them. A Disney executive claims that Europeans also exhibit different behaviors depending on their nationality. He notes that at the

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Disneyland Resort Paris, British visitors are orderly but the French and Italians "never saw a line they couldn't be in front of."[26]

The Shopping Experience

2 OBJECTIVE

Why does the information a store or Web site provides strongly influence a purchase decision in addition to what a shopper already knows or believes about a product?

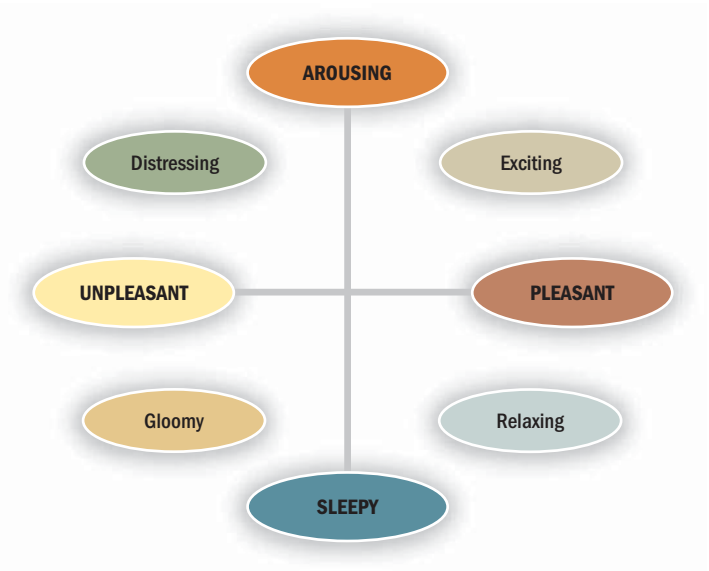
Whole Foods wants you to feel really, really mellow before you cruise its grocery aisles. The natural supermarket chain is testing a spa-within-a-food-store concept. You'll find its Refresh—The Everyday Spa at Whole Foods Market prototype in Dallas enclosed with a soundproof lounge complete with fountains, several treatment rooms, and a private balcony where clients can order lunch.[27] After a Shiatsu massage, it's unlikely you'll care too much if those exotic guavas are on sale before you throw them in your cart.

Our mood at the time of purchase can really impact what we feel like buying.[28] Recall that in Chapter 4 we talked about how we direct our behavior to satisfy certain goal states. If you don't believe it, try grocery shopping on an empty stomach! Or make a decision when you're stressed and you'll understand how a physiological state impairs information-processing and problem-solving abilities.[29]

Two basic dimensions, *pleasure* and *arousal*, determine whether we will react positively or negatively to a consumption environment.[30] What it boils down to is that you can either enjoy or not enjoy a situation, and you can feel stimulated or not. As Figure 9.3 indicates, different combinations of pleasure and arousal levels result in a variety of emotional states. An arousing situation can be either distressing or exciting, depending on whether the context is positive or negative (e.g., a street riot versus a street festival). So, a specific mood is some combination of pleasure and arousal. The state of happiness is high in pleasantness and moderate in arousal, whereas elation is high on both dimensions.[31] A mood state (either positive or negative) biases our judgments of products and services in that direction.[32] Put simply, we give more positive evaluations when we're in a good mood (this explains the popularity of the business lunch!).

Many factors including store design, the weather, or whether you just had a fight with your significant other affect your mood. Music and television programming do as well.[33] When we hear happy music or watch happy programs, we experience more positive reactions to commercials and products.[34] And when we're in a good mood,

Figure 9.3 DIMENSIONS OF EMOTIONAL STATES



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we process ads with less elaboration. We pay less attention to specifics of the message and we rely more on heuristics (see Chapter 8).[35]

Our emotional reactions to marketing cues are so powerful that some high-tech companies study mood in very small doses (in 1/30 of a second increments) as they analyze people's facial reactions when they see ads or new products. They measure happiness as they look for differences between, for example, a *true smile* (which includes a relaxation of the upper eyelid) and a *social smile* (which occurs only around the mouth). Whirlpool used this technique to test consumers' emotional reactions to a yet-to-be-launched generation of its Duet washers and dryers. The company's goal: To design an appliance that will actually make people happy. Researchers discovered that even though test subjects said they weren't thrilled with some out-of-the-box design options, such as unusual color combinations, their facial expressions said otherwise.[36]

When the Going Gets Tough, the Tough Go Shopping

We all know some people who shop simply for the sport of it, and others whom we have to drag to a mall. Shopping is how we acquire needed products and services, but social motives for shopping also are important. Thus, shopping is an activity that we can perform for either utilitarian (functional or tangible) or hedonic (pleasurable or intangible) reasons.[37]

So, do people hate to shop or love it? We segment consumers in terms of their **shopping orientation**, or general attitudes about shopping. These orientations vary depending on the particular product categories and store types we consider. Rob hates to shop for a car, but he may love to browse in music stores. A shopper's motivation influences the type of shopping environment that will be attractive or annoying; for example a person who wants to locate and buy something quickly may find loud music, bright colors, or complex layouts distracting; while someone who is there to browse may enjoy the sensory stimulation.[38]

Some scale items researchers use to assess our shopping motivations illustrate the diverse reasons we may shop. One item that measures hedonic value is "During the trip, I felt the excitement of the hunt." When we compare that type of sentiment to a functional statement, "I accomplished just what I wanted to on this shopping trip," there's a clear contrast between these two dimensions.[39] Hedonic shopping motives include the following:[40]

- **Social experiences**—The shopping center or department store replaces the traditional town square or county fair as a community gathering place. Many people (especially in suburban or rural areas) have almost no other places to spend their leisure time. That probably explains the popularity of late-night games college students in some rural areas play at their local Wal-Mart. In addition to sports such as scavenger hunts, aisle football, and a relay race limbo under the shopping-cart stand, "10 in 10" is a big attraction. To play this game, students form into teams; each team has 10 minutes to put 10 items from anywhere in the store in a shopping cart. Then they turn their cart over to the opposing team, which has to figure out where the items came from and return them to the shelves where they belong (not so easy in a store stocked with more than 100,000 different items). The first team back to the checkout counters with an empty cart wins.[41] Note: If you get busted for playing this game, you did NOT learn about it here.
- **Sharing of common interests**—Stores frequently offer specialized goods that allow people with shared interests to communicate.
- **Interpersonal attraction**—Shopping centers are a natural place to congregate. The shopping mall is a favorite "hangout" for teenagers. It also represents a controlled, secure environment for the elderly, and many malls now feature "mall walkers' clubs" for early morning workouts.

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- **Instant status**—As every salesperson knows, some people savor the experience of being waited on, even though they may not necessarily buy anything. One men's clothing salesman offered this advice: "Remember their size, remember what you sold them last time. Make them feel important! If you can make people feel important, they are going to come back. Everybody likes to feel important!"[42] When a team of researchers conducted in-depth interviews with women to understand what makes shopping a pleasurable experience, they found one motivation was role-playing. For example, one respondent dressed up for shopping excursions to upscale boutiques because she likes to pretend she is wealthy and have salespeople fall all over her.[43]
- **The thrill of the hunt**—Some people pride themselves on their knowledge of the marketplace. Unlike our car-buying friend Rob, they may love to haggle and bargain.

E-Commerce: Clicks Versus Bricks

As more and more Web sites pop up to sell everything from refrigerator magnets to Mack trucks, marketers continue to debate how the online world affects their business.[44] In particular, many lose sleep as they wonder whether e-commerce will replace traditional retailing, work in concert with it, or perhaps even fade away to become another fad your kids will laugh about someday (OK, that's not real likely).

One thing to keep in mind is that the experience of acquiring the good may be quite different off line versus online. This aspect of the transaction can provide value added over and above the good or service you buy. We clearly see this difference between the two worlds when we compare how people gamble in casinos versus online. When researchers interviewed 30 gamblers to explore these experiences, they found sharp contrasts. Those who enjoy casino gambling have a strong sense of connection to fellow gamblers so it's very much a social experience. Online gamblers enjoy the anonymity of the Internet. Casino gamblers get turned on by the sensual experiences and excitement of the casino, while online gamblers gravitate more to the feeling of safety and control they get because they stay at home. Casino gamblers talked about the friendly atmosphere, while those who stayed online reported behaviors that a real casino wouldn't tolerate such as taunts and bullying.[45] Although both groups aim to have fun and hopefully make money, it's a safe bet their experiences are quite different.

For marketers, the growth of online commerce is a sword that cuts both ways: On the one hand, they reach customers around the world even if they're physically located 100 miles from nowhere. On the other hand, they now compete not only with the store across the street but also thousands of Web sites that span the globe. Also, when consumers obtain products directly from the manufacturer or wholesaler, this eliminates the intermediary—the loyal, store-based retailers that carry the firm's products and that sell them at a marked-up price.[46]

So what makes e-commerce sites successful? Some e-tailers take advantage of technology to provide extra value to their customers that their land-locked rivals can't. For example, Lands' End (LandsEnd.com) offers men and women a Virtual Model that lets them design a model to match their own body type so they can then "try on" the clothing they see on the Web site. Soon MTV viewers will be able to use their remote controls to purchase the CDs that go with the music videos they watch.

More generally, these online shoppers value these aspects of a Web site:

- The ability to click on an item to create a pop-up window with more details about the product including price, size, colors, and inventory availability.
- The ability to click on an item and add it to your cart without leaving the page you're on.
- The ability to "feel" merchandise through better imagery, more product descriptions, and details.

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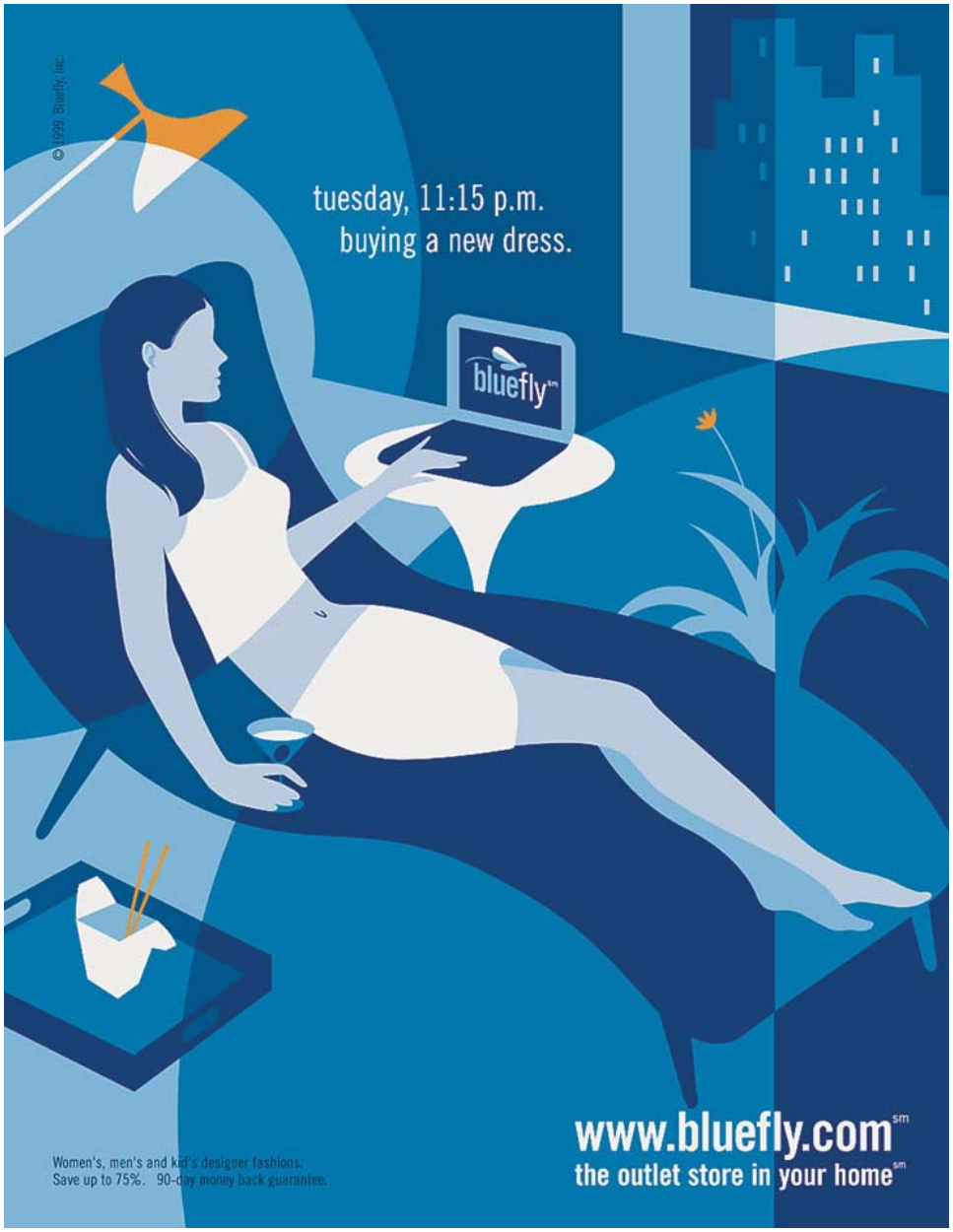

E-commerce sites like Bluefly give shoppers the option of shopping without leaving home.
Source: Courtesy of Bluefly.com.

- The ability to enter all data related to your purchase on one page, rather than going through several checkout pages.
- The ability to mix and match product images on one page to determine whether they look good together.[47]

Table 9.2 summarizes some of the pros and cons of e-commerce. It's clear that traditional shopping isn't quite dead yet—but brick-and-mortar retailers do need to work harder to give shoppers something they can't get (yet anyway) in the virtual world—a stimulating or pleasant environment. Now let's check out how they're doing that.

Retailing as Theater

At several U.S. malls shoppers show up in shorts and flip-flops. They're turning out to ride a Flowrider—a huge wave-making machine.[48] Shopping center developers turn to attractions like this to lure reluctant customers back to malls. The

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TABLE 9.2 Pros and Cons of E-Commerce

Benefits of E-Commerce	Limitations of E-Commerce
For the Consumer	**For the Consumer**
Shop 24 hours a day	Lack of security
Less traveling	Fraud
Can receive relevant information in seconds from any location	Can't touch items
More choices of products	Exact colors may not reproduce on computer monitors
More products available to less-developed countries	Expensive to order and then return
Greater price information	Potential breakdown of human relationships
Lower prices so that less affluent can purchase	
Participate in virtual auctions	
Fast delivery	
Electronic communities	
For the Marketer	**For the Marketer**
The world is the marketplace	Lack of security
Decreases costs of doing business	Must maintain site to reap benefits
Very specialized business can be successful	Fierce price competition
Real-time pricing	Conflicts with conventional retailers
	Legal issues not resolved

Source: Adapted from Michael R. Solomon and Elnora W. Stuart, *Welcome to Marketing.com: The Brave New World of E-Commerce* (Upper Saddle River, NJ: Prentice Hall, 2001).

competition for customers becomes even more intense as nonstore alternatives, from Web sites and print catalogs to TV shopping networks and home shopping parties, continue to multiply.

With all of these shopping alternatives available, how can a traditional store compete? Many malls are giant entertainment centers, almost to the point that their traditional retail occupants seem like an afterthought. Today, it's commonplace to find carousels, miniature golf, skating rinks, or batting cages in a suburban mall. Hershey opened a make-believe factory smack in the middle of Times Square. It features four steam machines, 380 feet of neon lighting, plus a moving message board that let consumers program messages to surprise their loved ones.[49]

The quest to entertain means that many stores go all out to create imaginative environments that transport shoppers to fantasy worlds or provide other kinds of stimulation. We call this strategy **retail theming**. Innovative merchants today use four basic kinds of theming techniques:

1. *Landscape themes* rely on associations with images of nature, Earth, animals, and the physical body. Bass Pro Shops, for example, creates a simulated outdoor environment including pools stocked with fish.
2. *Marketscape themes* build on associations with man-made places. An example is The Venetian hotel in Las Vegas that lavishly recreates parts of the Italian city.
3. *Cyberspace themes* build on images of information and communications technology. eBay's retail interface instills a sense of community among its vendors and traders.
4. *Mindscape themes* draw on abstract ideas and concepts, introspection and fantasy, and often possess spiritual overtones. The Kiva day spa in downtown Chicago offers health treatments based on a theme of Native American healing ceremonies and religious practices.[50]

One popular theming strategy is to convert a store into a **being space**. This environment resembles a commercial living room where we can go to relax, be entertained, hang out with friends, escape the everyday, or even learn. When you think of

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A Flowrider machine attracts mall shoppers. *Source:* Courtesy of Barbara P. Fernandez/Redux Pictures.

being spaces, Starbucks probably comes to mind. The coffee chain's stated goal is to become our "third place" where we spend the bulk of our time in addition to home and work. Starbucks led the way when it outfitted its stores with comfy chairs and Wi-Fi. But there are many other marketers who meet our needs for exciting commercial spaces—no matter what those needs are. In Asia, venues such as Manboo and Fujiyama Land provide havens where gamers can do their thing 24/7—and even take a shower on-site during a break. Other spaces cater to the needs of **minipreneurs** (one-person businesses) as they offer work-centered being spaces. At New York's Paragraph, writers who need a quiet place to ruminate can hang out in a loft that's divided into a writing room and a lounge area. TwoRooms ("You Work, They Play") provides office space and child care for home-based workers.



Temporary stores, like this Kiehl's pop-up store at the University of Colorado, are fashion brands' latest attempt to develop brand loyalty among college students. *Source:* Photo by Zachary Tolber, Kiehl's Since 1851.

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CB AS I SEE IT

Professor Cele Otnes, *University of Illinois at Urbana-Champaign*

How can retailers make consumers' in-store experiences more meaningful in order to positively influence key attitudinal and behavioral measures, such as brand loyalty and likelihood of repeat purchasing? One research topic that relates to this question is how retailers use in-store rituals to shape consumers' experiences. *Rituals* are expressive, dramatic events we repeat over time (for more on rituals, see Chapter 15).

Our research explores whether and how these types of rituals actually impact customers' experience with a brand. We have interviewed more than 20 retailers and service providers who identify themselves as using rituals designed for their employees or customers in order to enhance their relationships with these stakeholders, to improve efficiency, and to differentiate themselves from their competitors. We're exploring such issues as how consumers resist rituals, how consumers help co-create rituals with other shoppers and with retailers (as is the case at Build-A-Bear, when consumers engage in grooming rituals with the toys they've just created), and whether and how these rituals actually enhance consumers' retail experiences. From a strategic perspective, we will also explore whether ritualizing the shopping experience allows retailers to charge premium prices, to be forgiven more easily if they make mistakes with consumers, and to allocate less of their money to marketing communications. So next time you stand in line at Marble Slab Creamery or wear a "birthday sombrero" on your head at your favorite Mexican restaurant, remember—you've been ritualized!

Reflecting the ever-quickening pace of our culture, many of these *being spaces* come and go very rapidly—on purpose. **Pop-up stores** appear in many forms around the world. Typically, these are temporary installations that do business only for a few days or weeks and then disappear before they get old. The Swatch Instant Store sells limited edition watches in a major city until the masses discover it; then it closes and moves on to another "cool" locale. The Dutch beer brand Dommelsch organized pop-up concerts—fans entered barcodes they found on cans, beer bottles, and coasters on the brewer's Web site to discover dates and locations. You may even run into a pop-up store on your campus; several brands including the Brazilian flip-flop maker Havaianas, Victoria's Secret's Pink, and sustainable-clothing brand RVL7 run pop-up projects around the United States.[51]

Store Image

As so many stores compete for customers, how do we ever pick one over others? Just like products (see Chapter 6), stores have "personalities." Some shops have very clearly defined images (either good or bad). Others tend to blend into the crowd. What factors shape this personality, or **store image**? Some of the important dimensions of a store's image are location, merchandise suitability, and the knowledge and congeniality of the sales staff.[52]

These design features typically work together to create an overall impression. When we think about stores, we don't usually say, "Well, that place is fairly good in terms of convenience, the salespeople are acceptable, and services are good." We're more likely to proclaim, "That place gives me the creeps," or "It's so much fun to shop there." We quickly get an overall impression of a store, and the feeling we get may have more to do with intangibles, such as interior design and the types of people we find in the aisles, than with the store's return policies or credit availability. As a result, some stores routinely pop up in our consideration sets (see Chapter 9), whereas we never consider others ("Only geeks shop there!").[53]

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A recent makeover of FedEx retail outlets illustrates the crucial role design can play in communicating a desirable store image. As shown in the before-and-after shots, consumer research conducted by Ziba Design for FedEx indicated that compared to its main competitors, the firm's brand personality was more innovative, leading-edge, and outgoing—but this impression was certainly not reinforced by its cluttered storefront locations where customers go to drop off packages for delivery. The designers used colors and shapes associated with these attributes to makeover the stores.
Source: Ziba Design.

Atmospherics

Retailers want you to come in—and stay. Careful store design increases the amount of space the shopper covers, and stimulating displays keep them in the aisles longer. This "curb appeal" translates directly to the bottom line: Researchers tracked grocery shopper's movements by plotting the position of their cell phones as they moved about a store. They found that when people lingered just 1 percent longer sales rose by 1.3 percent. Of course, grocers know a lot of tricks after years of observing shoppers. For example, they call the area just inside a supermarket's entrance the "decompression zone"—people tend to slow down and take stock of their surroundings when they enter the store so store designers use this space to promote bargains rather than to sell. Similarly, Wal-Mart's "greeters" help customers to settle in to their shopping experience. Once they get a serious start, the first thing shoppers encounter is the produce section. Since fruits and vegetables can easily be damaged, it would be more logical to buy these items at the end of a shopping trip. But fresh, wholesome food makes people feel good (and righteous) so they're less guilty when they throw the chips and cookies in the cart later.[55]

Because marketers recognize that a store's image is a very important part of the retailing mix, store designers pay a lot of attention to **atmospherics**, the "conscious designing of space and its various dimensions to evoke certain effects in buyers."[56] These dimensions include colors, scents, and sounds. For example, stores with red interiors tend to make people tense, whereas a blue decor imparts a calmer feeling.[57] As we noted in Chapter 2, some preliminary evidence also indicates that odors (olfactory cues) influence our evaluations of a store's environment.[58]

A store's atmosphere in turn affects what we buy. In one study, researchers asked shoppers how much pleasure they felt 5 minutes after they entered a store. Those who enjoyed their experience spent more time and money.[59] To boost the entertainment value of shopping (and to lure online shoppers back to brick-and-mortar stores), some retailers offer **activity stores** that let consumers participate in the production of the products or services they buy there. One familiar example is the Build-A-Bear Workshop chain where customers dress bear bodies in costumes.[60]

Retailers cleverly engineer their store designs to attract customers. Light colors impart a feeling of spaciousness and serenity; signs in bright colors create excitement. When the fashion designer Norma Kamali replaced fluorescent lights with pink ones in department store dressing rooms to flatter shoppers' faces and banish wrinkles, women were more willing to try on (and buy) the company's bathing suits.[61] Wal-Mart found that sales were higher in areas of a prototype store

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Expo-Xplore, part of a new shopping complex near Durban, South Africa, is the next wave in retail and entertainment design. The courtyard, lined with retailers selling clothes and gear for a variety of outdoor adventure sports, leads to Planet Blue, the ocean-themed heart of the project, with stores oriented around scuba diving, boating, surfing, and other water sports.
Source: Design Group.

ECONsumer Behavior

The Washington Mutual bank was one of the first victims of the recession. Before it went under, the company spent about $1 billion to build new branches with modern, free-flowing designs that replaced bank-teller windows with free-standing counters and signs that promised "free checking, free smiles." When JPMorgan Chase took over the bank, it reversed course. The industry (or what's left of it) is abandoning recent experiments with a "warm and fuzzy" store image as customers search for stability in uncertain times. As a JPMorgan executive observed, "[traditional branches] are superior in every way. They might be boring, but they're practical."[54]

lit in natural daylight compared to the artificial light in its regular stores.[62] One study found that shoppers in stores with brighter in-store lighting examined and handled more merchandise.[63]

In addition to visual stimuli, all sorts of sensory cues influence us in retail settings.[64] For example, patrons of country-and-western bars drink more when the jukebox music is slower. According to a researcher, "Hard drinkers prefer listening to slower-paced, wailing, lonesome, self-pitying music."[65] Music also can affect eating habits. Another study found that diners who listened to loud, fast music ate more food. In contrast, those who listened to Mozart or Brahms ate less and more slowly. The researchers concluded that diners who choose soothing music at mealtimes can increase weight loss by at least 5 pounds a month![66]

In-Store Decision Making

Despite all their efforts to "pre-sell" consumers through advertising, marketers increasingly recognize that the store environment exerts a strong influence on many purchases. Women tell researchers, for example, that store displays are one of the major information sources they use to decide what clothing to buy.[67] This influence is even stronger when we shop for food—analysts estimate that shoppers decide on about two out of every three supermarket purchases while they walk through the aisles.[68]

Marketers work hard to engineer purchasing environments that allow them to connect with consumers at the exact time they make a decision. This strategy even applies to drinking behavior: Diageo, the world's largest liquor company, discovered that 60 percent of bar customers don't know what they will drink until seconds before they place their orders. To make it more likely that the customer's order will include Smirnoff vodka, Johnnie Walker Scotch, or one of its other brands, Diageo launched its Drinks Invigoration Team to increase what it calls its "share of throat." The Dublin-based team experiments with bar "environments" and bottle-display techniques, and comes up with drinks to match customers' moods. For example, the company researchers discovered that bubbles stimulate the desire for spirits, so it developed bubble machines it places in back of bars. Diageo even categorizes bars into types and identifies types of drinkers—and the drinks they prefer—who frequent each. These include "style bars," where cutting-edge patrons like to sip fancy

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CB AS I LIVE IT

Heather O'Brien, *Eastern Michigan University*

Since my sixth birthday party at a "paint your own" pottery store, I have not been able to escape my attraction to *activity stores*. Visiting retailers such as Creative Design, a "paint your own pottery" store, Build-A-Bear that allows consumers to choose the features they want on their teddy bear, and Dream Dinners, which is a store of kitchens that consumers pay to use while they follow the directions of a cooking instructor has become a hobby of mine. Another kind of activity store that I have recently discovered is one including dining and the preparation of food. Restaurants such as Mongolian Barbecue, where you create your own stir fry, and Melting Pot, which allows diners to cook their own meal fondue style creates a new reason to dine out.

The idea behind these activity stores and restaurants is to lure customers in because they will not only be satisfied with the final product but they will enjoy the experience leading up to it. The entertainment value of this kind of shopping and dining allows consumers to use these stores as a way to socialize with others. This concept of an activity store does not come without a price however; these companies are able to charge a premium because they also provide an enjoyable experience. While it may seem ridiculous to some people that activity restaurants charge more when consumers have to cook their own food, I find it engaging and well worth the money!

fresh-fruit martinis, and "buzz bars," where the clientele likes to drink Smirnoff mixed with energy brew Red Bull.[69]

Spontaneous Shopping

When a shopper suddenly decides to buy something in the store, one of two different processes explains this:

1. She engages in **unplanned buying** when she's unfamiliar with a store's layout or perhaps she's under some time pressure. Or, if she sees an item on a store shelf this might remind her she needs it. About one-third of all unplanned buying occurs because a shopper recognizes a new need while she's in the store.[70]
2. She engages in **impulse buying** when she experiences a sudden urge she simply can't resist.[71] A consumer who researchers asked to sketch a typical impulse purchaser drew Figure 9.4.

Retailers typically place so-called *impulse items*, such as candy and gum, near the checkout to cater to these urges. Similarly, many supermarkets install wider aisles to encourage browsing, and the widest tend to feature products with the highest profit margins. They stack low markup items that shoppers purchase regularly in narrower aisles to allow shopping carts to speed through. Starbucks encourages impulse purchasing when it charges customers who want to download songs they hear over the store's speakers directly onto their iPhones.[72]

Point-of-Purchase Stimuli

A well-designed in-store display boosts impulse purchases by as much as 10 percent. That explains why U.S. companies spend more than $13 billion each year on **point-of-purchase (POP) stimuli**. A POP can be an elaborate product display or demonstration, a coupon-dispensing machine, or an employee who gives out free samples of a new cookie in the grocery aisle. Now the pace of POP spending will probably pick up even more—an alliance of major marketers including Procter & Gamble, Coca-Cola, 3M, Kellogg, Miller Brewing, and Wal-Mart is using infrared sensors to measure the reach of in-store marketing efforts. Retailers have long counted the number of shoppers who enter and exit their stores, and they use product barcode data to track what shoppers buy. But big consumer-products

Net Profit



The ShopText company introduced a system that's an impulse buyer's dream (or nightmare). It lets you buy a product instantly when you send a text message—you don't even have to visit a store or a Web site. A woman who spies an ad for a pocketbook in a magazine can order it on the spot as she uses her cell phone to send the code she finds printed next to the item. This type of system is already in limited use. Ads for a CD by singer Tim McGraw carry a texting code, as did magazine write-ups for the final Harry Potter novel. Some charities now accept donations via text messages. To use the system, a consumer must first call ShopText to set up an account and specify a shipping address and credit card number. After that, she can buy everything by thumb.[73]

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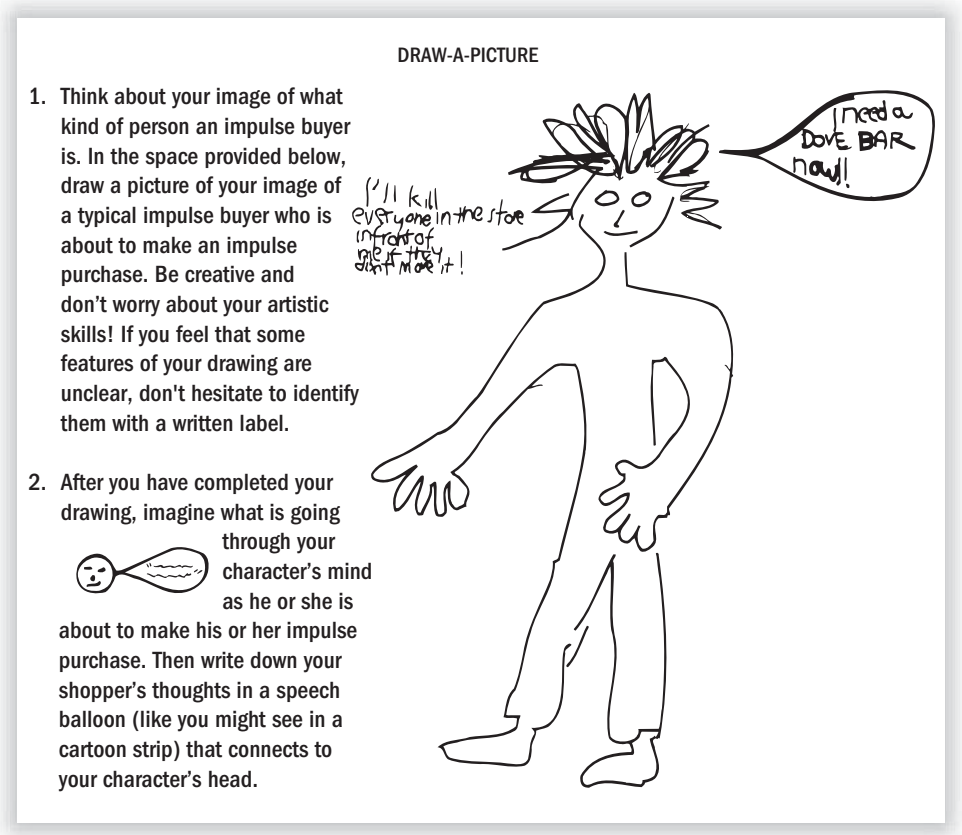

Figure 9.4 ONE CONSUMER'S IMAGE OF AN IMPULSE BUYER
Source: Dennis Rook, "Is Impulse Buying (Yet) a Useful Marketing Concept?" (unpublished manuscript, University of Southern California, Los Angeles, 1990): Fig. 7-A.

companies also need to know how many people actually walk by their promotional displays so they can evaluate how effective these are. Although it's possible to fool these sensors (they still can't tell if someone simply cuts through to reach the other end of the store), this sophisticated measurement system is a valuable first step that many advertisers eagerly await.[74]

The importance of POP in shopper decision making explains why product packages increasingly play a key role in the marketing mix as they evolve from the functional to the fantastic:

- In the last 100 years, Pepsi changed the look of its can, and before that its bottles, only 10 times. Now the company switches designs every few weeks. And, it's testing cans that spray an aroma when you open one to match the flavor of the drink—such as a wild cherry scent misting from a Wild Cherry Pepsi can.
- Coors Light bottles sport labels that turn blue when the beer is chilled to the right temperature.
- Huggies' Henry the Hippo hand soap bottles have a light that flashes for 20 seconds to show children how long they should wash their hands.
- Evian's "palace bottle" turns up in restaurants and luxury hotels. The bottle has an elegant swanlike neck and sits on a small silver tray.
- Unilever North America sells Axe shower gel bottles shaped like video game joysticks.
- Some companies are considering the insertion of a computer chip and tiny speaker inside a package. This gimmick might be useful for cross-promotion. For example, a package of cheese could say "I go well with Triscuit crackers" when a shopper takes it off the shelf. Of course, this attention-getting trick could backfire if everyone starts to do it. As one ad executive commented, "If you're walking down a row in a supermarket and every package is screaming at you, it sounds like a terrifying, disgusting experience."[75]

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The growing practice of mobile couponing encourages in-store decision making.
Source: Courtesy of Hardees.



An in-store kiosk dispenses drug-related information and products.
Source: Courtesy Evincii, Inc.

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The Décor bottle by Febreze illustrates how marketers focus on package design to provide a value-added experience. The company boasts that the bottle has a removable wrapper and is ". . . perfect to leave out in the bedroom or living room."
Source: Courtesy of Proctor & Gamble.

Marketing Pitfall



Consumers aren't the only ones who get angry about frustrating service interactions. Many employees have an axe to grind as well. At a Web site a disgruntled former employee of a certain fast-food franchise put up, we share the pain of this ex-burger flipper: "I have seen the creatures that live at the bottom of the dumpster. I have seen the rat by the soda machine. I have seen dead frogs in the fresh salad lettuce." Fries with that?

At the customerssuck.com Web site, restaurant and store workers who have to grin and bear it all day go to vent. Once off the clock, they share their frustrations about the idiocy, slovenliness, and insensitivity of their customers. Some contributors to the Web site share stupid questions their customers ask, such as "How much is a 99-cent cheeseburger?" whereas others complain about working conditions and having to be nice to not-so-nice people. The slogan of the site is "the customer is never right."[78]

3

OBJECTIVE

Why is a salesperson often the crucial link between interest in a product and its actual purchase?

The Salesperson: A Lead Role in the Play

The salesperson is one of the most important players in the retailing drama—as Rob learned in his interaction with Rhoda.[76] As we saw way back in Chapter 1, exchange theory stresses that every interaction involves a trade of value. Each participant gives something to the other and hopes to receive something in return.[77] A (competent) salesperson offers a lot of value because his expert advice makes the shopper's choice easier.

A buyer–seller situation is like many other *dyadic encounters* (two-person groups); it's a relationship where both parties must reach some agreement about the roles of each participant during a process of *identity negotiation.*[79] For example, if Rhoda immediately establishes herself as an expert (and Rob accepts this designation), she is likely to have more influence over him through the course of the relationship. Some of the factors that help to define a salesperson's role (and effectiveness) are her age, appearance, educational level, and motivation to sell.[80]

In addition, more effective salespersons usually know their customers' traits and preferences better than do ineffective salespersons, and they adapt their approach to meet the needs of each specific customer.[81] The ability to be adaptable is especially vital when customers and salespeople have different *interaction styles.*[82] We each vary

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NXT body wash/moisturizer cans light up on the store shelf.
Source: Courtesy of NXT/Clio Designs Incorporated.

in the degree of assertiveness we bring to interactions. At one extreme, *nonassertive* people believe it's not socially acceptable to complain, and sales situations may intimidate them. *Assertive* people are more likely to stand up for themselves in a firm but nonthreatening way. *Aggressives* may resort to rudeness and threats if they don't get their way (we've all run into these folks).[83]

4

OBJECTIVE
Why do marketers need to be concerned about a consumer's evaluations of a product after he buys it as well as before?

Postpurchase Satisfaction

Our overall feelings about a product after we've bought it—what researchers call **consumer satisfaction/dissatisfaction (CS/D)**—obviously play a big role in our future behavior. It's a lot easier to sell something once than to sell it again if it bombed the first time. We evaluate the things we buy as we use them and integrate them into our daily consumption activities.[86] In a sense, each of us is a product reviewer whether or not we bother to talk or blog about our experiences.

Companies that score high in customer satisfaction often have a big competitive advantage—especially when so many firms skimp on the attention they pay to customers. A 5-year study of customer satisfaction in the Canadian banking industry provides typical results—banks that provided better service commanded a larger "share of wallet" than did others (i.e., their customers entrusted them with a larger proportion of their money).[87]

Good marketers constantly look for reasons why their customers might be dissatisfied so they can try to improve.[88] For example, United Airlines' advertising agency wanted to identify specific aspects of air travel that ticked people off. Researchers gave frequent flyers crayons and a map that showed different stages in a long-distance trip. Respondents colored in these stages—they used hot hues to symbolize areas that cause stress and anger and cool colors for parts of the trip they associate with satisfaction and calm feelings. Although many of them painted jet cabins in a serene aqua, they colored the ticket counters orange and terminal waiting areas fire-red. As a result, United focused more on improving its overall operations instead of only the in-flight experience.[89]

Marketing Pitfall



Not all sales interactions are positive, but some *really* stand out. Here are a few incidents that make the rest of them easier to swallow:

- A woman sued a car dealer in Iowa, claiming that a salesperson persuaded her to climb into the trunk of a Chrysler Concorde to check out its spaciousness. He then slammed the trunk shut and bounced the car several times, apparently to the delight of his coworkers. The manager offered a prize of $100 to the salesperson who could get a customer to climb in.[84]
- A Detroit couple filed a $100 million lawsuit against McDonald's, alleging three McDonald's employees beat them after they tried to return a watery milkshake.
- In Alabama, a McDonald's employee was arrested on second-degree assault charges after she stabbed a customer in the forehead with a ballpoint pen.[85]

Just What *Is* Quality?

What do consumers look for in products? That's easy: They want quality and value.[90] However, these terms have slippery meanings that are hard for us to pin down. We

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Marketing Pitfall



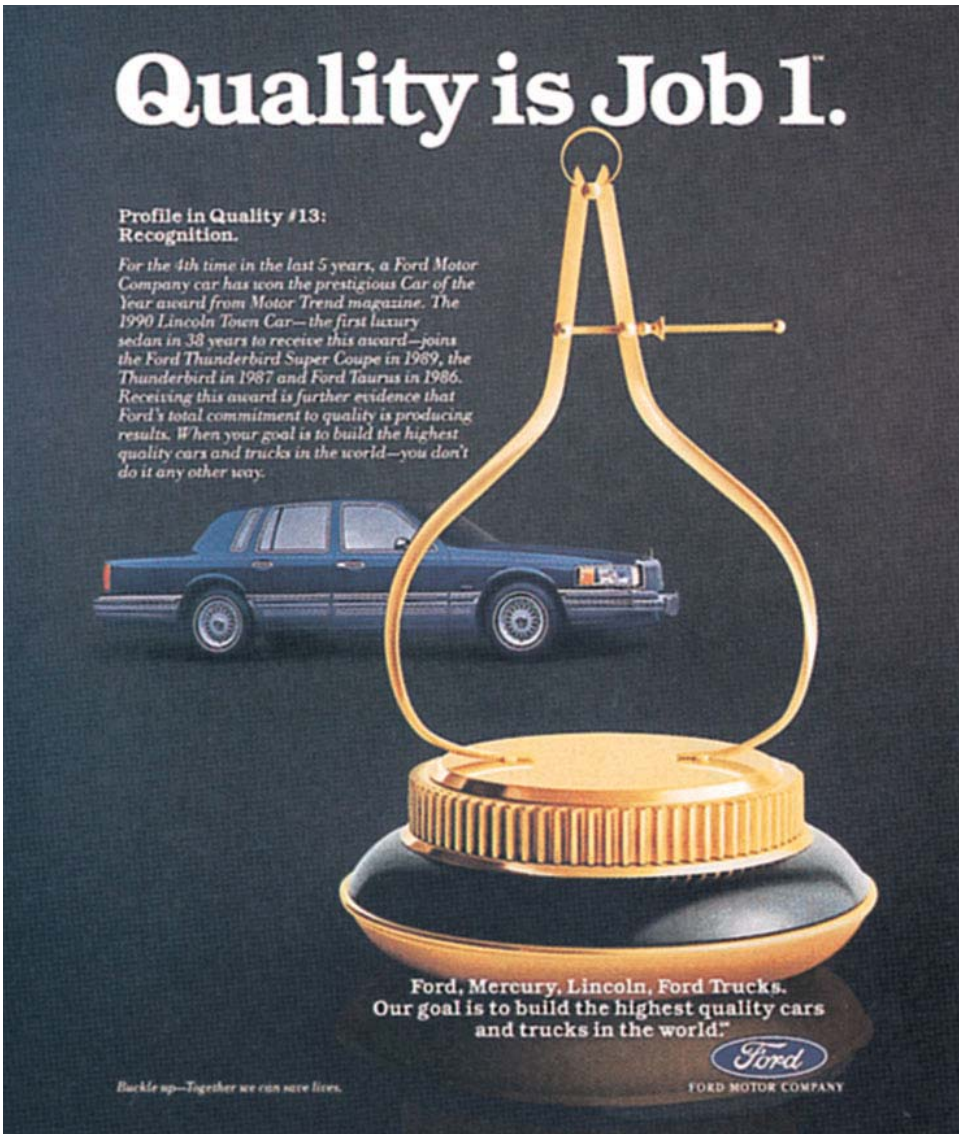
In a survey of 480 chief marketing officers (CMOs), 58 percent reported that their companies do not reward their employees if customer satisfaction improves. Over one-third said they have no way to track word of mouth among customers, and less than three in ten said their firms are good at resolving customers' complaints.[92]

infer quality when we rely on cues as diverse as brand name, price, product warranties, and even our estimate of how much money a company invests in its advertising.[91]

In the book *Zen and the Art of Motorcycle Maintenance*, a cult hero of college students in an earlier generation literally went crazy as he tried to figure out the meaning of quality.[93] Marketers appear to use the word *quality* as a catchall term for *good*. Because of its wide and imprecise usage, the attribute of *quality* threatens to become a meaningless claim. If everyone has it, what good is it?

To muddy the waters a bit more, satisfaction or dissatisfaction is more than a reaction to how well a product or service performs. According to the **expectancy disconfirmation model**, we form beliefs about product performance based on prior experience with the product or communications about the product that imply a certain level of quality.[94] When something performs the way we thought it would, we may not think much about it. If it fails to live up to expectations, this may create negative feelings. However, if performance happens to exceed our expectations, we're happy campers.

To understand this perspective, think about how you decide if a restaurant is good or bad depending on the type of place it is. You expect sparkling clear glassware at a fancy eating establishment, and you're not happy if you discover a grimy glass. However, you may not be surprised if you see fingerprints on your beer mug at a lo-



This ad for Ford relies on a common claim about quality.
Source: Courtesy of Ford Motor Co.

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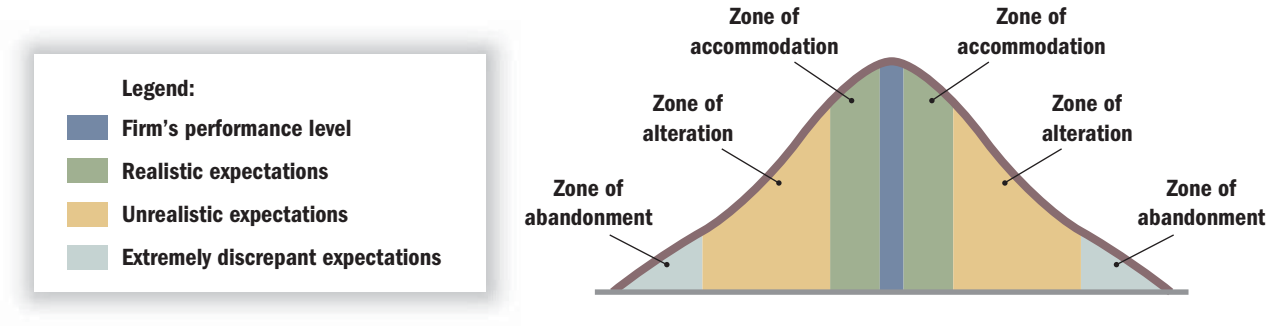

Figure 9.5 CUSTOMER EXPECTATION ZONES
Source: Jagdish N. Sheth and Banwari Mittal, "A Framework for Managing Customer Expectations," *Journal of Market Focused Management* 1 (1996): 137–58.

cal greasy spoon; you may even shrug off this indiscretion because it's part of the place's "charm."

This perspective underscores how important it is to *manage expectations*—we often trace a customer's dissatisfaction to his erroneous expectations of the company's ability to deliver a product or service. NO company is perfect. It's just not realistic to think that everything will always turn out perfectly (although some firms don't even come close!).

Figure 9.5 illustrates the alternative strategies a firm can choose when customers expect too much. The organization can either accommodate these demands as it improves the range or quality of products it offers, alter these expectations, or perhaps choose to "fire the customer" if it is not feasible to meet his needs (banks and credit card companies often do this when they identify customers who don't make them enough money to justify keeping their accounts).[95] How can a marketer alter expectations? For example, a waiter can tell a diner in advance that the portion size she ordered isn't very big, or a car salesperson can warn a buyer that he may smell some strange odors during the break-in period. A firm also can *underpromise*, as Xerox routinely does when it inflates the time it will take for a service rep to visit. When the rep arrives a day earlier, this impresses the customer.

When a product doesn't work as we expect or turns out to be unsafe (like the recent spate of hazardous products from China, ranging from toothpaste to dog food), it's the understatement of the year to say we're not satisfied. In these situations, marketers must immediately take steps to reassure us or risk losing a customer for life. If the company confronts the problem truthfully, we are often willing to forgive and forget; we've seen this happen in incidents over the years when a firm suffers from a negative incident. Examples include Tylenol (product tampering), Chrysler (the company disconnected the odometers on executives' cars and resold them as new—well before the carmaker declared bankruptcy!), or Perrier (traces of the chemical benzene turned up in the drink). But if the firm seems to be dragging its heels or covering up, our resentment grows. This is what happened during Union Carbide's chemical disaster in India, the massive Alaskan oil spill the tanker *Exxon Valdez* caused, and recent corporate scandals such as the collapse of Enron and AIG.

What Can We Do When We're Dissatisfied?

Fifty-four million dollars for a pair of missing pants? A judge in Washington, D.C., made headlines when he filed a $54 million lawsuit against his neighborhood dry cleaner because it lost a pair of his pinstriped suit paints. He claimed that a local consumer protection law entitled him to thousands of dollars for each day over nearly 4 years in which signs at the shop promised "same day service" and "satisfaction guaranteed." The suit dragged on for several months, but at the end of the day the plaintiff went home with empty pockets.[96] And some people charge we have too many lawsuits in this country!

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If you're not happy with a product or service, what can you do about it? You have three possible courses of action (though sometimes you can take more than one):[97]

1 **Voice response**—You can appeal directly to the retailer for redress (e.g., a refund).
2 **Private response**—You can express your dissatisfaction to friends and boycott the product or the store where you bought it.
3 **Third-party response**—Like the pantless judge, you can take legal action against the merchant, register a complaint with the Better Business Bureau, or write a letter to the newspaper.

In one study, business majors wrote complaint letters to companies. When the firm sent a free sample in response, this action significantly improved how they felt about it. This didn't happen, however, when they *only* received a letter of apology—but no swag. Even worse, students who got no response reported an even more negative image than before—this shows that *any* kind of response is better than none.[98]

A number of factors influence which route we choose. People are more likely to take action if they're dissatisfied with expensive products such as household durables, cars, and clothing than for inexpensive products.[99] Ironically, consumers who are satisfied with a store in general are more likely to complain if they experience something bad; they take the time to complain because they feel connected to the store. Older people are more likely to complain, and they are much more likely to believe the store will actually resolve the problem. And, if a company resolves the problem, a customer feels even better about it than if she hadn't complained in the first place![100]

However, if the consumer does not believe that the store will respond to her complaint, she will be more likely to simply switch than fight as she just takes her business elsewhere.[101] The moral: Marketers should actually *encourage* consumers to complain to them: People are more likely to spread the word about unresolved negative experiences to their friends than they are to boast about positive occurrences.[102]

The Tangled Web



From ihatestarbucks.com to boycottwalmart.org, pissed-off customers have launched hundreds of **gripe sites** to air their grievances against companies. The practice is so widespread that some firms proactively buy unflattering domain names to keep people from buying them. Xerox, for example, registered xeroxstinks.com, xeroxcorporationsucks.com and ihatexerox.net. One study identified about 20,000 domain names that end in "sucks.com." About one-third of these sites are registered to none other than the companies they slam; owners include Wal-Mart Stores, Coca-Cola, Toys "R" Us, Target, and Whole Foods Market.[103]

TQM: Going to the Gemba

Many analysts who study consumer satisfaction, or those who design new products or services to increase it, recognize that it is crucial to understand how people actually interact with their environment to identify potential problems. To do so they typically conduct *focus groups*—a small set of consumers comes into a facility to try a new item while company personnel observe them from behind a mirror. However, some researchers advocate a more up-close-and-personal approach that allows them to watch people in the actual environment where they consume the product. This perspective originated in the Japanese approach to **total quality management (TQM)**—a complex set of management and engineering procedures that aims to reduce errors and increase quality.

To help them achieve more insight, researchers go to the **gemba**, which to the Japanese means "the one true source of information." According to this philosophy, it's essential to send marketers and designers to the precise place where consumers use the product or service rather than to ask laboratory subjects to use it in a simulated environment.

Figure 9.6 illustrates this idea in practice. Host Foods, which operates food concessions in major airports, sent a team to the *gemba*—in this case, an airport cafeteria—to identify problem areas. Employees watched as customers entered the facility, and then followed them as they inspected the menu, procured silverware, paid, and found a table. The findings were crucial to Host's redesign of the facility. For example, the team identified a common problem many people traveling solo experience: the need to put down one's luggage to enter the food line and the feeling of panic you get because you're not able to keep an eye on your valuables when you get your meal. This simple insight allowed Host to modify the design of its facilities to improve a patron's line-of-sight between the food area and the tables.[104]

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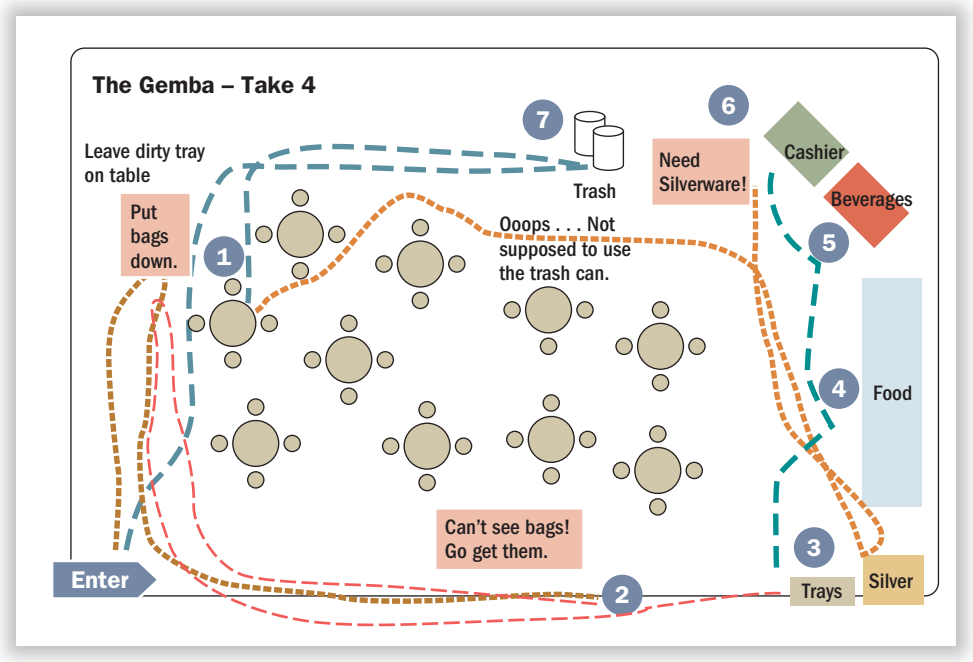

Figure 9.6 GOING TO THE GEMBA
Source: © Quality Function Deployment Institute. Used with permission.

5

OBJECTIVE
Why is getting rid of products when consumers no longer need or want them a major concern both to marketers and to public policy makers?

Product Disposal

Because we do form strong attachments to some products, it can be painful to dispose of some of our things. Our possessions anchor our identities; our past lives on in our things.[105] Some Japanese ritually "retire" worn-out sewing needles, chopsticks, and even computer chips when they burn them in a ceremony to thank them for years of good service.[106]

Still, we all have to get rid of our "stuff" at some point, either because it's served its purpose or perhaps because it no longer fits with our view of ourselves (like when newlyweds "upgrade" to a real place). Concern about the environment coupled with a need for convenience makes ease of product disposal a key attribute in categories from razors to diapers. And our demand for sustainable products that don't harm the environment when we're done with them creates new markets (such as the carbon offsets we discussed in Chapter 4) and new opportunities for entrepreneurs who find a better alternative.

For example, Terra Cycle is a start-up brand that sells an "exotic" product: A key ingredient on its label is "liquefied worm poop." A 25-year-old college dropout founded the company—company literature confesses that he was trying to grow "certain plants" in a worm bin inside his college apartment in order to "harvest the buds" when he stumbled on the idea. Inspiration comes from many sources! Terra Cycle makes fertilizer products it packages in used plastic bottles, many of which the company itself collects through a nationwide recycling program it organized. Terra Cycle claims that waste packaged in waste makes it the "ultimate eco-friendly" product. The fertilizer comes from containers filled with shredded newspaper, food scraps—and worms who eat this waste and digest it. The resulting "poop" happens to make great plant food.[107]

Disposal Options

In many cases, we acquire a new product even though the old one still functions—perhaps that's one of the hallmarks of our materialistic society. Some reasons to replace an item include a desire for new features, a change in the individual's environment

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(e.g., a refrigerator is the wrong color for a freshly painted kitchen), or a change in the person's role or self-image.[108]

The issue of product disposition is vital because of its enormous public policy implications. We live in a throwaway society, which creates problems for the environment and also results in a great deal of unfortunate waste. One study reported that we never use as much as 12 percent of the grocery products we buy; consumers buy nearly two-thirds of these *abandoned products* for a specific purpose such as a recipe and then change their plans. Because we don't use these items immediately, they slowly get pushed to the back of the cupboard and forgotten.[109] Some of those "science projects" that grow in the back of your refrigerator might qualify. In another survey, 15 percent of adults admitted they are *pack rats,* and another 64 percent said they are selective savers. In contrast, 20 percent say they throw out as much garbage as they can. The consumers most likely to save things are older people and those who live alone.[110]

Training consumers to recycle has become a priority in many countries. In Japan, residents sort their garbage into as many as 44 different categories; for example, if they discard one sock it goes into a bin for burnables, but if they throw out a pair it goes into used cloth, though only if the socks "are not torn, and the left and right sock match."[111]

A study examined the relevant goals consumers have when they recycle. It used a means–end chain analysis of the type we described in Chapter 4 to identify how consumers link specific instrumental goals to more abstract terminal values. Researchers identified the most important lower-order goals to be "avoid filling up landfills," "reduce waste," "reuse materials," and "save the environment." They linked these to the terminal values of "promote health/avoid sickness," "achieve life-sustaining ends," and "provide for future generations."

Another study reported that the perceived effort involved in recycling was the best predictor of whether people would go to the trouble—this pragmatic dimension outweighed general attitudes toward recycling and the environment in predicting intention to recycle.[112] When researchers apply these techniques to study recycling and other product disposal behaviors, it will be easier for social marketers to design advertising copy and other messages that tap into the underlying values that will motivate people to increase environmentally responsible behavior.[113]

Lateral Cycling: Junk Versus "Junque"

During **lateral cycling**, one consumer exchanges something she owns with someone else for something she owns. Reusing other people's things is especially important in our throwaway society because, as one researcher put it, "there is no longer an 'away' to throw things to."[114] Although traditional marketers don't pay much attention to used-product sellers, factors such as concern about the environment, demands for quality, and cost and fashion consciousness make these "secondary" markets more important.[115] In fact, economic estimates of this **underground economy** range from 3 to 30 percent of the gross national product of the United States and up to 70 percent of the gross domestic product of other countries. Trade publications such as *Yesteryear, Swap Meet Merchandising, Collectors Journal, The Vendor Newsletter*, and *The Antique Trader* offer reams of practical advice to consumers who want to bypass formal retailers and swap merchandise.

In the United States alone, there are more than 3,500 flea markets—including at least a dozen huge operations such as the 60-acre Orange County Marketplace in California—that operate nationwide to produce upward of $10 billion in gross sales.[116] Other growth areas include student markets for used computers and textbooks, as well as ski swaps, at which consumers exchange millions of dollars worth of used ski equipment. A new generation of secondhand store owners is developing markets for everything from used office equipment to cast-off kitchen sinks. Many are nonprofit ventures started with government funding. A trade association called the Reuse Development Organization (redo.org) encourages them.[117]

The Internet revolutionizes the lateral cycling process, as millions of people flock to eBay to buy and sell their "treasures." And entrepreneurs keep coming up

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with new ways to facilitate online bartering. At Peerflix 250,000 members post titles of DVDs they want to trade; the company helps out by providing printable forms that include postage and the recipient's address. PaperBackSwap's members trade 30,000 books weekly for $1.59 apiece.[118]

Lateral cycling is literally a lifestyle for some people with an anticonsumerist bent who call themselves **freegans** (this label is a takeoff on *vegans*, who shun all animal products). Freegans are modern-day scavengers who live off discards as a political statement against corporations and consumerism. They forage through supermarket trash and eat the slightly bruised produce or just-expired canned goods that we routinely throw out, and negotiate gifts of surplus food from sympathetic stores and restaurants. Freegans dress in castoff clothes and furnish their homes with items they find on the street. They get the word on locations where people throw out a lot of stuff (end-of-semester dorm cleanouts are a prime target) as they check out postings at freecycle.org where users post unwanted items and at so-called *freemeets* (flea markets where no one exchanges money).[119]

If our possessions do indeed come to be a part of us, how do we bring ourselves to part with these precious items? The way we divest ourselves of our things may make a statement (think about throwing out things an ex-partner gave you). One study found that people who are very attached to their "stuff" may engage a *professional organizer* to help them declutter and simplify their lives; in essence the organizer is an intermediary who helps the person to detach from reminders of his former life so that he can move on.[120]

Some researchers examined how consumers practice **divestment rituals**, where they take steps to gradually distance themselves from things they treasure so that they can sell them or give them away (more on rituals in Chapter 15). As they observed people getting items ready to be sold at garage sales, the researchers identified these rituals:

- **Iconic transfer ritual**—Taking pictures and videos of objects before we sell them.
- **Transition-place ritual**—Putting items in an out-of-the way location such as a garage or attic before we dipose of them.
- **Ritual cleansing**—Washing, ironing, and/or meticulously wrapping the item.[121]

CHAPTER SUMMARY

Now that you have finished reading this chapter you should understand why:

1 Many factors over and above the qualities of the product or service influence the outcome of a transaction. Factors at the time of purchase dramatically influence the consumer decision-making process.

Many factors affect a purchase. These include the consumer's antecedent state (e.g., his or her mood, time pressure, or disposition toward shopping). Time is an important resource that often determines how much effort and search will go into a decision. Our moods are influenced by the degree of pleasure and arousal a store environment creates.

The usage context of a product is a segmentation variable; consumers look for different product attributes depending on the use to which they intend to put their purchase. The presence or absence of other people (co-consumers)—and the types of people they are—can also affect a consumer's decisions.

The shopping experience is a pivotal part of the purchase decision. In many cases, retailing is like theater—the consumer's evaluation of stores and products may depend on the type of "performance" he witnesses. The actors (e.g., salespeople), the setting (the store environment), and props (e.g., store displays) influence this evaluation. Like a brand personality, a number of factors, such as perceived convenience, sophistication, and expertise of salespeople, determine store image. With increasing competition from nonstore alternatives, creating a positive shopping experience has never been more important. Online shopping is growing in importance, and this new way to acquire products has both good (e.g., convenience) and bad (e.g., security) aspects.

2 In addition to what a shopper already knows or believes about a product, information a store or Web site provides can strongly influence a purchase decision.

Because we don't make many purchase decisions until we're actually in the store, point-of-purchase (POP) stimuli are very important sales tools. These include product samples, elaborate package displays, place-based media, and in-store promotional materials such as "shelf talkers." POP stimuli are particularly useful in promoting impulse buying, which happens when a consumer yields to a sudden urge for a product.

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3 A salesperson can be the crucial link between interest in a product and its actual purchase.

The consumer's encounter with a salesperson is a complex and important process. The outcome can be affected by such factors as the salesperson's similarity to the customer and his or her perceived credibility.

4 Marketers need to be concerned about a consumer's evaluations of a product after he buys it as well as before.

A person's overall feelings about the product after he buys determine consumer satisfaction/dissatisfaction. Many factors influence our perceptions of product quality, including price, brand name, and product performance. Our degree of satisfaction often depends on the extent to which a product's performance is consistent with our prior expectations of how well it will function.

5 Getting rid of products when consumers no longer need or want them is a major concern both to marketers and to public policy makers.

Product disposal is an increasingly important problem. Recycling is one option that will become more crucial as consumers' environmental awareness grows. Lateral cycling occurs when we buy, sell, or barter secondhand objects.

KEY TERMS

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REVIEW

1 What do we mean by situational self-image? Give an example of this phenomenon.
2 Describe the difference between density and crowding. Why is this difference relevant in purchase environments?
3 What is time poverty, and how can it influence our purchase decisions?
4 What are the two dimensions that determine whether we will react positively or negatively to a purchase environment?
5 List three separate motivations for shopping, and give an example of each.
6 What are some important pros and cons of e-commerce?
7 List three factors that help to determine store image.
8 What is the difference between unplanned buying and impulse buying?
9 How do a consumer's prior expectations about product quality influence his satisfaction with the product after he buys it?
10 List three actions a consumer can take if he is dissatisfied with a purchase.
11 What is the underground economy and why is it important to marketers?

CONSUMER BEHAVIOR CHALLENGE

DISCUSS

1 Is the customer always right? Why or why not?
2 Are pop-up stores simply a fad or a retailing concept that's here to stay?
3 Discuss some of the shopping motivations the chapter describes. How might a retailer adjust its strategy to accommodate these motivations?
4 What are some positive and negative aspects of a policy that requires employees who interact with customers to wear a uniform?
5 Think about exceptionally good and bad salespeople you have encountered as a shopper. What qualities seem to differentiate them from others?
6 Discuss the concept of "timestyle." Based on your own experiences, how might we segment consumers in terms of their timestyles?
7 Several men's clothing retailers nationwide now provide free booze to their male clientele to encourage

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them to hang out in their stores.[122] Is it ethical to encourage customers to get wasted before they shop?

8 Compare and contrast different cultures' conceptions of time. What are some implications for marketing strategy within each of these frameworks?

9 The movement away from a "disposable consumer society" toward one that emphasizes creative recycling creates many opportunities for marketers. Can you identify some?

10 Some retailers work hard to cultivate a certain look or image, and they may even choose employees who fit this look. Abercrombie & Fitch, for example, seems to link itself to a clean-cut, all-American image. At one point a lawsuit claimed that Abercrombie & Fitch systematically "refuses to hire qualified minority applicants as brand representatives to work on the sales floor and discourages applications from minority applicants" (Abercrombie replied that it has "zero tolerance for discrimination")[123] And, we know the Hooters restaurant chain is notorious for its attractive female waitresses. Should a retailer have the right to recruit employees who are consistent with its image even if this means excluding certain types of people (e.g., non-Caucasians, men) from the sales floor?

11 The mall of the future will most likely be less about purchasing products than about exploring them in a physical setting. This means that retail environments will have to become places to build brand images, rather than simply places to sell products. What are some strategies stores can use to enhance the emotional/sensory experiences they give to shoppers?

12 The store environment is heating up as more and more companies put their promotional dollars into point-of-purchase efforts. Some stores confront shoppers with videos at the checkout counter, computer monitors attached to their shopping carts, and ads stenciled on the floors. And we're increasingly exposed to ads in nonshopping environments. A health club in New York was forced to remove TV monitors that showed advertising on the Health Club Media Networks—exercisers claimed they interfered with their workouts. Do you feel that these innovations are overly intrusive? At what point might shoppers rebel and demand some peace and quiet when they shop? Do you see any market potential in the future for stores that "countermarket" by promising a "hands-off" shopping environment?

13 Courts often prohibit special interest groups from distributing literature in shopping malls. Mall managements claim that these centers are private property. However, these groups argue that the mall is the modern-day version of the town square and as such is a public forum. Find some recent court cases involving this free-speech issue, and examine the arguments pro and con. What is the current status of the mall as a public forum? Do you agree with this concept?

APPLY

1 Conduct naturalistic observation at a local mall. Sit in a central location and observe the activities of mall employees and patrons. Keep a log of the nonretailing activity you observe (e.g., special performances, exhibits, socializing, etc.). Does this activity enhance or detract from business the mall conducts? As malls become more like high-tech game rooms, how valid is the criticism that shopping areas only encourage more loitering by teenage boys, who don't spend a lot in stores and simply scare away other customers?

2 Select three competing clothing stores in your area and conduct a store image study for them. Ask a group of consumers to rate each store on a set of attributes and plot these ratings on the same graph. Based on your findings, are there any areas of competitive advantage or disadvantage you could bring to the attention of store management?

3 Using Table 9.1 as a model, construct a person–situation segmentation matrix for a brand of perfume.

4 What applications of queuing theory can you find that local services use? Interview consumers as they wait in line to determine how their experience affects their satisfaction with the service.

5 Interactive tools allow surfers on sites such as LandsEnd.com to view apparel product selections on virtual models in full, 360-degree rotational view. In some cases, the viewer can modify the bodies, face, skin coloring, and the hairstyles of these models. In others, the consumer can project his *own* likeness into the space by scanning a photo into a "makeover" program. Visit LandsEnd.com or another site that offers a personalized mannequin. Surf around. Try on some clothes. How was your experience? How helpful was this mannequin? When you shop for clothes online, would you rather see how they look on a body with dimensions the same as yours or on a different body? What advice can you give Web site designers who personalize these shopping environments when they create lifelike models to guide you through the site?

6 Interview people when they sell items at a flea market or garage sale. Ask them to identify some items to which they had a strong attachment. Then, see if you can prompt them to describe one or more divestment rituals they went through as they prepared to offer these items for sale.

7 Identify three people who own electric coffeemakers. Then, "go to the gemba" by observing them as they actually prepare coffee in the appliance at home. Based on these experiences, what recommendations might you make to the designer of a new coffeemaker model that would improve customers' experiences with the product?

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Case Study

GIVING AND RECEIVING ON FREECYCLE.ORG

Like it or not, we live in a disposable society. And it isn't just paper products and fast-food containers we throw away. We use our televisions, computers, cell phones, furniture, clothing, and other products until something better comes along, and then we toss them. Landfills everywhere reel under the onslaught of trash we create.

But what if people could find someone to take their old junk off their hands? Or what if individuals could find a needed item that someone just so happens to be throwing away? Freecycle.org meets this need. This Web site came into being as a recycling concept to reduce the strain on landfills and cut down on consumer wastefulness. Freecycle, which uses a bulletin board structure, works so well because it's so simple. It connects people who have items to give away with others who need them, and vice versa. It's basically like an "eBay for free." Indeed, many users call the site by its nickname of "Freebay."

From its humble beginnings in the Tucson, Arizona, area in 2003, today there are millions of members who comprise thousands of user communities in over 75 countries; they say they are "changing the world one gift at a time." Freecycle.org is one of the most popular nonprofit destinations in cyberspace; *Time* dubbed it "one of the 50 coolest" Web sites. This notoriety comes within a few short years and with no promotion other than word of mouth and plenty of free publicity.

Anyone can join this 24/7 virtual garage sale, and membership is free. In fact, the main rule of Freecycle.org is that you can only offer free items. Givers and receivers contact each other via e-mail and then arrange for delivery. The site's founder estimates that the average freecycled item weighs 1 pound. That means that the Freecycle movement keeps 400 tons of "garbage" out of landfills every day.

This is certainly a sign of success. But other measures of success have become apparent as well, like the satisfaction of all those involved. What one person doesn't want, someone else will take off their hands. In this exchange everyone wins. "It's become a huge gift economy and very life affirming for everyone who has given away something. You can't help but get a good feeling when you've helped another person," the founder said.

As long as people want to get rid of or acquire an old couch, a six-year-old husky, a storm door, a van that needs a transmission, or even horse manure, Freecycle has a bright future. "When it comes to the Internet and connecting with one another, there are no limitations," Beal said. "We'll continue growing and experiencing the goodness that comes from giving."

DISCUSSION QUESTIONS

1. Why do you think Freecycle.org has achieved such high levels of growth in such a short period of time?
2. Freecycle created an alternative disposal option that is rapidly growing. Discuss ways that freecycling might affect the purchase habits of consumers.
3. Should for-profit businesses like eBay get into the freecycling business? Should companies motivate more consumers to give things away that they might otherwise be able to sell or auction? Can they still make a profit while they help to eliminate waste?

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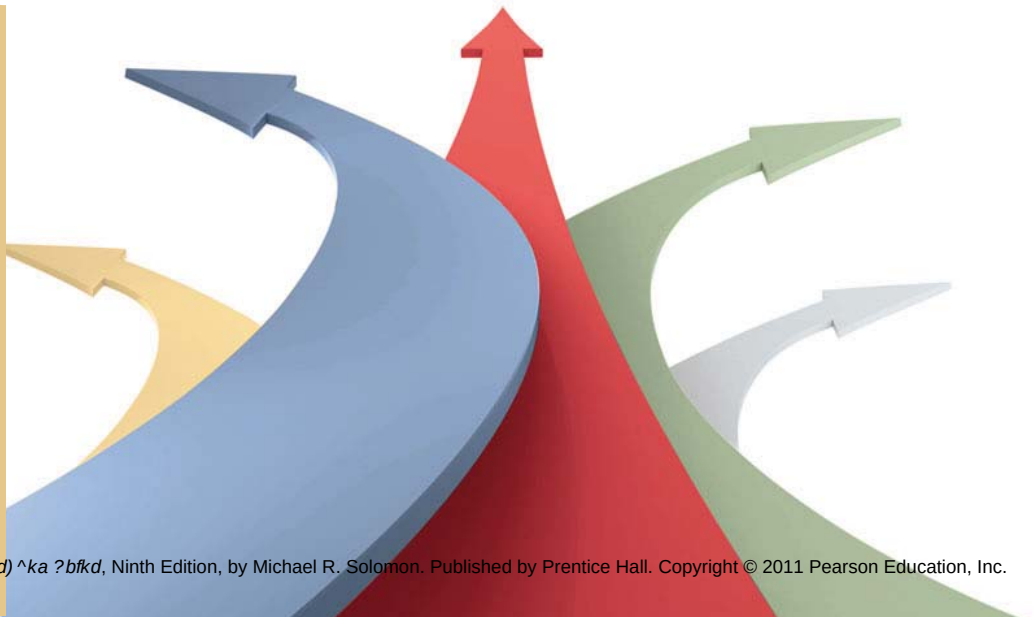
10 Groups

Chapter Objectives

When you finish this chapter you will understand:

1. Why do others, especially those who possess some kind of social power, often influence us?
2. Why do we seek out others who share our interests in products or services?
3. Why are we motivated to buy or use products in order to be consistent with what other people do?
4. Why are certain people particularly likely to influence others' product choices?
5. Why are the things that other consumers tell us about products (good and bad) often more influential than the advertising we see?
6. How do online technologies accelerate the impact of word-of-mouth communication?
7. How is social networking changing the way companies and consumers interact?



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Zachary leads a secret life. During the week, he is a straitlaced stock analyst for a major investment firm. He spends a big chunk of the week worrying about whether he'll have a job, so work is pretty stressful these days. The weekend is another story. Come Friday evening, it's off with the Brooks Brothers suit and on with the black leather, as he trades in his Lexus for his treasured Harley-Davidson motorcycle. A dedicated member of HOG (Harley Owners Group), Zachary belongs to the "RUBs" (rich urban bikers) faction of Harley riders. Everyone in his group wears expensive leather vests with Harley insignias and owns customized "Low Riders." Just this week, Zach finally got his new Harley perforated black leather jacket at the company's Motorclothes Merchandise Web page.[1] Surfing around the site makes him realize the lengths to which some of his fellow enthusiasts go to make sure others know they are HOG riders. As one of the Harley Web pages observed, "It's one thing to have people buy your products. It's another thing to have them tattoo your name on their bodies." Zach had to restrain himself from buying more Harley stuff; there were vests, eyewear, belts, buckles, scarves, watches, jewelry, even housewares ("home is the road") for sale. He settled for a set of Harley salt-and-pepper shakers that would be perfect for his buddy Dan's new crib.

Zach spends a lot of money to outfit himself to be like the rest of the group. But it's worth it. He feels a real sense of brotherhood with his fellow RUBs. The group rides together in two-column formation to bike rallies that sometimes attract up to 300,000 cycle enthusiasts. What a sense of power he feels when they all cruise together—it's them against the world!

Of course, an added benefit is the business networking he's accomplished during his jaunts with his fellow professionals who also wait for the weekend to "ride on the wild side—these days it would be professional suicide to let your contacts get cold, and you can't just count on LinkedIn to stay in the loop."[2]

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Reference Groups

OBJECTIVE
Why do others, especially those who possess some kind of social power, often influence us?

Humans are social animals. We belong to groups, try to please others, and look to others' behavior for clues about what we should do in public settings. In fact, our desire to "fit in" or to identify with desirable individuals or groups is the primary motivation for many of our consumption behaviors. We may go to great lengths to please the members of a group whose acceptance we covet.[3]

Zachary's biker group is an important part of his identity, and this membership influences many of his buying decisions. He has spent many thousands of dollars on parts and accessories since he became a RUB. His fellow riders bond via their consumption choices, so total strangers feel an immediate connection with one another when they meet. The publisher of *American Iron*, an industry magazine, observed, "You don't buy a Harley because it's a superior bike, you buy a Harley to be a part of a family."[4]

Zachary doesn't model himself after just *any* biker—only the people with whom he really identifies can exert that kind of influence on him. For example, Zachary's group doesn't have much to do with outlaw clubs whose blue-collar riders sport big Harley tattoos. The members of his group also have only polite contact with "Ma and Pa" bikers, whose rides are the epitome of comfort and feature such niceties as radios, heated handgrips, and floorboards. Essentially, only the RUBs comprise Zachary's *reference group*.

A **reference group** is "an actual or imaginary individual or group conceived of having significant relevance upon an individual's evaluations, aspirations, or behavior."[5] Reference groups influence us in three ways: *informational, utilitarian*, and *value-expressive*. Table 10.1 describes these influences. In this chapter we'll focus on how other people, whether fellow bikers, coworkers, friends, family, or simply casual acquaintances, influence our purchase decisions. We'll consider how our group memberships shape our preferences because we want others to accept us or even because we mimic the actions of famous people we've never met. Finally, we'll explore why some people in particular affect our product preferences and how marketers find those people and enlist their support to persuade consumers to jump on the bandwagon.

When Are Reference Groups Important?

OBJECTIVE
Why do we seek out others who share our interests in products or services?

Recent research on smoking cessation programs powerfully illustrates the impact of reference groups. The study found that smokers tend to quit in groups, and when one person quits this creates a ripple effect that motivates others in his social network to give up the death sticks also. The researchers followed thousands of smokers and nonsmokers for over 30 years, and they also tracked their networks of relatives, coworkers, and friends. They discovered that over the years the smokers tended to cluster together (on average in groups of three). As the overall U.S. smoking rate declined dramatically during this period, the number of clusters in the sample decreased but the remaining clusters stayed the same size—this indicated that people quit in groups rather than as individuals. Not surprisingly, some social connections were more powerful than others. A spouse who quit had a bigger impact than did a friend, while friends had more influence than siblings. Coworkers had an influence only in small firms where everyone knew one another.[6]

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TABLE 10.1 Three Forms of Reference Group Influence

Informational Influence	• The individual seeks information about various brands from an association of professionals or independent group of experts. • The individual seeks information from those who work with the product as a profession. • The individual seeks brand-related knowledge and experience (such as how Brand A's performance compares to Brand B's) from those friends, neighbors, relatives, or work associates who have reliable information about the brands. • The brand the individual selects is influenced by observing a seal of approval of an independent testing agency (such as *Good Housekeeping*). • The individual's observation of what experts do (such as observing the type of car that police drive or the brand of television that repairmen buy) influences his or her choice of a brand.
Utilitarian Influence	• So that he or she satisfies the expectations of fellow work associates, the individual's decision to purchase a particular brand is influenced by their preferences. • The individual's decision to purchase a particular brand is influenced by the preferences of people with whom he or she has social interaction. • The individual's decision to purchase a particular brand is influenced by the preferences of family members. • The desire to satisfy the expectations that others have of him or her has an impact on the individual's brand choice.
Value-Expressive Influence	• The individual feels that the purchase or use of a particular brand will enhance the image others have of him or her. • The individual feels that those who purchase or use a particular brand possess the characteristics that he or she would like to have. • The individual sometimes feels that it would be nice to be like the type of person that advertisements show using a particular brand. • The individual feels that the people who purchase a particular brand are admired or respected by others. • The individual feels that the purchase of a particular brand would help show others what he or she is or would like to be (such as an athlete, successful business person, good parent, etc.).

Source: Adapted from C. Whan Park and V. Parker Lessig, "Students and Housewives: Differences in Susceptibility to Reference Group Influence," *Journal of Consumer Research* 4 September 1977): 102. Copyright © 1977 JCR, Inc. Reprinted with permission of The University of Chicago Press.

Reference group influences don't work the same way for all types of products and consumption activities. For example, we're not as likely to take others' preferences into account when we choose products that are not very complex, that are low in perceived risk (see Chapter 8), or that we can try before we buy.[7] In addition, knowing what others prefer may influence us at a general level (e.g., owning or not owning a computer, eating junk food versus health food), whereas at other times this knowledge guides the specific brands we desire within a product category (e.g., if we wear Levi's jeans versus Diesel jeans, or smoke Marlboro cigarettes rather than Virginia Slims).

Two dimensions that influence the degree to which reference groups are important are whether we consume the item publicly or privately and whether it is a luxury or a necessity. As a rule, reference group effects are more robust for purchases that are (1) luxuries rather than necessities (e.g., sailboats) because products that we buy with our discretionary income are subject to individual tastes and preferences, whereas necessities do not offer this range of choices, and (2) socially conspicuous or visible to others (e.g., living room furniture or clothing) because we don't tend to be swayed as much by the opinions of others if no one but ourselves will ever see what we buy. (Note: In the old days this was true of underwear, but some of today's styles have changed all that!)[8] Table 10.1 shows the relative effects of reference group influences on some specific product classes.

Why are reference groups so persuasive? The answer lies in the potential power they wield over us. **Social power** is "the capacity to alter the actions of others."[10] To the degree to which you are able to make someone else do something, regardless of

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Marketing Pitfall



One criticism of focus groups that provide feedback from consumers is that participants who listen to what others say in the group may change their opinions based on this temporary group influence. Some recent experiments underscore how powerful this effect can be. These studies replicated the live feedback graphs that networks sometimes use to report audience responses during political debates; marketing research firms also use this dial-testing format when they ask focus groups to evaluate TV shows and commercials. In one study that mimicked *American Idol*, several hundred college students watched performances as fake audience feedback appeared on the screen. When the feedback was negative, their evaluations of the contestants dipped also. In a similar study, participants watched an excerpt of a 1984 debate between presidential candidates Ronald Reagan and Walter Mondale (presumably these subjects were just a glimmer in their fathers' eyes when this election happened). Respondents who saw screen feedback that favored Reagan were 2.8 times more likely to say they would have voted for him while those who saw similar feedback in favor of Mondale were 1.8 times more likely to say they would have voted for the Democratic candidate.[9]

whether they do it willingly, you have power over that person. The following classification of power bases helps us to distinguish among the reasons a person exerts power over another, the degree to which the influence is voluntary, and whether this influence will continue to have an effect even when the source of the power isn't around.[11]

- **Referent power**—If a person admires the qualities of a person or a group, he tries to copy the referent's behaviors (e.g., choice of clothing, cars, leisure activities)—just as Zack's fellow bikers affected his preferences. Prominent people in all walks of life affect our consumption behaviors by virtue of product endorsements (e.g., 50 Cent for Reebok), distinctive fashion statements (e.g., Fergie's displays of high-end designer clothing), or championing causes (e.g., Lance Armstrong's work for cancer). Referent power is important to many marketing strategies because consumers voluntarily modify what they do and buy to identify with a referent.
- **Information power**—A person can have power simply because she knows something others would like to know. Editors of trade publications such as *Women's Wear Daily* often possess tremendous power because of their ability to compile and disseminate information that can make or break individual designers or companies. People with information power are able to influence consumer opinion by virtue of their (assumed) access to the "truth."
- **Legitimate power**—Sometimes we grant power by virtue of social agreements, such as the authority we give to police officers, soldiers, and yes, sometimes even professors. The legitimate power a uniform confers wields authority in consumer contexts including teaching hospitals where medical students don white coats to enhance their standing with patients.[12] Marketers "borrow" this form of power to influence consumers. For example, an ad that shows a model who wears a white doctor's coat adds an aura of legitimacy or authority to the presentation of the product ("I'm not a doctor, but I play one on TV").
- **Expert power**—To attract the casual Internet user, U.S. Robotics signed up British physicist Stephen Hawking to endorse its modems. A company executive commented, "We wanted to generate trust. So we found visionaries who use U.S. Robotics technology, and we let them tell the consumer how it makes their lives more productive." Hawking, who has Lou Gehrig's disease and speaks via a synthesizer, said in one TV spot, "My body may be stuck in this chair, but with the Internet my mind can go to the end of the universe."[13] Hawking's expert power derives from the knowledge he possesses about a content area. This helps to explain the weight many of us assign to professional critics' reviews of restaurants, books, movies, and cars—even though with the advent of blogs and open-source references such as Wikipedia it's getting a lot harder to tell just who is really an expert![14]
- **Reward power**—A person or group with the means to provide positive reinforcement (see Chapter 3) has **reward power**. The reward may be the tangible kind such as the contestants on *Survivor* experience when their comrades vote them off the island. Or it can be more intangible, such as the approval the judges on *American Idol* (except Simon) deliver to contestants.
- **Coercive power**—We exert coercive power when we influence someone because of social or physical intimidation. A threat is often effective in the short term, but it doesn't tend to stick because we revert back to our original behavior as soon as the bully leaves the scene. Fortunately, marketers rarely try to use this type of power unless you count those annoying calls from telemarketers! However, we can see elements of this power base in the fear appeals we talked about in Chapter 8 as well as in intimidating salespeople who try to succeed with a "hard sell."

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A physician has expert power, and a white coat reinforces this expertise by conferring legitimate power.
Source: Courtesy Jupiter Unlimited.

Types of Reference Groups

Although two or more people normally form a group, we often use the term *reference group* a bit more loosely to describe *any* external influence that provides social cues.[15] The referent may be a cultural figure who has an impact on many people (e.g., Osama bin Laden) or a person or group whose influence only operates in the consumer's immediate environment (e.g., Zachary's biker club). Reference groups that affect consumption can include parents, fellow motorcycle enthusiasts, the Democratic Party, or even the Chicago Bears, the Dave Matthews Band, or Spike Lee.

Some people influence us simply because we feel similar to them. Have you ever experienced a warm feeling when you pull up at a light next to someone who drives the exact car as yours? One reason that we feel a bond with fellow brand users may be that many of us are a bit narcissistic (not you, of course); we feel an attraction to people and products that remind us of ourselves. That may explain why we feel a connection to others who happen to share our name. Research on the **name-letter effect** finds that all things equal we like others who share our names or even initials better than those who don't. When researchers look at large databases like Internet phone directories or Social Security records, they find that Johnsons are more likely to wed Johnsons, women named Virginia are more likely to live in (and move to) Virginia, and people whose surname is Lane tend to have addresses that include the word *lane*, not *street*. During the 2000 presidential campaign, people whose surnames began with B were more likely to contribute to George Bush, while those whose surnames began with G were more likely to contribute to Al Gore.[16]

Obviously, some groups and individuals are more powerful than others and affect a broader range of our consumption decisions. For example, our parents may play a pivotal role as we form our values on many important issues, such as attitudes

Marketing Opportunity

A recent real-life experiment demonstrates the potential social value of harnessing reference group power. For years the Sacramento, California, Municipal Utility District tried various tactics to goad people into using less energy, such as awarding rebates to residents who buy energy-saving appliances. These efforts weren't working too well, so the district tried something new: It told people how their energy consumption compared to their neighbors' energy consumption. Thirty-five thousand randomly selected customers received statements that rated their energy use compared to 100 of their neighbors who lived in homes of a similar size. The relatively energy-efficient customers earned two smiley faces on their statements, and those whose usage was higher than average opened their envelopes to see frowns (they had to delete the frown part after customers got too upset with this criticism). After six months, the utility found that customers who got these report cards reduced energy use by 2 percent compared to the rest of the district. Some colleges employ a similar technique when they create a competition among dormitories to identify which residence hall does the best job of conserving resources. At Central College in Pella, Iowa, students who live in a "green dorm" can access a Web site that tells them how much power their specific suite uses compared to the other suites in the building. Peer pressure is powerful.[18]

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An electricity bill compares a homeowner's power usage with the amount neighbors use to encourage energy conservation.
Source: Courtesy of Redux Pictures/Photo by Max Whittaker.

about marriage or where to go to college. We call this **normative influence**—that is, the reference group helps to set and enforce fundamental standards of conduct. In contrast, a Harley-Davidson club exerts **comparative influence** because it affects members' decisions about specific motorcycle purchases.[17]

ECONsumer Behavior



As the air started to leak out of the economy, luxury brands felt the pinch quickly. At Godiva Chocolatier, managers wanted to determine how shrinking incomes would affect the market for their upscale chocolates. They turned to an online brand community of self-professed chocoholics for answers. These consumers belonged to the company's invitation-only forum that discusses all things chocolate. The Godiva community advised them to advertise bargains heavily, especially baskets of chocolate that cost less than $25. People still wanted luxury (in this case high-grade chocolate), but in small doses they could afford. One result of this collaboration was a successful product Godiva launched for the Valentine's Day season: a heart-shaped chocolate lollipop it sold for just $5.50.[21]

Brand Communities and Consumer Tribes

Before it released the popular Xbox game *Halo 2*, the company put up a Web site to explain the story line. However, there was a catch: The story was written from the point of view of the Covenant (the aliens who are preparing to attack Earth in the game)—and in *their* language. Within 48 hours, avid gamers around the world shared information in gaming chat rooms to crack the code and translate the text. More than 1.5 million people preordered the game before its release.[19] This cooperative effort illustrates a major trend in consumer behavior.

A **brand community** is a group of consumers who share a set of social relationships based on usage or interest in a product. Unlike other kinds of communities, these members typically don't live near each other—except when they may meet for brief periods at organized events or **brandfests** that community-oriented companies such as Jeep or Harley-Davidson sponsor. These events help owners to "bond" with fellow enthusiasts and strengthen their identification with the product as well as with others they meet who share their passion. In virtually any category you'll find passionate brand communities (in some cases devoted to brands that don't even exist anymore); examples include the 3Com Ergo Audrey (discontinued Internet appliance), Apple Newton (discontinued personal digital assistant), BMW MINI (car), Garmin (GPS device), Jones Soda (carbonated beverage), Lomo and Holga (cameras), Tom Petty and the Heartbreakers (musical group), StriVectin (cosmeceutical), and *Xena: Warrior Princess* (TV program).

Researchers find that people who participate in these events feel more positive about the products as a result, and this enhances brand loyalty. They tend to forgive product failures or lapses in service quality, and they're less likely to switch brands even if they learn that competing products are as good or better. Furthermore, these community members become emotionally involved in the company's welfare, and they often serve as brand missionaries as they carry its marketing message to others.[20]

The notion of a **consumer tribe** is similar to a brand community; it is a group of people who share a lifestyle and who can identify with each other because of a

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CB AS I SEE IT

Professor John Schouten, *University of Portland*

There is no such thing as purely personal significance. To the extent that we create individual meaning at all, we do so from a shared language of objects, words, feelings, and experiences whose meanings have already been constructed by social groups. Similarly, there is no such thing as an individual consumer decision. We make our choices from assortments that society has provided, based on values and expectations that we have learned, questioned, embraced, or rejected as members of social groups.

Some groups or communities we choose. Others choose us. Ultimately, the character of our membership in any group is a matter of constant negotiation. Communities of any kind often coincide with or create markets. In response to shared needs and desires, humans come together, harness creativity and labor, and produce new goods and services. In the best cases, the creative power of community can accomplish tremendous good through cultural change. The LOHAS (Lifestyles of Health and Sustainability) community is one such social group, made up of both consumers and businesses. See lohas.com for more about the community's goals and impact.

Our biggest challenge today, in my view, is the collision between escalating human consumption and the rapidly declining capacity of the earth's natural systems to support it. I believe the best real hope for a tolerable human future lies in the ability of communities to redefine acceptable modes of consumer behavior and to participate actively and creatively in making them not only possible but also preferable to those practices that currently undermine the foundation of our existence.

For me, the most exciting aspects of communities are their dynamism and their power to effect change at levels ranging from individual purchases to global movements for social and environmental justice. Recently my studies have turned to such "communities of purpose." For example, for over three years now Diane Martin and I have been engaged with groups of people determined to make Wal-Mart more environmentally sustainable. Self-selecting community members include Wal-Mart executives and associates, key members of its supply chain, environmental activists, academics, and others. Uniting these diverse participants are shared goals of carbon neutrality, zero waste, and products that support the sustainable use of the earth's finite resources. So far these groups have achieved impressive results, helping Wal-Mart to divert millions of tons of waste from landfills, radically reduce its use of fossil fuels, develop more sustainable products and, true to Wal-Mart's mission, continue to profit, even in times of economic recession, with low prices to its customers. Explore walmartstores.com/sustainability and its link to Sustainable Value Networks for more about the results of these ongoing efforts.

shared allegiance to an activity or a product. Although these tribes are often unstable and short-lived, at least for a time members identify with others through shared emotions, moral beliefs, styles of life, and of course the products they jointly consume as part of their tribal affiliation.

Some companies, especially those that are more youth-oriented, use a **tribal marketing strategy** that links their product to, say, a group of shredders. However, there also are plenty of tribes with older members, such as car enthusiasts who gather to celebrate such cult products (see Chapter 4) as the Citroën in Europe and the Ford Mustang in the United States, or "foodies" who share their passion for cooking with other Wolfgang Puck wannabes around the world.[22]

Membership Versus Aspirational Reference Groups

A **membership reference group** consists of people we actually know, whereas we don't know those in an **aspirational reference group**, but we admire them anyway. These people are likely to be successful businesspeople, athletes, performers, or whoever rocks our world. Not surprisingly, many marketing efforts that specifically adopt a reference group appeal concentrate on highly visible, widely admired figures (such as well-known athletes or performers); they link these people to brands so that the products they use or endorse also take on this aspirational quality. For

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Marketing Opportunity



Most consumers only admire their aspirational reference groups from afar, but more and more of them shell out big bucks to get up close and personal with their heroes. *Fantasy camps* today are a $1 billion industry as people pay for the chance to hang out—and play with—their idols. Baseball camps that mix retired players with fans have been around for many years, but now other types to let people mingle with their favorite hockey players, poker players, even members of the U.S. women's national soccer team. At one camp, 80 people each paid about $8,000 to jam with rock stars including Nils Lofgren, Dickey Betts, and Roger Daltrey. One enthusiastic novice gushed afterward, "We all grow up with heroes and never get to share a moment with them. But I got to live out my fantasy."[29]

The Tangled Web



The Web encourages the rise of a new kind of avoidance group—**antibrand communities**. These groups also coalesce around a celebrity, store, or brand—but in this case they're united by their disdain for it. The Rachael Ray Sucks Community on the blogging and social-networking site *LiveJournal* claims more than 1,000 members who don't hesitate to post their latest thoughts about the various shortcomings, flaws, and disagreeable traits of the (otherwise popular) television food personality. They criticize Ray's overuse of chicken stock, her kitchen hygiene, her smile (posters like to compare it to The Joker's of Batman fame), her penchant for saying "Yum-o!" and so on. The community has a basic rule for membership: "You must be anti-Rachael!"[32]

One team of researchers that study these communities observes that they tend to attract social idealists who advocate nonmaterialistic lifestyles. After they interviewed members of online communities who oppose Wal-Mart, Starbucks, and McDonald's, they concluded that these antibrand communities provide a meeting place for those who share a moral stance; a support network to achieve

example an amateur basketball player who idolizes Allen Iverson might strongly identify with Reebok because Iverson endorses these shoes.[23] One study of business students who aspired to the "executive" role found a strong relationship between products they associated with their *ideal selves* (see Chapter 5) and those they assumed real executives own.[24]

Because we tend to compare ourselves to similar others, many promotional strategies include "ordinary" people whose consumption activities provide informational social influence. How can we predict which people you know will be part of your membership reference group? Several factors make it more likely:

- **Propinquity**—As physical distance between people decreases and opportunities for interaction increase, they are more likely to form relationships. We call this physical nearness **propinquity**. An early study on friendship patterns in a housing complex showed this factor's strong effects: All things equal, residents were much more likely to be friends with the people next door than with those who lived only two doors away. Furthermore, people who lived next to a staircase had more friends than those at the ends of a hall (presumably, they were more likely to "bump into" people as they used the stairs).[25]
- **Mere exposure**—We come to like persons or things if we see them more often. Social scientists call this tendency the **mere exposure phenomenon**.[26] Greater frequency of contact, even if unintentional, may help to determine one's set of local referents. The same effect holds when we evaluate works of art or even political candidates.[27] One study predicted 83 percent of the winners of political primaries solely by the amount of media exposure each candidate received.[28]
- **Group cohesiveness**—**Cohesiveness** refers to the degree to which members of a group are attracted to each other and how much each values their membership in this group. As the value of the group to the individual increases, so too does the likelihood that the group will influence his or her consumption decisions. Smaller groups tend to be more cohesive because in larger groups the contributions of each member are usually less important or noticeable. By the same token, groups often try to restrict membership to a select few, which increases the value of membership to those who do get in.

Positive Versus Negative Reference Groups

Reference groups impact our buying decisions both positively and negatively. In most cases, we model our behavior to be in line with what we think the group expects us to do. Sometimes however we also deliberately do the *opposite* if we want to distance ourselves from *avoidance groups*. You may carefully study the dress or mannerisms of a group you dislike (e.g., "nerds," "druggies," or "preppies") and scrupulously avoid buying anything that might identify you with that group. For example, rebellious adolescents do the opposite of what their parents desire to make a statement about their independence.

Your motivation to distance yourself from a negative reference group can be as or more powerful than your desire to please a positive group.[30] That's why advertisements occasionally show an undesirable person who uses a competitor's product. This kind of execution subtly makes the point that you can avoid winding up like *that* kind of person if you just stay away from the products he buys. As a once-popular book reminded us, "Real men *don't* eat quiche!"[31]

We Like to Do It in Groups. We get away with more when we do it in a group. One simple reason: The more people who are together, the less likely that any one member gets singled out for attention. That helps to explains why people in larger groups have fewer restraints on their behavior. For example, we sometimes behave more wildly at costume parties or on Halloween than we do when others can easily iden-

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tify us. We call this phenomenon **deindividuation**—a process where individual identities become submerged within a group.

Social loafing is a similar effect; it happens when we don't devote as much to a task because our contribution is part of a larger group effort.[35] You may have experienced this if you've worked on a group project for a class! Waitpersons are painfully aware of social loafing: People who eat in groups tend to tip less per person than when they eat alone.[36] For this reason, many restaurants automatically tack on a fixed gratuity for groups of six or more.

Furthermore, the decisions we make as part of a group tend to differ from those each of us would choose on our own. The **risky shift effect** refers to the observation that group members tend to consider riskier alternatives after the group discusses an issue than they would if each member made his or her own decision without talking about it with others.[37] Psychologists propose several explanations for this increased riskiness. One possibility is that something similar to social loafing occurs. As more people are involved in a decision, each individual is less accountable for the outcome so this results in *diffusion of responsibility*.[38] The practice of placing blanks in at least one of the rifles a firing squad uses diffuses each soldier's responsibility for the death of a prisoner because it's never certain who actually shot him. Another explanation is the *value hypothesis*, which states that our culture values risky behavior, so when people make decisions in groups they conform to this expectation.[39]

Research evidence for the risky shift is mixed. A more general finding is that group discussion tends to increase **decision polarization**. This means that the direction the group members leaned before discussion began (whether a risky choice

common goals; a way to cope with workplace frustrations (many members actually work for the companies they bash!); and a hub for information, activities, and related resources.[33] Another study chronicles the level of opposition the Hummer inspires. For example, whereas brand enthusiasts celebrate the Hummer's road safety because of its size and weight, antibranders who drive smaller cars slam the vehicle's bulk. One driver posted this message: "The H2 is a death machine. You'd better hope that you don't collide with an H2 in your economy car. You can kiss your ass goodbye thanks to the H2's massive weight and raised bumpers. Too bad you couldn't afford an urban assault vehicle of your own."[34]

An avoidance group appeal.
Source: © Michelin North America, Inc.



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Costumes hide our true identities and encourage deindividuation.
Source: Courtesy Shutterstock. Photo by Sergei Bachlakov.

or a conservative choice) becomes even more extreme in that direction after the group talks about it. Group discussions regarding product purchases tend to create a risky shift for low-risk items, but they yield even more conservative group decisions for high-risk products.[40]

Even shopping behavior changes when people do it in groups. For example, people who shop with at least one other person tend to make more unplanned purchases, buy more, and cover more areas of a store than do those who browse solo.[41] Both normative and informational social influence explains this. A group member may buy something to gain the approval of the others, or the group may simply expose her to more products and stores. Either way, retailers are well advised to encourage group-shopping activities.

The famous Tupperware party is a successful example of a **home shopping party** that capitalizes on group pressures to boost sales.[42] In this format a company representative makes a sales presentation to a group of people who gather at the home of a friend or acquaintance. The shopping party works due to informational social influence: Participants model the behavior of others who provide them with information about how to use certain products, especially because a relatively homogeneous group (e.g., neighborhood homemakers) attends the party. Normative social influence also operates because others can easily observe our actions. Pressures to conform may be particularly intense and may escalate as more and more group members "cave in" (we call this process the *bandwagon effect*).

In addition, these parties may activate deindividuation or the risky shift. As consumers get caught up in the group, they may agree to try new products they would not normally consider. These same dynamics underlie the latest wrinkle on the Tupperware home-selling technique: the Botox party. The craze for Botox injections that paralyze facial nerves to reduce wrinkles (for 3 to 6 months anyway) is fueled by gatherings where dermatologists or plastic surgeons redefine the definition of house calls. For patients, mixing cocktail hour with cosmetic injections takes some of the anxiety out of the procedure. Egged on by the others at the party, a doctor can dewrinkle as many as 10 patients in an hour. An advertising executive who worked on the Botox marketing strategy explained that the membership reference group appeal is more effective than the traditional route that uses a celebrity spokesperson to tout the injections in advertising: "We think it's more persuasive to think of your

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next-door neighbor using it."[43] The only hitch is that after you get the injections your face is so rigid your friends can't tell if you're smiling!

Marketing Opportunity



In a new twist on a group experience, an audience in a movie theater uses their bodies as a collective joystick to move a game piece on the screen. The interactive games use a motion sensor to read body movements and move an object such as a ping-pong paddle or a car. These diversions enable advertisers such as MSNBC.com and Volvo to provide a fun group experience as they get their messages across.[44]

3

OBJECTIVE

Why are we motivated to buy or use products in order to be consistent with what other people do?

Conformity

The early Bohemians who lived in Paris around 1830 made a point of behaving, well, differently from others. One flamboyant figure of the time earned notoriety because he walked a lobster on a leash through the gardens of the Royal Palace. His friends drank wine from human skulls, cut their beards in strange shapes, and slept in tents on the floors of their garrets.[45] Sounds a bit like some frats we've visited.

Although in every age there certainly are those who "march to their own drummers," most people tend to follow society's expectations regarding how they should act and look (with a little improvisation here and there, of course). **Conformity** is a change in beliefs or actions as a reaction to real or imagined group pressure. In order for a society to function, its members develop **norms**, or informal rules that govern behavior. Without these rules, we would have chaos. Imagine the confusion if a simple norm such as stopping for a red traffic light did not exist.

We conform in many small ways every day—even though we don't always realize it. Unspoken rules govern many aspects of consumption. In addition to norms regarding appropriate use of clothing and other personal items, we conform to rules that include gift-giving (we expect birthday presents from loved ones and get upset if they don't materialize), sex roles (men often pick up the check on a first date), and personal hygiene (our friends expect us to shower regularly).

We don't mimic others' behaviors all the time, so what makes it more likely we'll conform? These are some common culprits:[46]

- **Cultural pressures**—Different cultures encourage conformity to a greater or lesser degree. The American slogan "Do your own thing" in the 1960s reflected a movement away from conformity and toward individualism. In contrast, Japanese society emphasizes collective well-being and group loyalty over individuals' needs.
- **Fear of deviance**—The individual may have reason to believe that the group will apply *sanctions* to punish nonconforming behaviors. It's not unusual to observe adolescents who shun a peer who is "different" or a corporation or university that passes over a person for promotion because she is not a "team player."
- **Commitment**—The more people are dedicated to a group and value their membership in it, the greater their motivation to conform to the group's wishes. Rock groupies and followers of TV evangelists may do anything their idols ask of them, and terrorists willingly die for their cause. According to the **principle of least interest**, the person who is *least* committed to staying in a relationship has the most power because that party doesn't care as much if the other person rejects him.[47] Remember that on your next date.
- **Group unanimity, size, and expertise**—As groups gain in power, compliance increases. It is often harder to resist the demands of a large number of people than only a few—especially when a "mob mentality" rules.
- **Susceptibility to interpersonal influence**—This trait refers to an individual's need to have others think highly of him or her. Consumers who don't possess this trait are *role-relaxed*; they tend to be older, affluent, and to have high self-confidence. Subaru created a communications strategy to reach role-relaxed consumers. In one of its commercials, a man proclaims, "I want a car. . . . Don't tell me about wood paneling, about winning the respect of my neighbors. They're my neighbors. They're not my heroes."[48]

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Opinion Leadership

OBJECTIVE
Why are certain people particularly likely to influence others' product choices?

As Cold Stone Creamery expands to Japan, the ice cream store projects a somewhat different image than it has in the United States. The chain wants to be ultracool as it generates a buzz among fashion-conscious "office ladies"—as the Japanese call young, single, female professionals. These women are very influential in Japan; their reactions to a new product can make or break it. To woo this group, Cold Stone sponsored a fashion show for young women (assuming the models can fit into the dresses after sampling a few of the chain's caloric creations), and fashion magazines staged photo shoots at the stores.[49]

Although consumers get information from personal sources, they do not usually ask just *anyone* for advice about purchases. If you decide to buy a new stereo, you will most likely seek advice from a friend who knows a lot about sound systems. This friend may own a sophisticated system, or he may subscribe to specialized magazines such as *Stereo Review* and spend his free time browsing through electronics stores. However, you may have another friend who has a reputation for being stylish and who spends his free time reading *Gentleman's Quarterly* and shopping at trendy boutiques. You might not bring up your stereo problem with him, but you may take him with you to shop for a new fall wardrobe.

Everyone knows people who are knowledgeable about products and whose advice others take seriously. Like one of the Japanese office ladies, this individual is an **opinion leader**, a person who is frequently able to influence others' attitudes or behaviors.[50] Clearly, some people's recommendations carry more weight than others. Opinion leaders are extremely valuable information sources because they possess the social power we discussed earlier in the chapter:

- They are technically competent so they possess expert power.[51]
- They prescreen, evaluate, and synthesize product information in an unbiased way, so they possess knowledge power.[52]
- They are socially active and highly interconnected in their communities.[53]
- They are likely to hold offices in community groups and clubs and to be active outside of the home. As a result, opinion leaders often wield legitimate power by virtue of their social standing.
- They tend to be similar to the consumer in terms of their values and beliefs, so they possess referent power. Note that although opinion leaders are set apart by their interest or expertise in a product category, they are more convincing to the extent that they are *homophilous* rather than *heterophilous*. **Homophily** refers to the degree to which a pair of individuals is similar in terms of education, social status, and beliefs.[54] Effective opinion leaders tend to be slightly higher in terms of status and educational attainment than those they influence but not so high as to be in a different social class.
- Opinion leaders are often among the first to buy new products, so they absorb much of the risk. This experience reduces uncertainty for the rest of us who are not as courageous. Furthermore, whereas company-sponsored communications tend to focus exclusively on the positive aspects of a product, the hands-on experience of opinion leaders makes them more likely to impart *both* positive and negative information about product performance. Thus, they are more credible because they have no "axe to grind."

How Influential Is an Opinion Leader?

Ford's prelaunch campaign for its crossover SUV Flex model aimed to get buzz going as it gave opinion leaders an exclusive look at the new car. In five cities, the company invited radio deejays, musicians, and other creative people to take a tour of the

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Flex. These influentials went on an urban odyssey as fleets of the vehicles took them to art galleries, nightclubs, and other hot spots. In a separate campaign to plug its Fiesta model, the carmaker selected 100 young people who got free use of a car for six months in return for blogging about it.[55]

When social scientists initially developed the concept of the opinion leader, they assumed that certain influential people in a community would exert an overall impact on group members' attitudes. Later work, however, questioned the assumption that there is such a thing as a *generalized opinion leader* whose recommendations we seek for all types of purchases. Very few people are capable of being expert in a number of fields (even though they believe otherwise). Sociologists distinguish between those who are *monomorphic*, or expert in a limited field, and those who are *polymorphic*, or expert in several fields.[56] Even opinion leaders who are polymorphic, however, tend to concentrate on one broad domain, such as electronics or fashion. For example, Mediamark Research & Intelligence estimates that 10.5 percent of the U.S. adult population, who it labels "Big Circle Influentials" are the key influencers for personal finance decisions.[57]

Research on opinion leadership generally indicates that although opinion leaders do exist for multiple product categories, expertise tends to overlap across similar categories. It is rare to find a generalized opinion leader. An opinion leader for home appliances is likely to serve a similar function for home cleaners but not for cosmetics. In contrast, we may consult a fashion opinion leader whose primary influence is on clothing choices for recommendations on cosmetics purchases but not necessarily for her opinions on microwave ovens.[58]

A recent reexamination of the traditional perspective on opinion leadership reveals that the process isn't as clear-cut as some researchers thought.[59] The original framework is called the **two step flow model of influence**. It proposes that a small group of *influencers* disseminate information since they can modify the opinions of a large number of other people. When the authors ran extensive computer simulations of this process, they found that the influence is driven less by influentials but more by the interaction among those who are easily influenced; they communicate the information vigorously to one another and they also participate in a two-way dialogue with the opinion leader as part of an **influence network**. These conversations create **information cascades**, which occurs when a piece of information triggers a sequence of interactions (much like an avalanche). Figure 10.1 contrasts the old and new perspectives on social networks.

Types of Opinion Leaders

We've seen that early conceptions of the opinion leader role assumed a static, one-way process: The opinion leader absorbs information from the mass media and in turn transmits data to opinion receivers. This view also confuses the functions of several different types of consumers.

Opinion leaders may or may not be purchasers of the products they recommend. Early purchasers also tend to be *innovators*; they like to take risks and try new things. Researchers call opinion leaders who also are early purchasers *innovative communicators*. One study identified characteristics of college men who were innovative communicators for fashion products. These men were among the first to buy new fashions, and other students were likely to follow their lead when they made their own purchases. Other characteristics of the men included the following:[60]

- They were socially active.
- They were appearance conscious and narcissistic (i.e., they were quite fond of themselves and self-centered).
- They were involved in rock culture.

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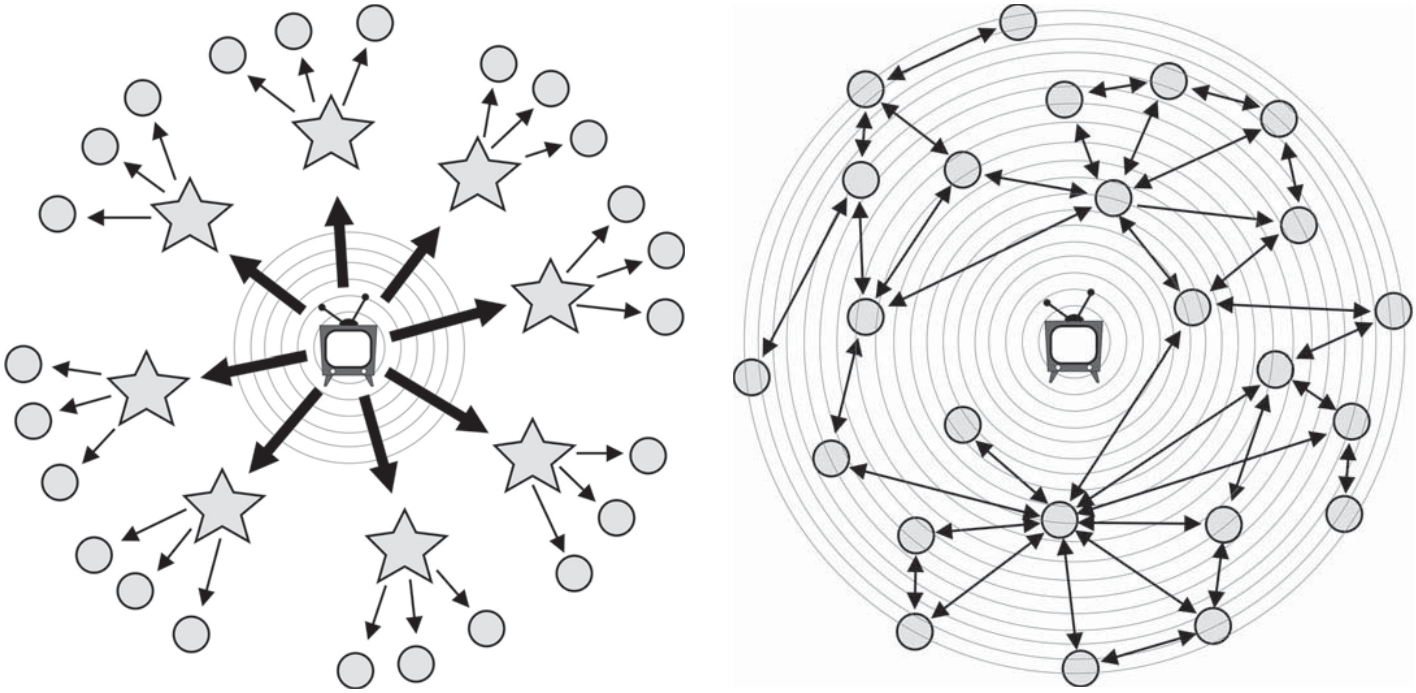
Figure 10.1 OLD AND NEW MODELS OF SOCIAL NETWORKS
Source: Duncan J. Watts and Peter Sheridan Dodds. "Influentials, Networks, and Public Opinion Formation" *Journal of Consumer Research*, 34 (December 2007): 441-458, University of Chicago Press.



- They were heavy readers of magazine like *Playboy* and *Sports Illustrated*.
- They were likely to own more clothing, and a broader range of styles, than other students.

Opinion leaders also are likely to be *opinion seekers*. They are generally more involved in a product category and actively search for information. As a result, they are more likely to talk about products with others and to solicit others' opinions as well.[61] Contrary to the older, static view of opinion leadership, most product-related conversation does not take place in a "lecture" format where one person does all the talking. A lot of product-related conversation occurs in the context of a casual interaction rather than as formal instruction.[62] One study, which found that opinion seeking is especially high for food products, revealed that two-thirds of opinion seekers also view themselves as opinion leaders.[63]

The Market Maven

To publicize Clinical Therapy, a new lotion from Vaseline, an advertising campaign mapped the social network of a small town in Alaska. In Kodiak, reps took over a storefront and gave away free bottles. In return the recipients had to identify the person in town who recommended the product to them. Through this process they found a woman who many of the townspeople named as their source. The social map with this person at the center appears on a Web site that displays this network, prescribethenation.com.[64]

The Alaskan woman Vaseline found (no, she isn't Sarah Palin) is a **market maven**—she is a person who likes to transmit marketplace information of all types. These shopaholics are not necessarily interested in certain products and they may not necessarily be early purchasers; they're simply into staying on top of what's happening in the marketplace. They come closer to the function of a generalized opinion leader because they tend to have a solid overall knowledge of how and where to procure products. They're also more confident in their own ability to make smart

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purchase decisions. Researchers use the following scale items, to which respondents indicate how much they agree or disagree, to identify market mavens:[65]

1 I like introducing new brands and products to my friends.
2 I like helping people by providing them with information about many kinds of products.
3 People ask me for information about products, places to shop, or sales.
4 If someone asked me where to get the best buy on several types of products, I could tell him or her where to shop.
5 My friends think of me as a good source of information when it comes to new products or sales.

The Surrogate Consumer

In addition to everyday consumers who influence others' purchase decisions, a class of marketing intermediary we call the **surrogate consumer** often guides what we buy. A surrogate consumer is a person whom we retain to provide input into our purchase decisions. Unlike the opinion leader or market maven, we usually compensate the surrogate for his or her advice. Interior decorators, stockbrokers, professional shoppers, and college consultants are surrogate consumers.

Regardless of whether they actually make the purchase on behalf of the consumer, their recommendations can be enormously influential. The consumer, in essence, relinquishes control over several or all decision-making functions, such as information search, the evaluation of alternatives, or the actual purchase. For example, a client may commission an interior decorator to redo her house, and we may entrust a broker to make crucial buy/sell decisions on our behalf. Marketers tend to overlook surrogates when they try to convince consumers to buy their goods or services. This can be a big mistake because they may mistarget their communications to end consumers when they should focus on the surrogates who actually sift through product information and recommend a purchase to their clients.[66]

How Do We Find Opinion Leaders?

Companies that want to connect with teens are turning up on the cheerleading circuit. They recognize that cheerleaders often are among the most popular kids in high school, and they're able to influence their classmates' opinions about which personal care products or beverages are the coolest. That's why makeup artists who work for P&G's Cover Girl line of cosmetics show up at cheerleading clinics to offer makeup tips to some of the 350,000 people per year who attend these training sessions. PepsiCo promotes its Propel brand via workshops at cheerleader events to teach teens about nutrition and the value of drinking water.[67]

Unfortunately, because most opinion leaders are everyday consumers rather than celebrities, they are hard to find. A celebrity or an influential industry executive is by definition easy to locate. That person has national or at least regional visibility or is listed in published directories. In contrast, opinion leaders tend to operate at the local level and may influence only a small group of consumers rather than an entire market segment. When PepsiCo recently launched its new Sierra Mist Ruby Splash flavor, the company hired a firm to identify local people in different cities who could help it recruit a select group of "influencers" to spread the word as they offer the soft drink at events they host or attend. The requirements were specific: Influencers had to love lemon-lime beverages, be ages 18 to 34, and be musicians, skateboard shop owners, people who love to throw backyard barbeques, or others who had laid-back lifestyles and who were well-known in their communities. One influencer for example is a musician who hosted a backyard jam session for 20 friends—prior to the event a crew dropped off ice-cold cans of the soft drink as well as branded sunglasses, misters, and car fresheners with a Ruby Splash scent.

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Another opinion leader owns a skateboard store; he hosted an outdoor movie night to debut a new surf film. In all the company sponsored over 300 of these minievents in a two-month period. Nice job if you can get it.[68]

Because it's difficult to identify specific opinion leaders in a large market, most attempts to do so focus instead on *exploratory studies*. In these cases researchers identify the profile of a representative opinion leader and then generalize these insights to a larger market. For example, one company that sought out financial opinion leaders found that these consumers were more likely to manage their own finances and tended to use a computer to do so. They also were more likely to follow their investments on a daily basis and to read books and watch television shows devoted to financial issues.[69]

Self-Designation

The most commonly used technique to identify opinion leaders is simply to ask individual consumers whether *they* consider themselves to be opinion leaders. Although respondents who report a greater degree of interest in a product category are more likely to be opinion leaders, we must view the results of surveys that discover *self-designated opinion leaders* with some skepticism. Some people have a tendency to inflate their own importance and influence, whereas others who really are influential might not admit to this quality or be conscious of it if they are.[70]

Here's the problem: The fact that we transmit advice about products does not mean other people *take* that advice. For someone to be considered a *bona fide* opinion leader, opinion seekers must actually heed his advice. An alternative is to select certain group members (*key informants*) whom we ask to identify opinion leaders. The success of this approach hinges on locating those who have accurate knowledge of the group.

The self-designating method is not as reliable as a more systematic analysis (where we can verify an individual's self-designation when we ask others if they agree), but the advantage is that we can easily apply it to a large group of potential opinion leaders. Figure 10.2 shows one of the measurement scales researchers use for this kind of self-designation.

Sociometry

The play *Six Degrees of Separation* is based on the premise that everyone on the planet indirectly knows everyone else—or at least knows people who in turn know them. Indeed, social scientists estimate that the average person has 1,500 acquaintances and that five to six intermediaries could connect any two people in the United States.[71] A popular game challenges players to link the actor Kevin Bacon with other actors in much the same way.

Sociometric methods trace communication patterns among members of a group. These techniques allow researchers to systematically map out the interactions among group members. Like the Vaseline campaign in Alaska we described earlier, this means we interview consumers and find out who they ask for product information. In many cases one or a few people emerge as the "nodes" in a map; we've found our opinion leaders. This method is the most precise, but it is very difficult and expensive to implement because it involves very close study of interaction patterns in small groups. For this reason, it's best to apply a sociometric technique in a closed, self-contained social setting, such as in hospitals, in prisons, and on army bases, where members are largely isolated from other social networks.

A recent sociometric study on obesity (similar to the one we read about earlier regarding clusters of smokers) provides a striking example of how our social networks influence what we do. The researchers analyzed a sample of more than 12,000 people who participated in the Framingham Heart Study, which closely documented their health from 1971 to 2003. They discovered that obesity can spread from person to person, much like a virus (we'll talk more about how consumer trends spread in this fashion in Chapter 16). The investigators knew who was friends

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Figure 10.2 OPINION LEADER SCALE

Please rate yourself on the following scales relating to your interactions with friends and neighbors regarding _____.

1. In general, do you talk to your friends and neighbors about _____:

very often				never
5	4	3	2	1

2. When you talk to your friends and neighbors about _____ do you:

give a great deal of information				give very little information
5	4	3	2	1

3. During the past six months, how many people have you told about a new _____?

told a number of people				told no one
5	4	3	2	1

4. Compared with your circle of friends, how likely are you to be asked about new _____?

very likely to be asked				not at all likely to be asked
5	4	3	2	1

5. In discussion of new _____, which of the following happens most?

you tell your friends about _____				your friends tell you about _____
5	4	3	2	1

6. Overall in all of your discussions with friends and neighbors are you:

often used as a source of advice				not used as a source of advice
5	4	3	2	1

with whom as well as who was a spouse or sibling or neighbor, and they knew how much each person weighed at various times over 3 decades so they could reconstruct what happened over the years if study participants became obese. Guess what? When one person gains weight, close friends tend to gain weight, too—a person's chances of being obese if a close friend put on the pounds increased by 57 percent! The friend's influence remained even if he lived hundreds of miles away. The researchers speculated that the reason for this *social contagion* effect is that when our best buds get fat, this alters our perception of normal body weight so we aren't as concerned when we put on a few pounds as well. The moral of the story: Hang out with thin people![72]

Many professionals, such as doctors, accountants, and lawyers, as well as services marketers like lawn-care companies and cleaning services, depend primarily on word of mouth to generate business. In many cases, consumers recommend a service provider to a friend or coworker, and in other cases businesspeople make recommendations to their customers. For example, only 0.2 percent of respondents in one study reported that they choose a physician based on advertising. Instead they rely primarily on advice from family and friends.[73]

We use sociometric analyses to better understand *referral behavior* and to locate strengths and weaknesses in terms of how one's reputation flows through a community.[74] *Network analysis* focuses on communication in social systems, considers the relations among people in a *referral network*, and measures the *tie strength* among them. To understand how a network guides what we buy, consider a study researchers conducted among women who lived together in a sorority house. They found evidence that subgroups, or *cliques*, within the sorority were likely to share preferences for various products. In some cases, the sisters even shared their choices of "private" (i.e., socially inconspicuous) products (probably because of shared bathrooms in the sorority house).[75]

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Tie strength refers to the nature of the bond between people. It can range from *strong primary* (e.g., one's spouse) to *weak secondary* (e.g., an acquaintance that one rarely sees). Although strong ties are important, weak ties are too because they perform a *bridging function*. This type of connection allows a consumer access between subgroups. For example, you might have a regular group of friends that is a primary reference group (strong ties). If you have an interest in tennis one of these friends might introduce you to a group of people in her dorm who play on the tennis team. As a result, you gain access to their valuable expertise through this bridging function. This referral process demonstrates the *strength of weak ties*.

5 Word-of-Mouth Communication

OBJECTIVE

Why are the things that other consumers tell us about products (good and bad) often more influential than the advertising we see?

Altoids breath mints have been around for 200 years, but it's only recently they've been a big hit. How did this happen? The revival began when the mint started to attract a devoted following among smokers and coffee drinkers who hung out in the blossoming Seattle club scene during the 1980s. Until 1993, when Kraft bought manufacturer Callard & Bowers, only those "in the know" sucked the mints. The brand's marketing manager persuaded Kraft to hire advertising agency Leo Burnett to develop a modest promotional campaign. The agency decided to publicize the candy with subway posters sporting retro imagery and other "low-tech" media to avoid making the product seem mainstream—that would turn off the original audience.[76] As young people started to tune into this "retro" treat, its popularity skyrocketed.

As the Altoids success story illustrates, "buzz" makes a hit product. **Word of mouth (WOM)** is product information individuals transmit to other individuals. Because we get the word from people we know, WOM tends to be more reliable and trustworthy than messages from more formal marketing channels. And unlike advertising, WOM often comes with social pressure to conform to these recommendations.[77]

Ironically, despite all the money marketers pump into lavish ads, WOM is far more powerful: It influences two-thirds of all consumer-goods sales.[78] In one recent survey, 69 percent of interviewees said they relied on a personal referral at least once over the course of a year to help them choose a restaurant, 36 percent reported they used referrals to decide on computer hardware and software, and 22 percent got help from friends and associates to decide where to travel.[79]

If you think carefully about the content of your own conversations in the course of a normal day, you will probably agree that much of what you discuss with friends, family members, or coworkers is product-related: When you compliment someone on her dress and ask her where she bought it, recommend a new restaurant to a friend, or complain to your neighbor about the shoddy treatment you got at the bank, you engage in WOM. Recall, for example, that comments and suggestions his fellow RUBs made drove many of Zachary's biker purchases. Marketers have been aware of the power of WOM for many years, but recently they've been more aggressive about trying to promote and control it instead of sitting back and hoping people will like their products enough to talk them up. Companies like BzzAgent enlist as many as hundreds of thousands of "agents" who try new products and spread the word about those they like.[80] And, many sophisticated marketers today also precisely track WOM. For example, the ongoing TalkTrack study reports which brands consumers mention the most in different categories. Based on online surveys of 14,000 women, it reports that middle-aged (baby boomer) women talk about Kraft more than any other packaged goods food brand, while they discuss Olay the most among beauty products.[81]

As far back as the Stone Age (well, the 1950s anyway), communications theorists challenged the assumption that advertising primarily determines what we buy. As a

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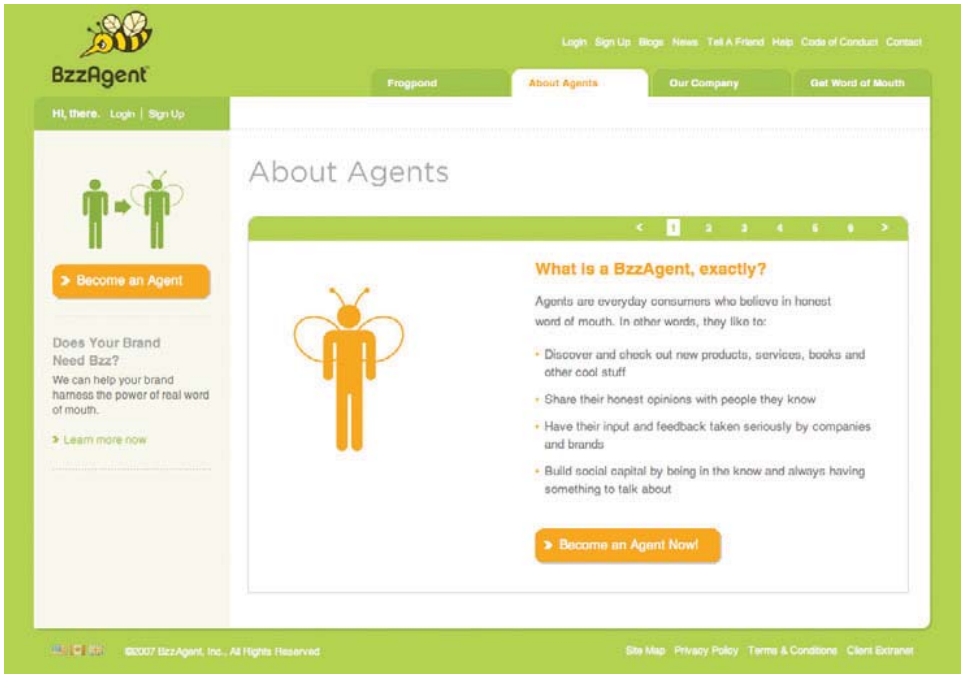

As its name suggests, BzzAgent recruits consumers to create a "buzz" for clients. You can sign up at bzzagent.com.
Source: © 2009 Bzzagent.

rule, advertising is more effective when it reinforces our existing product preferences than when it tries to create new ones.[82] Studies in both industrial and consumer purchase settings underscore the idea that, although information from impersonal sources is important to create brand awareness, consumers rely on WOM in the later stages of evaluation and adoption.[83] Quite simply, the more positive information consumers get about a product from peers, the more likely they will be to adopt the product.[84]

The influence of others' opinions is at times even more powerful than our own perceptions. In one study of furniture choices, consumers' estimates of how much their friends would like the furniture was a better predictor of purchase than what they thought of it.[85] In addition, consumers may find their own reasons to push a brand that take the manufacturer by surprise: That's what happened with Mountain Dew—we trace its popularity among younger consumers to the "buzz" about the soda's high caffeine content. As an advertising executive explained, "The caffeine thing was not in any of Mountain Dew's television ads. This drink is hot by word-of-mouth."[86]

WOM is especially powerful when the consumer is relatively unfamiliar with the product category. We would expect such a situation in the case of new products (e.g., medications to prevent hair loss) or those that are technologically complex (e.g., laptops). One way to reduce uncertainty about the wisdom of a purchase is to talk about it. Talking gives the consumer an opportunity to generate supporting arguments for the purchase and to garner support for this decision from others. For example the strongest predictor of a person's intention to buy a residential solar water-heating system is the number of solar-heat users the person knows.[87]

You talk about products for several reasons:[88]

- You might be highly involved with a type of product or activity and enjoy talking about it. Computer hackers, avid football fans, and "fashion plates" seem to share the ability to steer a conversation toward their particular interests.
- You might be knowledgeable about a product and use conversations as a way to let others know it. Thus, word-of-mouth communication sometimes enhances the ego of the individual who wants to impress others with her expertise.

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The Tangled Web



Wal-Mart recently contended with a widespread text-messaging hoax that warns women to stay away from its stores or risk death. The digital rumor apparently originated in an **urban myth** (an unsubstantiated "fact" that many people accept as true) that circulated via e-mail several years ago. As a reflection of how widespread this myth became, at one point Wal-Mart was number 5 on Twitter's list of trending topics.[90]

A new form of malicious rumor is **Web bullying**, where one or more people post malicious comments about someone else in a coordinated effort to harass them. In South Korea, a famous actress named Choi Jinsil hung herself after online rumors claimed she had driven another actor to take his life. A Korean singer killed herself because rumors claimed she had plastic surgery. In the United States, the most high-profile case involved the suicide of a 13-year-old girl after classmates created a fake boy online who first flirted with the girl and then taunted her with the claim that the world would be better off without her. The hoax allegedly began because the mother of one of the classmates wanted to find out what the victim was saying about her daughter online.

The Tangled Web



There is a long tradition of inventing fake stories to see who will swallow them—like the one in 1824 when a man convinced 300 New Yorkers to sign up for a construction project. He claimed all the new building in the lower part of Manhattan (what is now the Wall Street area) was making the island bottom-heavy. So, they needed to saw off this section of town and tow it out to sea to prevent New York City from tipping over!

The Web is a perfect medium to spread rumors and hoaxes, and we can only guess how much damage this "project" would cause today if the perpetrator recruited construction crews via e-mail! Modern-day hoaxes abound; many of these are in the form of e-mail chain letters promising instant riches if you pass the message on to 10 friends. Your professor will love one variation of this hoax:

- You might initiate a discussion out of genuine concern for someone else. We like to ensure that people we care about buy what is good for them or that they do not waste their money.

Negative WOM and the Power of Rumors

WOM is a two-edged sword that cuts both ways for marketers. Informal discussions among consumers can make or break a product or store. Furthermore, consumers weigh **negative word of mouth** more heavily than they do positive comments. According to a study by the White House Office of Consumer Affairs, 90 percent of unhappy customers will not do business with a company again. Each of these people is likely to share his grievance with at least nine other people, and 13 percent of these disgruntled customers tell more than 30 people about their negative experience.[89]

Especially when we consider a new product or service, we're likely to pay more attention to negative information than to positive information and to tell others about our nasty experience.[91] Research shows that negative WOM reduces the credibility of a firm's advertising and influences consumers' attitudes toward a product as well as their intention to buy it.[92] Dell found this out the hard way when bloggers denounced the computer maker's quality and service levels; then the popular media picked up this discontent and magnified it.[93]

As Dell discovered, it's incredibly easy to spread negative WOM online. Many dissatisfied customers and disgruntled former employees create Web sites simply to share their tales of woe with others. For example, a Web site for people to complain about the Dunkin' Donuts chain got to be so popular the company bought it in order to control the bad press it got. A man created the site because he couldn't get skim milk for his coffee.[94] An in-depth study of 40 complaint Web sites such as walmartsucks.com identified three basic themes.[95]

1. **Injustice**—Consumer protestors frequently talk about their fruitless attempts to contact the company.
2. **Identity**—Posters characterize the violator (often top management) as evil, rather than simply incompetent.
3. **Agency**—Individual Web site creators try to create a collective identity for those who share their anger with a company. They evoke themes of crusade and heroism to rally others to believe that they have the power to change the *status quo*—where companies can wrong consumers without retribution.

In the 1930s, some companies hired "professional rumormongers" to organize word-of-mouth campaigns that pushed their clients' products and criticized competitors.[96] More recently, Bio Business International, a small Canadian company that markets 100 percent cotton nonchlorine-bleached tampons under the name Terra Femme, encouraged women to spread a message that the tampons its American competitors make contain dioxin. There is very little evidence to support the claim that these products are dangerous, but as a result of this rumor, Procter & Gamble received thousands of complaints about its feminine hygiene products.[97] More recently Domino's Pizza dealt with a public relations crisis after two employees in a North Carolina outlet posted a prank YouTube video. More than a million viewers watched in horror as one of the workers shoved cheese up his nose and spread nasal mucus on sandwiches—ostensibly before they went out for delivery. The two were slapped with a felony charge for delivering prohibited foods. Although the hapless duo insisted they never actually sent out the contaminated food, consumers' perceptions of Domino's plummeted in just a few days. P.S. Surprise: Both employees were fired.[98]

As we transmit information to one another, it tends to change. The resulting message usually does not at all resemble the original. The British psychologist Frederic Bartlett used the method of *serial reproduction* to examine how content

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Hoaxkill.com is a Web site dedicated to tracking hoaxes and debunking product rumors.
Source: Courtesy of Joroen Siking Hoaxkill.com.

mutates. Like the game of "Telephone" many of us played as kids, he asked a subject to reproduce a stimulus, such as a drawing or a story. He then gave another subject this reproduction and asked him to copy it, and repeated this process several times. Figure 10.3 illustrates how a message changes as people reproduce it. Bartlett found that distortions almost inevitably follow a pattern: They tend to change from ambiguous forms to more conventional ones as subjects try to make them consistent with their preexisting schemas (see Chapter 2). He called this process *assimilation* and he noted that it often occurs as people engage in *leveling* when they omit details to simplify the structure, or *sharpening* when they exaggerate prominent details.

6

OBJECTIVE

How do online technologies accelerate the impact of word-of-mouth communication?

Cutting-Edge WOM Strategies

In the "old days" (i.e., a few years ago), here's how a toy company would launch a new product: Unveil a hot holiday toy during a spring trade fair, run a November– December saturation television ad campaign during cartoon prime time to sell the toy to kids, then sit back and watch as desperate parents scramble through the aisles at Toys "R" Us. Then, wait for the resulting media coverage to drive still more sales.

Fast-forward to a current strategy: A Hong Kong company called Silverlit Toys makes the $30 Picoo Z helicopter. At one point a Google search for the term Picoo produced more than 109,000 URLs, and with many of those links pointed to major online global gift retailers like Hammacher-Schlemmer and Toys "R" Us. Do you think this huge exposure was the result of a meticulously planned promotional strategy? Think again. By most accounts, a 28-year-old tech worker in Chicago started the Picoo Z buzz; he bought his helicopter after he read about it on a hobbyist message board. A few months later he uploaded his homemade video of the

In a scam called "Win Tenure Fast," academics were told to add their names to a document and then cite it in their own research papers. The idea is that everyone who gets the letter cites the professor's name and with so many citations you're guaranteed to get tenure! If only it were that easy.

Other hoaxes involve major corporations. A popular one promised that if you try Microsoft products you would win a free trip to Disneyland. Nike received several hundred pairs of old sneakers a day after the rumor spread that you would get a free pair of new shoes in exchange for your old, smelly ones (pity the delivery people who had to cart these packages to the company!). Procter & Gamble received more than 10,000 irate calls after a rumor began to spread on newsgroups that its Febreze fabric deodorant kills dogs. In a preemptive strike, the company registered numerous Web site names such as febrezekillspet.com, febrezesucks.com, and ihateprocterandgamble.com to be sure angry consumers didn't use them. The moral: Don't believe everything you click on.

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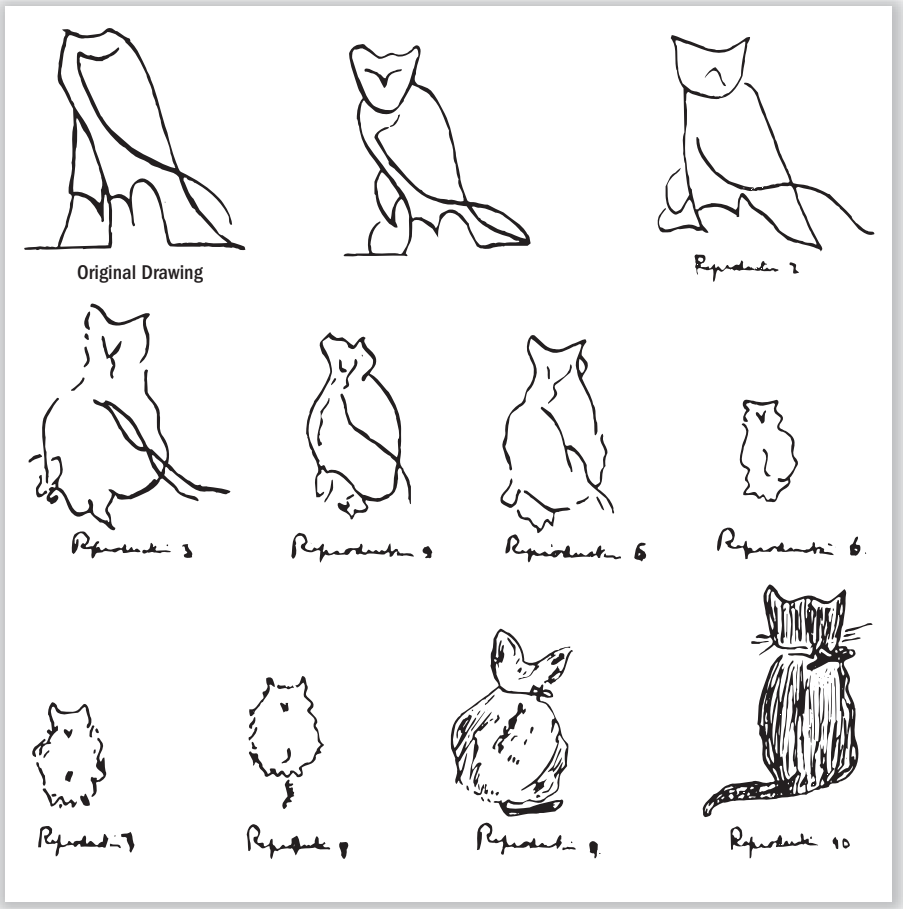
Figure 10.3 THE TRANSMISSION OF MISINFORMATION



toy on YouTube. Within 2 weeks, 15 of his friends bought the toy and they in turn posted their own videos and pointed viewers to the original video. Internet retailers who troll online conversations for fresh and exciting buzz identified the toy and started to add their own links to the clips. Within a few short months there were hundreds of Picoo Z videos and more than a million people viewed them (find one at: youtube.com/watch?v=y6t1R3yB-cs). As marketers increasingly recognize the power of WOM to make or break a new product, they come up with new ways to get consumers to help them sell. Let's review some successful strategies.

7

OBJECTIVE

How is social networking changing the way companies and consumers interact?

Social Networking

The Skittles candy brand changed its Web site into a social media hub and in the process significantly boosted consumers' awareness of the product. Instead of seeing corporate-produced content, a visitor to the site finds links to Twitter to read tweets about Skittles (good and bad). Another link guides him to Skittles videos and photos on YouTube and Flickr, and if he clicks "Friends," he'll go directly to the brand's Facebook area.[99]

Skittles successfully tapped into the consumer engine we call **social networking**. Today nearly one in three consumers consider themselves media "broadcasters"—rather than passively taking it all in, they actively contribute to online conversations as they post their own commentary, video, photos, and music.[100]

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Here's how some smart marketers play the social networking game:

- As part of Hallmark's promotion of (Product) Red (Bono's campaign to fight AIDS), the card company created Hallmark.com/red. The site includes a blog, a calculator that determines the impact (Product) Red purchases have on AIDS-related efforts, customizable greeting cards, an opportunity for consumers to share their stories, contests, video sharing, graphics downloads, networking on the microsite and at Facebook and Flickr, and an e-mail newsletter.[101]
- In a first for a major group, R.E.M. debuted its album *Accelerate* on the social networking application iLike. This arrangement allowed fans to stream and share the entire album before the band releases to the public.[102]
- DiGiorno launched a new flatbread pizza product on Twitter. The company contacted tweeters with a lot of followers and offered to provide free pizza for *tweetups* (face-to-face meetings of Twitterers).[103]
- Want to find out where the hot spots are tonight? The Citysense tool uses GPS data and real-time feeds that link to search engines like Yelp. This information then displays on a "heat map" that shows you where people in the network hang out. An alarm-clock feature goes off if an exceptionally large number of people are swarming into the city to help clubbers avoid traffic.[104]
- SocialVibe, a company that provides incentives for members of social networks to interact and endorse consumer brands, launched a new service that includes a patented micropayment system. It enables marketers to offer incentives—usually charitable donations to favored causes—directly to the members of social



The Citysense app pinpoints locations where others in your network hang out.
Source: Courtesy of Citysense.

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The Tangled Web



The Whopper Sacrifice was an advertising campaign Burger King launched to promote its new Angry Whopper sandwich. You could earn a free burger, but to get it you had to sacrifice ten of your Facebook friends. After you delete these names, you get a coupon in the mail. Your ex-friends get a note that informs them they were dumped for a freebie sandwich. The burger costs $3.69 so when you do the math, each former friend is worth about 37 cents. Although it sounds cruel to give up a friend for this amount, many Facebookers jumped at the chance to purge their friend lists. As one student with several hundred friends commented, "It's a good excuse to get rid of old girlfriends and their families on my account and get a Whopper out of it."[106]

networks who promote their brands on their personal pages. As marketers like Adobe and Coca-Cola sign on, this new platform has the potential to let companies boost their presence on Facebook and other networks without being too intrusive.[105]

Did you tweet today? Although most of us participate in social networks for fun (and some of us seem addicted), these platforms also offer some really serious marketing implications. Indeed, it's fair to say that aspects of this technology revolution will fundamentally change business models in many industries—especially because they empower end consumers to literally become partners and shape markets. It's hard to overstate the impact this change will have on how we create, distribute, promote, and consume products and services.

Social networking is an integral part of what many call **Web 2.0**, which is the Internet on steroids. The key change is the interactivity among producers and users, but these are some other characteristics of a Web 2.0 platform:[107]

- It improves as the number of users increases. For example, Amazon's ability to recommend books to you based on what other people with similar interests buy gets better as it tracks more and more people who enter search queries.
- Its currency is eyeballs. Google makes money as it charges advertisers according to the number of people who see their ads after they type in a search term.
- It's version-free and in perpetual beta. *Wikipedia*, the online encyclopedia, gets updated constantly by volunteer editors who "correct" others' errors.
- It categorizes entries according to "folksonomy" rather than "taxonomy." In other words, sites rely on users rather than preestablished systems to sort contents. Listeners at Pandora.com create their own "radio stations" that play songs by artists they choose as well as other similar artists.[108]

Crowd Power

This last point highlights a key change in the way some new media companies approach their businesses: Think of it as marketing strategy by committee. The **wisdom of crowds** perspective (from a book by that name) argues that under the right circumstances, groups are smarter than the smartest people in them. If this is true, it implies that large numbers of consumers can predict successful products.[109]

Social networking sites have the power to let their members dictate purchase decisions. At Threadless.com, customers rank T-shirt designs ahead of time, and the company prints the winning ideas. Every week, contestants upload T-shirts designs to the site, where about 700 compete to be among the six that it will print during that time. Threadless visitors score designs on a scale of 0 to 5, and the staff selects winners from the most popular entrants. The six lucky artists each get $2,000 in cash and merchandise. *Threadless sells out of every shirt it offers.* This business model has made a small fortune for a few designers "the crowd" particularly likes. One pair of Chicago-based artists sold $16 million worth of T-shirts. To keep the judges and buyers coming back, the owners offer rewards—upload a photo of yourself wearing a Threadless T-shirt and you get a store credit of $1.50. Refer a friend who buys a T-shirt and you get $3. The site sells more than 1,500 T-shirts in a typical day.[110]

Here are some more crowd-based sites to watch:

- At the French CrowdSpirit site, participants submit ideas for consumer electronics products, and the community votes for the best ones. Those go to the site's R&D partners and investors who then decide which to finance for further development. Community members test and fine-tune a prototype, and then they can buy the products that go to market. The community handles product support and recommends the new products to retailers.[111]
- Sermo is a social network for physicians. It has no advertising, job listings, or membership fees. It makes its money (about $500,000 a year so far) by charging

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CB AS I LIVE IT

Ted Powers, *Washington State University*

When I'm not in the classroom, I am usually playing drums in my band Yarn Owl. I constantly promote and try to draw interest to Yarn Owl by utilizing inexpensive social networking sites such as Facebook and MySpace. Although these sites have proven to be effective, they have their pitfalls—too much clutter and a lack of intimate interaction with fans. My band wanted to differentiate itself within the online community by building a strong fan base at our concerts. Knowing some of the techniques marketers use from previous classes, my band decided to develop a strategy to draw a distinctive identity that people would be interested and committed to. By using a simple symbol as a visual representation, we developed yarn bracelets that the public directly links to my band Yarn Owl. This is a unique, yet easy token that represents fans who are committed to the music of Yarn Owl. We give away yarn bracelets for free at concerts to individuals who interact with us and show enjoyment in our music. People then wear these bracelets around the venue and tell their friends about us. This small-scale group influence of friends leads to a word-of-mouth buzz in the venue. Additionally a small-scale brand community develops as people begin to see others wearing the bracelets and relating the bracelet to Yarn Owl's music.

This has been proven to be an effective way to engage our listeners and build a strong fan base. My experience is closely tied to the development of a brand community and also the impact of WOM. The Harley (HOG) users group mentioned in the chapter is spot on in comparison to my experience (if you missed it, I would strongly suggest rereading). When people come and show interest in us, we give them a bracelet, however, in doing so, they also purchase CD's, T-shirts and other merchandise to show commitment to the band, similar to the Harley community identifying with a family of users.

The book's description of a brand community is accurate as it discusses similar users relating to one another through the consumption of a product. However, the book's definition lacks the interpretation to relate a brand community to a smaller-scale community. The Harley example is informative however—it is associated with a long-time company that has been successful for ages. My experience is tied to a smaller-scale community, one which you may be more inclined to use. The book also fails to mention the importance of time in developing a brand community. It is crucial as a marketer to understand the element of time and that it may take an abundant amount to establish a user community with a strong attachment to your product. An overnight success is very rare and it is vital to be aware of this aspect. My experience is also associated with WOM. Descriptions in the book are exceedingly self-explanatory, as WOM is defined as users transferring information to others about a product or service. WOM may be a beneficial asset when the opinion of credible individuals holds more value than an advertisement.

What can you take from this? If you want to get the word out about a club or organization at your university, try to find something that is tied to your mission or product and is an easily transmitted message. A simple message will spread through WOM and lead to a larger group. In my case the essence of the yarn bracelet is still small scale but has been effective to spread throughout a crowd using WOM and developing Yarn Owl's unique brand community.

To listen and find out more about Yarn Owl visit myspace.com/yarnowl.

institutional investors for the opportunity to listen in as approximately 15,000 doctors chat among themselves. Say, for example, a young patient breaks out in hives after he takes a new prescription. A doctor might post whether she thinks this is because of a rare symptom or perhaps the drug's side effect. If other doctors feel it's the latter, this negative news could affect the drug manufacturer's stock so their opinions have value to analysts. Doctors who ask or answer a question that paying observers deem especially valuable receive bonuses of $5 to $25 per post.[112]

- How about social networking sites that "create" a concert as they persuade an artist to perform in a certain city or country? At Eventful.com, fans demand events and performances in their town and spread the word to make them happen. Or how about actually buying a piece of the bands you like? Go to

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At threadless.com, users vote on which T-shirt designs the company will print and sell.
Source: © Threadless.com, 2009.

SellaBand where fans ("believers") buy "parts" in a band for $10 per share. Once the band sells 5,000 parts, SellaBand arranges a professional recording, including top studios, A&R (Artists & Repertoire) managers (industry talent scouts), and producers. Believers receive a limited edition CD of the recording. Believers get a piece of the profits, so they're likely to promote the band wherever they can.[113]

- Individual consumers gain crowd clout when they **shopmob** with strangers. So far this is most popular in China where the *tuangou* ("team purchase") phenomenon involves strangers who organize themselves around a specific product or service. Members who meet online at sites such as TeamBuy.com, Taobao.com, and Liba.com arrange to meet at a certain date and time in a real-world store and literally mob the unsuspecting retailer—the bargain-hungry crowd negotiates a group discount on the spot.[114]

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Over 1,000 buyers of this T-shirt design called The Communist Party from the Threadless Web site uploaded photos of themselves wearing it.
Source: © Tom Burns, 2007. Used with permission.

- The St. Louis Cardinals invited fans to send the team scouting reports on promising college players. The idea is to collect intelligence on talent at small colleges that scouts don't routinely visit. One of the team's executives explained, "We don't have a monopoly on baseball knowledge. Just looking at the fan sites and posting boards, you see an amazing amount of energy. Why not harness it?"[115]

Guerrilla Marketing

To promote their hip-hop albums, Def Jam and other labels start building a buzz months before a release as they leak advance copies to deejays who put together "mix tapes" they sell on the street. If the kids seem to like a song, *street teams* then push it to club deejays. As the official release date nears, these groups of fans start to slap up posters around the inner city. They plaster telephone poles, sides of buildings, and car windshields with promotions that announce the release of new albums.[117] These streetwise strategies started in the mid-1970s, when pioneering deejays like Kool DJ Herc and Afrika Bambaataa promoted their parties through graffiti-style flyers. As Ice Cube observed, "Even though I'm an established artist, I still like to leak my music to a kid on the street and let him duplicate it for his homies before it hits radio."[118]

This type of grassroots effort epitomizes **guerrilla marketing**: promotional strategies that use unconventional means and venues to push products. The term implies that the marketer "ambushes" the unsuspecting recipient. These campaigns often recruit legions of real consumers who agree to engage in some kind of street theater or other activity to convince others to use the product or service. Scion for example often reaches out to its young buyers with street teams that distribute merchandise and hang wild posters wherever they can to encourage twentysomethings to check out the carmaker's videos and multiplayer games on its Web site.[119]

Net Profit



A virtual community of consumption is a collection of people who interact online to share their enthusiasm for and knowledge about a specific consumption activity. Like the brand communities we discussed earlier, these groups form around common love for a product, whether it's Barbie dolls or BlackBerry PDAs. However, members remain anonymous because they only interact with each other in cyberspace.

These online communities often start organically as consumers create forums to identify people who share a similar passion. Of late however marketers who understand the power of these groups more proactively create their own communities to encourage positive WOM, solicit new product and advertising ideas, and locate loyal customers. Dove recently invested several million dollars to build a community for women. At its Web site Dove.msn.com, members can watch original programming such as the miniseries *Fresh Takes* that stars singer Alicia Keys. The site also offers skin care advice from a doctor and forums devoted to how people today think of beauty. On the "In the MotherHood" community for women that Sprint and Suave shampoo cosponsor, mothers submit short scripts about their lives and see them acted out by Hollywood stars such as Jenny McCarthy.[116]

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Role-playing games involve thousands of players worldwide who belong to virtual communities.
Source: Courtesy of Zuma Wire West Photos/Newscom.

Today, big companies buy into guerrilla marketing strategies big-time, especially to snag younger consumers who they don't reach with more traditional advertising. Here are some guerrilla campaigns that built buzz:

- Procter & Gamble's Tremor division spreads the word about its products among young people. It recruits almost 300,000 kids between the ages of 13 and 19 to deliver endorsements in school cafeterias, at sleepovers, by cell phone, and by e-mail. It taps these Tremorites to talk up just about everything, from movies and music (such as new releases by artists like Lenny Kravitz and Coldplay) to milk and motor oil—and they do it free. Tremor looks for kids with a wide social circle and a gift of gab. To register, kids fill out a questionnaire, which asks them, among other things, to report how many friends, family members, and acquaintances they communicate with every day. (Tremorites have an average of 170 names on their buddy lists; a typical teen has 30.) P&G rewards the kids for their help with exclusive music mixes and other trinkets such as shampoo and cheap watches.[120]
- Kayem Foods, which makes Al Fresco chicken sausage, hired a company to organize a guerrilla campaign called the Great Sausage Fanout. On a July 4 weekend, legions of people who went to cookouts showed up with packages of Al Fresco chicken sausage for their hosts to throw on the grill. The company sent the "agents" coupons for free sausage and a set of instructions for the best ways to talk up the product.[121]
- The train line CSX launched a safety-awareness campaign when it hired people to throw eggs at the company's outdoor billboards. The billboards carry the stark

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black-on-white words "Cars hitting trains." Eggs smashing against the billboard demonstrate the impact of a car hitting a train. The idea is to get people to be careful when they cross railroad tracks.[122]

- *Brand ambassadors* pop up in eye-catching outfits to announce a new brand or service. AT&T sent its ambassadors to high-traffic areas of California and New Jersey, where they did random favors such as handing dog biscuits to people as they walked their dogs and providing binoculars to concertgoers to promote its new AT&T Local Service. Hyatt Hotels unleashed 100 bellhops in Manhattan—they opened doors, carried packages, and handed out pillow mints to thousands of consumers.[123]

Viral Marketing

Many students are big fans of Hotmail, a free e-mail service. But there's no such thing as a free lunch: Hotmail inserts a small ad on every message it sends; each user acts as a salesperson when he or she spreads the message to friends. The company had 5 million subscribers in its first year and it continues to grow exponentially.[125] **Viral marketing** refers to the strategy of getting visitors to a Web site to forward information on the site to their friends in order to make still more consumers aware of the product—usually when an organization creates online content that is entertaining or just plain weird.

Kodak Gallery's viral campaign at makemesuper.com takes a photo a user uploads and pastes it onto a superhero's body. The site then creates a cheesy video that shows the super-user as he engages in such "super tasks" as mowing the lawn or parallel parking.[126] In a successful application of viral marketing on YouTube, many viewers checked out a three-minute short film called *Extreme Sheep LED Art*. It featured a nighttime scene—Welsh shepherds wrangle a huge herd of sheep draped with LED jackets into moving formations that create a series of images such as the Mona Lisa and a fireworks display. The video turned out to be an ad for a new line of HD televisions from Samsung Electronics that are backlit by LEDs.

Virtual Worlds: The Next (Digital) Frontier

The influential cyberpunk novel *Snow Crash* by author Neal Stephenson envisioned the **Metaverse**; a virtual world where everyday people take on glamorous identities in a 3-D immersive digital environment. The book's main character delivers pizza in RL (real life), but in the Metaverse he's a warrior prince and champion sword fighter.[127] The hugely popular *Matrix* movie trilogy paints a similar (though more sinister) picture of a world that blurs the lines between physical and digital reality.[128]

The majority of **virtual worlds** are 3-D and employ sophisticated computer graphics to produce photo-realistic images. Furthermore, unlike most of today's relatively static networking sites, individuals enter the world in the form of a a digital persona that they create themselves. As we saw in Chapter 5, these *avatars* walk, fly, teleport, try on clothes, try out products, attend in-world events (educational classes, concerts, political speeches, etc.), and they interact in real time (via textchat, IM, and VoIP) with other avatars around the world. This unprecedented level of interactivity facilities consumers' engagement and often creates the *flow state* we discussed in Chapter 4.

Analysts claim that the market for **virtual goods**—digital items that people buy and sell online—is worth at least $1.5 billion and is growing rapidly. Many thousands of in-world residents design, create, and purchase clothing, furniture, houses, vehicles, and other products their avatars need—and many do it in style as they acquire the kind of "bling" they can only dream about in real life. Some forward-thinking marketers understand that these platforms are the next stage they can use to introduce their products into people's lives, whether real or virtual. Today for example, people who play *The Sims* can import actual pieces of furniture from IKEA into their

Marketing Pitfall



Is any publicity good publicity? One of the most widely publicized guerrilla marketing stunts in recent years illustrates the potential for a good idea to go bad in a hurry. To promote its *Aqua Teen Hunger Force* show on the Adult Swim segment of its Cartoon Network, Turner Broadcasting hired a company to plant flashing light boards in public areas such as bridges around several cities. Observers in Boston thought they saw terrorist bombs instead, and the city essentially shut down as officials dealt with what they thought was a national security issue. Turner had to pay hefty fines and endure a lot of criticism for this stunt. However, the Adult Swim Web site boosted its traffic by 77 percent on the day after the story broke.[124]

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virtual homes; the use of this sort of platform to accelerate purchases for real homes is unplowed ground.

With more than 150 of these immersive 3-D environments now live or in development, we may well see other social networks like Facebook migrate to these platforms in the near future. Whether via your computer or even your cell phone, you and your "friends" will hang out together (or at least your avatars will), and you'll shop and compare your choices wherever you are (hopefully not in class!). According to one estimate, by 2012 53 percent of kids and 80 percent of active Internet users will belong to at least one virtual world.

CHAPTER SUMMARY

Now that you have finished reading this chapter you should understand why:

1 Others, especially those who possess some kind of social power, often influence us.

We belong to or admire many different groups, and a desire for them to accept us often drives our purchase decisions. Individuals or groups whose opinions or behavior are particularly important to consumers are reference groups. Both formal and informal groups influence the individual's purchase decisions, although such factors as the conspicuousness of the product and the relevance of the reference group for a particular purchase determine how influential the reference group is.

Individuals have influence in a group to the extent that they possess social power; types of social power include information power, referent power, legitimate power, expert power, reward power, and coercive power.

2 We seek out others who share our interests in products or services.

Brand communities unite consumers who share a common passion for a product. Brandfests, when companies organize to encourage this kind of community, can build brand loyalty and reinforce group membership.

3 We are motivated to buy or use products in order to be consistent with what other people do.

We conform to the desires of others for two basic reasons: (1) People who model their behavior after others because they take others' behavior as evidence of the correct way to act are conforming because of informational social influence, and (2) those who conform to satisfy the expectations of others or to be accepted by the group are affected by normative social influence. Group members often do things they would not do as individuals because their identities become merged with the group; they become deindividuated.

4 Certain people are particularly likely to influence others' product choices.

Opinion leaders who are knowledgeable about a product and whose opinions are highly regarded tend to influence others' choices. Specific opinion leaders are somewhat hard to identify, but marketers who know their general characteristics can try to target them in their media and promotional strategies. Other influencers include market mavens, who have a general interest in marketplace activities, and surrogate consumers, who are compensated for their advice about purchases.

5 The things that other consumers tell us about products (good and bad) are often more influential than the advertising we see.

Much of what we know about products we learn through word-of-mouth (WOM) communication rather than formal advertising. We tend to exchange product-related information in casual conversations. Guerrilla marketing strategies try to accelerate the WOM process when they enlist consumers to help spread the word.

Although WOM often is helpful to make consumers aware of products, it can also hurt companies when damaging product rumors or negative WOM occurs.

6 Online technologies accelerate the impact of word-of-mouth communication.

The Web greatly amplifies our exposure to numerous reference groups. Virtual consumption communities unites those who share a common bond—enthusiasm about or knowledge of a specific product or service. Emerging marketing strategies try to leverage the potential of the Web to spread information from consumer to consumer extremely quickly. Viral marketing techniques enlist individuals to tout products, services, Web sites, and so on to others on behalf of companies. Blogging allows consumers to easily post their thoughts about products for others to see.

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7 Social networking is changing the way companies and consumers interact.

Social networking, where members post information and make contact with others who share similar interests and opinions, changes the way we think about marketing. As Web 2.0 continues to develop, companies and consumers increasingly interact directly. The wisdom of crowds perspective argues that under the right circumstances, groups are smarter than the smartest people in them. If this is true, it implies that large numbers of consumers can predict successful products.[129] In a sense, a lot of social networking sites let their members dictate purchase decisions.

KEY TERMS

Antibrand communities, 388
Aspirational reference group, 387
Brand community, 386
Brandfests, 386
Cohesiveness, 388
Comparative influence, 386
Conformity, 391
Consumer tribe, 386
Decision polarization, 389
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Word-of-mouth (WOM), 398

REVIEW

1 Name two dimensions that influence whether reference groups impact an individual's purchase decisions.
2 List three types of social power, and give an example of each.
3 Which tend to influence our behavior more: large formal groups or small informal groups? Why?
4 What is a brand community, and why is it of interest to marketers?
5 Describe the difference between a membership and an aspirational reference group and give an example of each kind.
6 Name one factor that makes it more likely a person will become part of a consumer's membership reference group.
7 Define *deindividuation* and give an example of this effect.
8 What is the risky shift, and how does it relate to shopping with friends?
9 What is the difference between normative and informational social influence?
10 Define *conformity* and give an example of it. Name three reasons why people conform.
11 How does the *principle of least interest* relate to your success in a romantic relationship?
12 What is *social comparison*? To what type of person do we usually choose to compare ourselves?
13 What is the difference between independence and anticonformity?
14 What is word of mouth, and how can it be more powerful than advertising?
15 Which is more powerful: positive or negative word of mouth?
16 Describe some ways marketers use the Internet to encourage positive WOM.
17 What is viral marketing? Guerrilla marketing? Give an example of each.
18 What is an opinion leader? Give three reasons why they are powerful influences on consumers' opinions. What are some characteristics of opinion leaders?

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19 Is there such a thing as a generalized opinion leader? Why or why not?
20 What is the relationship between an opinion leader and an opinion seeker?
21 What is the difference between a market maven and a surrogate consumer?
22 How can marketers use opinion leaders to help them promote their products or services?
23 What are sociometric techniques? Under what conditions does it make sense to use them?

CONSUMER BEHAVIOR CHALLENGE

DISCUSS

1 Although social networking is red-hot, could its days be numbered? Many people have concerns about privacy issues. Others feel platforms like Facebook are too overwhelming. As one media executive comments, "Nobody has 5,000 real friends. At the end of the day it just becomes one big cauldron of noise." What's your stand on this: Can we have too much of a good thing? Will people start to tune out all of these networks?[130]
2 The average Internet user in the United States spends 3 hours a day online, with much of that time devoted to work and more than half of it to communications. Researchers report that the Internet has displaced television watching and a range of other activities. Internet users watch television for 1 hour and 42 minutes a day, compared with the national average of 2 hours. One study reported increasing physical isolation among Internet users; it created a controversy and drew angry complaints from some users who insisted that time they spent online did not detract from their social relationships. However, the researchers said they had now gathered further evidence showing that Internet use has lowered the amount of time people spend socializing with friends and even sleeping. According to the study, an hour of time spent using the Internet reduces face-to-face contact with friends, coworkers, and family by 23.5 minutes; lowers the amount of time spent watching television by 10 minutes; and reduces sleep time by 8.5 minutes.[131] What's your perspective on this issue—does increasing use of the Internet have positive or negative implications for interpersonal relationships in our society?
3 The Word-of-Mouth Marketing Association announced a set of rules and guidelines for word-of-mouth advertising. The trade group maintains that marketers must make sure that people talking up products or services disclose for whom they work. They also must use real consumers, not actors, who discuss what they really believe about a product.[132] The rules were prompted by several controversial incidents, such as a campaign the U.S. arm of Sony Ericsson Mobile Communications created for a camera phone. The company hired 60 actors to hang out at tourist attractions and ask unsuspecting passersby to take their pictures with the Sony Ericsson devices. It told the actors to identify themselves only when asked directly. What do you think about "stealth" campaigns such as this? Should marketers be required to disclose their true intentions when they try to initiate positive word of mouth?
4 Do you agree that deindividuation encourages binge drinking on campus? What can or should a college do to discourage this behavior?
5 The adoption of a certain brand of shoe or apparel by athletes can be a powerful influence on students and other fans. Should high school and college coaches be paid to determine what brand of athletic equipment their players wear?
6 The strategy of *viral marketing* gets customers to sell a product to other customers on behalf of the company. That often means convincing your friends to climb on the bandwagon, and sometimes you get a cut if they buy something.[133] Some might argue that that means you're selling out your friends (or at least selling to your friends) in exchange for a piece of the action. Others might say you're simply sharing the wealth with your buddies. Have you ever passed along names of your friends or sent them to a Web site such as hotmail.com? If so, what happened? How do you feel about this practice?
7 Are home shopping parties that put pressure on friends and neighbors to buy merchandise ethical?
8 The high-profile stunt to publicize *Aqua Teen Hunger Force* created a massive public disruption. When does a guerrilla marketing tactic go too far—or is anything fair game in the heated competition to capture jaded consumers' attention?
9 Mobile social networking is the next frontier in technology as companies race to adapt platforms like Facebook to our cell phones. Marketers are not far behind, especially because there are 3.3 billion cell phone subscribers worldwide—that number is far greater than the number of Internet users. One report says that about 2 percent of all mobile users already use their cell phones for social networking such as chat and multimedia sharing; it forecasts this proportion will zoom to at least

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12.5 percent in a few years. Mobile social networks are appealing in part because companies can identify precisely where users are in the physical world. For example the SpaceMe service from GyPSii displays a map that identifies your friends' locations as well as photos, videos, and other information about them. A Dutch network called Bliin lets users update their location every 15 seconds.[134] This enhanced capability creates some fascinating marketing possibilities—but perhaps it also raises some ethical red flags. What do you see as the opportunities and the threats as we inevitably move to a world where our whereabouts are known to others?

APPLY

1. The power of unspoken social norms often becomes obvious only when we violate them. To witness this result firsthand, try one of the following: Stand facing the back wall in an elevator, serve dessert before the main course, offer to pay cash for dinner at a friend's home, wear pajamas to class, or tell someone *not* to have a nice day.
2. Identify a set of avoidance groups for your peers. Can you identify any consumption decisions that you and your friends make with these groups in mind?
3. Identify fashion opinion leaders on your campus. Do they fit the profile the chapter describes?
4. Conduct a sociometric analysis within your dormitory or neighborhood. For a product category such as music or cars, ask each individual to identify other individuals with whom they share information. Systematically trace all of these avenues of communication, and identify opinion leaders by locating individuals who others say provide helpful information.
5. See if you can demonstrate the risky shift. Get a group of friends together and ask each to privately rate the likelihood on a scale from 1 to 7 that they would try a controversial new product (e.g., a credit card that works with a chip implanted in a person's wrist). Then ask the group to discuss the product and rate the idea again. If the average rating changes, you've just observed a risky shift.
6. Trace a referral pattern for a service provider such as a hair stylist; track how clients came to choose him or her. See if you can identify opinion leaders who are responsible for referring several clients to the businessperson. How might the service provider take advantage of this process to grow his or her business?

Case Study

PARROT HEADS UNITE!

Are you a Parrot Head? If you don't know what that is, then you definitely are not. Jimmy Buffett fans all over the world proudly refer to themselves by this name. And in many respects, they represent one of the most dedicated fan bases anywhere. Why the name Parrot Head? In a 1985 concert, a member of the Eagles looked at the audience with their bright Hawaiian shirts. He announced that they "looked like Deadheads in tropical suits. They're like Parrot Heads."

Some critics think Jimmy Buffett's career peaked in the late 1970s, though between 1978 and 2006 he released eight gold, six platinum, and three multiplatinum records. During this period he gained a reputation for his concerts, wrote five best sellers, and he opened a chain of restaurants. Wal-Mart sells Margaritaville salsa and Target carries Margaritaville calamari.

Buffett fans gather by the thousands at concerts. A Buffett concert is like a beach party, with fans decked out in Hawaiian shirts and parrot hats. But the concert itself is only part of the event. Fans get to know each other year after year at tailgate parties. So many people party before Buffett concerts, in fact, that many venues charge admission now just to get into the tailgating area.

How die-hard are Buffett fans? Consider that many plan regular vacations around a Buffett concert (some have racked up dozens) or special trips to visit Buffett-themed restaurants in Caribbean destinations. Houses, boats, and RVs decked out in tropical Buffet décor are not uncommon, and there have been a good number of Parrot Head–themed weddings.

Buffett fans come from all walks of life, age groups, and occupations; they typically cite "escapism" as a reason for their devotion. But Parrot Heads do much more than just "wasting away again in Margaritaville." Many spend their free time as volunteers at blood drives, raise thousands of dollars to grant the wishes of sick kids, or build houses for the needy. Parrot Heads in Paradise, a group of fans with more than 220 chapters, has donated more than $10 million to charity.

And Buffett's management recognizes the charitable efforts of the Buffett community. Parrot Head Clubs get a certain amount of tickets allocated to them. Members still have to pay for them, but they get first dibs on the best seats depending on how many Parrot Points (doled out to members when they participate in charitable or volunteer efforts) they earn. As tickets have become harder and harder to obtain, this is indeed a welcome bonus.

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DISCUSSION QUESTIONS

1. How can we consider Jimmy Buffett fans as members of a reference group? A brand community? A consumer tribe?
2. Refer to your responses to question 1. What kind of opportunities does the existence of the Buffett community present to marketers? Develop a list of specific marketing and promotional tactics.

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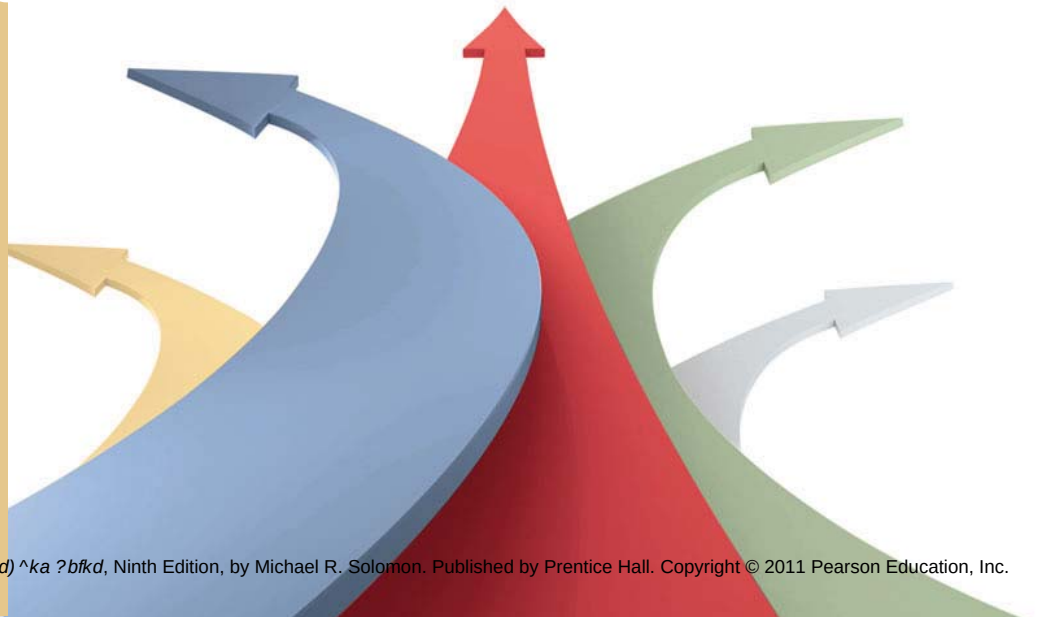
11

Organizational and Household Decision Making

When you finish this chapter you will understand:

Chapter Objectives

1. Why do marketers often need to understand *consumers'* behavior rather than consumer behavior?
2. Why do companies as well as individuals make purchase decisions?
3. Why are our traditional notions about families outdated?
4. How do many important demographic dimensions of a population relate to family and household structure?
5. How do members of a family unit play different roles and have different amounts of influence when the family makes purchase decisions?
6. How do children learn over time what and how to consume?



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Amanda is about as nervous as she can be. Tonight she and her partner are throwing their first party in their new apartment, and it's really coming down to the wire. Some of her friends and family who were skeptical about Amanda's plan to move out of her parents' house to live with a man will have the chance to say "I told you so" if this debut of her new living arrangement self-destructs.

Life hasn't exactly been a bed of roses since she and Orlando moved in together. It's a bit of a mystery—although his desk is tidy and organized at the publishing company where they both work, his personal habits are another story. Orlando's really been making an effort to clean up his act, but Amanda has taken on more than her share of cleaning duties—partly out of self-defense because they have to share a bathroom! And she's learned the hard way not to trust Orlando to do the grocery shopping—he goes to the store with a big list of staples and returns with beer and junk food. You would think that a man who negotiates major computer purchases for his company would have a bit more sense when it comes to sticking to a budget and picking out the right household supplies. What's even more frustrating is that although Orlando can easily spend a week digging up information about the new big-screen TV they're buying (with her bonus!), she has to virtually drag him by the ear to look at dining room furniture. Then, to add insult to injury, he's quick to criticize her choices—especially if they cost too much.

So, how likely is it that while she's at work Orlando has been home cleaning up the apartment and making some *hors d'oeuvres* as he promised? Amanda did her part by downloading a recipe for crabmeat salad and wasabi caviar from the entertaining section on epicurious.com. She even jotted down some adorable table setting ideas such as napkin holders made out of homegrown bamboo at Martha Stewart's Web site.[1] The rest is up to him—at this point she'd be happy if Orlando remembers to pick up his underwear from the living room couch. This *soiree* could turn out to be a real proving ground for their relationship. Amanda sighs as she walks into an editors' meeting. She sure has learned a lot about relationships since she set up a new household; living together is going to be a lot bumpier than romance novels make it out to be.

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Organizational Decision Making

OBJECTIVE
Why do marketers often need to understand *consumers'* behavior rather than consumer behavior?

Amanda's trials and tribulations with Orlando illustrate the joint nature of many consumer decisions. The individual decision-making process we described in detail in Chapter 8 is overly simplistic. This is because more than one person often participates in the problem-solving sequence—from initial problem recognition and information search to evaluation of alternatives and product choice. To further complicate matters, these decisions often include two or more people who may not have the same level of investment in the outcome, the same tastes and preferences, or the same consumption priorities. If you've ever debated where to go out to eat with your friends or perhaps bickered about whose turn it is to do the dishes, you get the picture.

In this chapter we examine *collective decision making*—situations where more than one person chooses the products or services that multiple consumers use. In the first part of the chapter we look at organizational decision making, where one person or a group decides on behalf of a larger group. We then move on to focus more specifically on one of the most important organizations to which we belong—the family unit. We'll consider how members of a family negotiate among themselves and how important changes in modern family structure affect this process. We conclude with a look at how "new employees"—children—learn to be consumers.

Why do we lump together big corporations and small families? One important similarity is that in both cases individuals or groups play a number of specific roles when they choose products or services for their organizational unit.[2] Depending on the decision, the choice may include some or all of the group members, and different group members play important roles in what can be a complicated process. These roles include the following:

- **Initiator**—The person who brings up the idea or identifies a need.
- **Gatekeeper**—The person who conducts the information search and controls the flow of information available to the group. In organizational contexts the gatekeeper identifies possible vendors and products for the rest of the group to consider.
- **Influencer**—The person who tries to sway the outcome of the decision. Some people may be more motivated than others to get involved, and participants also possess different amounts of power to get their point across.
- **Buyer**—The person who actually makes the purchase. The buyer may or may not actually use the product.
- **User**—The person who actually consumes the product or service.

Organizational Decision Making

OBJECTIVE
Why do companies as well as individuals make purchase decisions?

Many employees of corporations or other organizations make purchase decisions on a daily basis. **Organizational buyers** are people like Orlando who purchase goods and services on behalf of companies for their use in manufacturing, distribution, or resale. These individuals buy from **business-to-business (B2B) marketers** who must satisfy the needs of organizations such as corporations, government agencies, hospitals, and retailers. In terms of sheer volume, *B2B marketing* is where the action is: Roughly $2 trillion worth of products and services change hands among organizations, which is actually *more* than end consumers purchase.

Organizational buyers have a lot of responsibility. They decide on the vendors with whom they want to do business and what specific items they require from these suppliers. The items they consider range in price and significance from paper clips

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Organizations often assemble teams to make purchasing decisions.
Source: Courtesy: Capstone Turbine Corporation.

(by the case, not the box) to Orlando's multimillion-dollar computer system. Obviously, there's a lot of good reasons (about two trillion to be exact) for marketers to understand how these organizational consumers make these important decisions.

A number of factors influence the organizational buyer's perception of the purchase situation. These include his *expectations* of the supplier (e.g., product quality, the competence and behavior of the firm's employees, and prior experiences in dealing with that supplier), the *organizational climate* of his own company (i.e., how the company rewards performance and what it values), and the buyer's *assessment* of his own performance (e.g., whether he believes in taking risks).[3]

Like other consumers, organizational buyers engage in a learning process where employees share information with one another and develop an "organizational memory" that consists of shared beliefs and assumptions about the best choices to make.[4] Just as our "market beliefs" influence him when he goes shopping with the family on the weekend (see Chapter 8), the same thing happens at the

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office. He (perhaps with fellow employees) solves problems as he searches for information, evaluates alternatives, and makes decisions.[5] There are, of course, some important differences between the two situations.

Marketing Pitfall



Everyone likes to get "swag," but critics in the medical community object to the huge pile of premiums like Viagra pens, Zoloft soap dispensers, and Lipitor mugs that the pharmaceutical industry bestows on physicians to encourage them to prescribe their drugs—in addition to the $16 billion worth of free drug samples that wind up in doctors' offices each year. A physician who started No Free Lunch, a nonprofit group that encourages doctors to reject drug company giveaways observes, "Practically anything you can put a name on is branded in a doctor's office, short of branding, like a NASCAR driver, on the doctor's white coat." The Pharmaceutical Research and Manufacturers of America, an industry group in Washington, has imposed a voluntary moratorium on this practice to discourage the conclusion that drug makers try to influence medical decisions. Some feel this ban doesn't go far enough because drug reps are still allowed to provide free lunches for doctors and their staffs or to sponsor dinners for doctors at restaurants, as long as an educational presentation accompanies the meal.[7]

How Does Organizational Decision Making Compare to Consumer Decision Making?

Let's summarize the major differences between organizational and industrial purchase decisions versus individual consumer decisions:[6]

- Purchase decisions companies make frequently involve many people, including those who do the actual buying, those who directly or indirectly influence this decision, and the employees who will actually use the product or service.
- Organizations and companies often use precise technical specifications that require a lot of knowledge about the product category.
- Impulse buying is rare (industrial buyers do not suddenly get an "urge to splurge" on lead pipe or silicon chips). Because buyers are professionals, they base their decisions on past experience and they carefully weigh alternatives.
- Decisions often are risky, especially in the sense that a buyer's career may ride on his judgment.
- The dollar volume of purchases is often substantial—it dwarfs most individual consumers' grocery bills or mortgage payments. One hundred to 250 organizational customers typically account for more than half of a supplier's sales volume, which gives the buyers a lot of influence over the supplier.
- Business-to-business marketing often involves more of an emphasis on personal selling than on advertising or other forms of promotion. Dealing with organizational buyers typically requires more face-to-face contact than when marketers sell to end consumers.

We must consider these important features when we try to understand the purchasing decisions organizations make. Having said that, however, there are actually more similarities between organizational buyers and ordinary consumers than many people realize. True, organizational purchase decisions do tend to have a higher economic or functional component compared to individual consumer choices, but emotional aspects do play a role. Organizational buyers may appear to the outsider to be models of rationality—but at times they base their decisions on brand loyalty, on long-term relationships with particular suppliers or salespeople, or even on aesthetic preferences.

How Do Organizational Buyers Operate?

Like end consumers, both internal and external stimuli influence organizational buyers. Internal stimuli include the buyer's unique psychological characteristics, such as his willingness to make risky decisions, job experience, and training. External stimuli include the nature of the organization for which he works as well as the overall economic and technological environment in which the industry operates. Another set of factors is cultural—we find vastly different norms for doing business in different countries. For example, Americans tend to be less formal in their interactions than are many of their European or Asian counterparts.

As you'd expect, the organizational buyer's decision-making process depends on just what he needs to buy. As with consumer purchases, the more complex, novel, or risky the decision, the more effort he devotes to information search and to evaluating his alternatives. However, if he relies on a fixed set of suppliers for routine purchases, he greatly reduces his information search and effort.[8] Typically, a group of people (members of a **buying center**) play different roles in more complex organizational decisions. As we will see later on, this joint involvement is somewhat similar to family decision making, where family members are likely to participate in more important purchases.

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Industrial marketers can be creative when they want to be, as this European ad for a heavy equipment manufacturer demonstrates.
Source: Used courtesy of Komatsu Europe.

The Buyclass Framework

When we apply the **buyclass theory of purchasing**, we divide organizational buying decisions into three types ranging from the least to the most complex. Three decision-making dimensions describe the purchasing strategies of an organizational buyer:[9]

1 The level of information he must gather before he makes a decision.
2 The seriousness with which he must consider all possible alternatives.
3 The degree to which he is familiar with the purchase.

In practice these three dimensions relate to how much cognitive effort the buyer expends when he decides. Three types of "buyclasses," or strategies these dimensions determine, encompass most organizational decision situations.[10] Each type of purchase corresponds to one of the three types of decisions we discussed in Chapter 8: habitual decision making, limited problem solving, and extensive problem solving. Table 11.1 summarizes these strategies.

- A **straight rebuy** is a habitual decision. It's an automatic choice, as when an inventory level reaches a preestablished reorder point. Most organizations maintain an approved vendor list, and as long as experience with a supplier is satisfactory, there is little or no ongoing information search or evaluation.

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TABLE 11.1 Types of Organizational Buying Decisions

Buying Situation	Extent of Effort	Risk	Buyer's Involvement
Straight rebuy	Habitual decision making	Low	Automatic reorder
Modified rebuy	Limited problem solving	Low to moderate	One or a few
New task	Extensive problem solving	High	Many

Source: Adapted from Patrick J. Robinson, Charles W. Faris, and Yoram Wind, *Industrial Buying and Creative Marketing* (Boston: Allyn & Bacon, 1967).

- A **modified rebuy** situation involves limited decision making. It occurs when an organization wants to repurchase a product or service but it wants to make some minor modifications. This decision might involve a limited search for information among a few vendors. One or a few people will probably make the final decision.
- A **new task** involves extensive problem solving. Because the company hasn't made a similar decision already, there is often a serious risk that the product won't perform as it should or that it will be too costly. The organization designates a buying center with assorted specialists to evaluate the purchase, and they typically gather a lot of information before they come to a decision.

B2B E-Commerce

Business-to-business (B2B) e-commerce refers to Internet interactions between two or more businesses or organizations. This includes exchanges of information, products, services, or payments. The Web revolutionizes the way companies communicate with other firms and even the way they share information with their own people. Roughly half of B2B e-commerce transactions take the form of auctions, bids, and exchanges where numerous suppliers and purchasers interact.[11] For example, more than 50 major corporations such as CVS Corporation, Best Buy, Target, Tesco, JCPenney, and The Gap that belong to *The Worldwide Retail Exchange* (WWRE) participate in an online exchange community to complete their commercial transactions. This collaboration allows the members to work together on product development, production planning, and inventory replenishment.[12]

The Open-Source Revolution

In the simplest form of B2B e-commerce, the Internet provides an online catalog of products and services businesses need. Companies like Dell Computer use their Internet site to deliver online technical support, product information, order status information, and customer service to corporate customers. Early on, Dell discovered that it could serve the needs of its customers more effectively if it tailored its Internet presence to different customer segments. Today Dell's Internet site allows shoppers to get recommendations based on their customer segment (home, home office, government, small business, and education). The company saves millions of dollars a year as it replaces hard-copy manuals with electronic downloads. For its larger customers, Dell provides customer-specific, password-protected pages that allow business customers to obtain technical support or to place an order.

As social networking technologies proliferate (see Chapter 10), businesses adopt these approaches also. The advertising agency Avenue A Razorfish has adopted an open-source **wiki** platform as its intranet; this lets several people change a document on a Web page and then track those changes (of course the most famous wiki is *Wikipedia*). High-tech companies like Intel, SAP, and IBM are experimenting with recording meetings that get downloaded to iPods, blogs where employees can talk back to their bosses, and internal Web pages like Google Docs that allow people

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to read their colleagues' meeting notes and add their own. A few companies even use Facebook as an intranet site for their employees.[13]

Prediction Markets

Are all of us smarter than each of us? A **prediction market** is one of the hottest new trends in organizational decision-making techniques; it's one outgrowth of the *wisdom of crowds* phenomenon we discussed in Chapter 10. This approach asserts that groups of people with knowledge about an industry collectively are better predictors of the future than are any of them as individuals.

In a prediction market framework, companies from Microsoft to Eli Lilly and Hewlett-Packard empower their employees as "traders." Like a stock market, traders place bets on what they think will happen regarding future sales, the success of new products, or how other firms in a distribution channel will behave—and they often receive a cash reward if their "stock picks" pan out. For example, the pharmaceutical giant Eli Lilly routinely places multimillion-dollar bets on drug candidates that face overwhelming odds of failure—the relatively few new compounds that do succeed need to make enough money to cover the losses the others incur. Obviously, the company will benefit if it can separate the winners from the losers earlier in the process. Lilly ran an experiment where about 50 of its employees involved in drug development, including chemists, biologists, and project managers, traded six mock drug candidates through an internal market. The group correctly predicted the three most successful drugs.[14] At the publicly accessible prediction market Intrade (intrade.com) participants bet on the outcomes of political races, financial activities or even the market value of rare wines and artwork. Or, surf over to the Hollywood Stock Exchange (hsx.com) to check out which celebrities and new movie releases traders think will succeed or bomb—you can bet Hollywood executives do.[15]

Crowdsourcing

In another emerging application, many companies find that it's both cost efficient and productive to call on outsiders from around the world to solve problems their own scientists can't handle. Just as a firm might outsource production to a subcontractor, they are **crowdsourcing**. For example, InnoCentive is a network of more than 90,000 "solvers" whose member companies, such as Boeing, DuPont, Procter & Gamble, and Eli Lilly, are invited to tackle problems they are wrestling with internally. If a "solver" finds a solution, he or she gets a $10,000 to $100,000 reward.[16] Dell's Ideastorm site solicits solutions and new product ideas from geeks worldwide.[17]

Marketing Opportunity



The open-source revolution is part of a seismic shift in the way some cutting-edge companies think about their business model. One label for this new approach is **freemium**—you distribute a free version of your product that's supported by a paid premium version. The idea is to encourage the maximum number of people to use your product and eventually convert a small fraction of them to paying customers. In the process you accumulate a sizable customer base that has value to advertisers (Exhibit A: Google). This also creates a **network effect**—each person who uses the product or service benefits as more people participate. For example, if you check out restaurant reviews on *Zagat,* you'd rather know what 1,000 diners thought of a place than to settle for feedback from just 10 cranky people. The freemium model pops up in all sorts of places—people play free online games, they listen to free music on *Pandora* (legally), they trash their cable service and watch free TV shows and movies on *Hulu,* and they cancel their landlines in favor of free international calls on *Skype*. The new and booming market for iPhone apps follows the freemium principle also when you download a program like *Tap Tap Revenge*. Like the popular game *Guitar Hero*, you have to hit notes that stream down your screen. Millions of people downloaded the app, and then some of them forked over cash when the creator offered paid versions built around real bands like Weezer and Nine Inch Nails.[18] In the wacky world of Web 2.0, you give something away to make money. Go figure.

3 The Family

OBJECTIVE

Why are our traditional notions about families outdated?

Sometimes we read in newspapers and magazines about the death of the family unit. Although it is true that the proportion of people who live in a traditional family structure consisting of a married couple with children continues to decline, the reality is that many other types of families continue to grow rapidly. Indeed, some experts argue that as traditional family living arrangements wane, we place even greater emphasis on siblings, close friends, and other relatives who provide companionship and social support.[19] Some people join *intentional families*; groups of unrelated people who meet regularly for meals and who spend holidays together.[20] Indeed, for some the act of meeting together to consume homemade food plays a central role in defining family—it is a symbolic way to separate a family unit from other social groups by allowing the cook(s) to personalize the meal and express affection via the effort that went into preparing the feast.[21]

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The Tangled Web



As avatars socialize in virtual worlds like *Second Life* (SL), it's inevitable that some will pair up. Linden Lab, the creator of SL, reports that over 35,000 of its residents enter formal partnerships with other residents—a partnership is like a virtual marriage and players include this information on their avatar user profiles. Avatars can have sex with one another in SL, but we won't go there. Suffice it to say that this is a fairly common activity and that there have even been cases of reported rape. Sometimes these partnerships lead to real-world contact—and as in RL, these relationships can turn bad. It's not unheard of for an SL resident to leave his or her RL partner for an avatar partner. As one woman who ditched her RL boyfriend explained, "My real life boyfriend used to walk past the screen and see what was happening and I used to tell him it was no big deal and it was just a game. I felt guilty about it." As more people enter virtual worlds, family decision-making research may have to include our virtual partners (and children?) as well.[27]

4

OBJECTIVE

How do many important demographic dimensions of a population relate to family and household structure?

The Modern Family

The **extended family** used to be the most common family unit. It consists of three generations who live together and it often includes grandparents, aunts, uncles, and cousins. Like the Cleavers of *Leave It to Beaver* and other TV families of the 1950s, the **nuclear family**—a mother, a father, and one or more children (perhaps with a sheepdog thrown in for good measure)—largely replaced the extended family at least in American society. However, we've witnessed many changes since the days of Beaver Cleaver. Although many people continue to base their image of the typical family on old TV shows, demographic data tell us this ideal image of the family is no longer realistic. The U.S. Census Bureau regards any occupied housing unit as a **household**, regardless of the relationships among people who live there. Thus, one person living alone, three roommates, or two lovers (whether straight or gay) constitute a household.

In 2005 we hit a watershed event: the U.S. Census Bureau announced that married couples officially make up a minority (49.7 percent) of American households. The agency's American Community Survey reported that overall nearly 1 in 10 couples who live together are not married. The proportion of married couples ranged from more than 69 percent in Provo, Utah, to only 26 percent in Manhattan.[22]

What's more, for the first time a majority (51 percent) of American women now live without a spouse (up from 35 percent in 1950). This is because younger women choose to marry later or to live with unmarried partners longer, while older women live longer as widows and are more likely than men to delay remarriage if they divorce. Five percent of households consist of unmarried opposite-sex partners the government euphemistically calls **POSSLQ**, which stands for *Persons of Opposite Sex Sharing Living Quarters*. Like Amanda and Orlando, many of us have this kind of arrangement. Nearly half of Americans aged 25 to 40 have at some point lived with a person of the opposite sex.[23]

These changes are part of a broader shift toward nonfamily and childless households. There are also sizable numbers of same-sex couples who live together. Some of these changes came from unexpected places; for example, in the rural Midwest the number of households made up of male partners rose 77 percent since 2000.[24] Same-sex households are increasingly common and as a result more marketers target them as a family unit. E-commerce sites like gayweddings.com and twobrides.com specialize in wedding decorations and gifts for gay couples.[25]

Another 5 percent of U.S. households consist of people who live alone. A large number of these singles appear to have two things in common: financial success and the willingness to spend to satisfy their desires. Single-person households spend 153 percent more per person on rent than those who live in households of two people or more. They also spend more on alcohol ($314 per year compared with $181). And they shell out more per person for reading materials, health care, and tobacco products.[26]

Family Size

Family size depends on such factors as educational level, the availability of birth control, and religion. Demographers define the **fertility rate** as the number of births per year per 1,000 women of childbearing age. Marketers keep a close eye on the population's birthrate to gauge how the pattern of births will affect demand for products in the future. The U.S. fertility rate increased dramatically in the late 1950s and early 1960s, when the parents of so-called *baby boomers* began to reach childbearing age. It declined in the 1970s and began to climb again in the 1980s as *baby boomers* began to have their own children in a new "baby boomlet." More on these groups in Chapter 14.

Worldwide, surveys show that many women want smaller families today. This trend is a problem for European countries whose fertility rates have plummeted

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during past decades. Ironically, while populations boom in many underdeveloped parts of the world, industrialized countries face future crises because there will be relatively fewer young people to support their elders. In order for population levels to remain constant, the fertility rate needs to be 2.0 so that the two children can replace their parents. That's not happening in places such as Spain, Sweden, Germany, and Greece, where the fertility rate is 1.4 or lower. As a benchmark, the U.S. rate is 2.1. More babies were born in the United States in 2007 than in any other year in American history—but this figure mostly reflects a greater number of women of childbearing age.[28]

Some countries are weighing measures to encourage people to have more children. For example, Spain is looking at cheaper utility bills for large families, assisting young couples trying to afford homes, and creating hundreds of thousands of new preschools and nursery schools. The Italian government provides mothers with nearly full salary compensation for about a half year of maternity leave, but women still stubbornly refuse to have more kids. There are many reasons for this shift from past eras where heavily Catholic countries tended to have large families: Contraception and abortion are more readily available, divorce is more common, and older people who used to look after grandchildren now pursue other activities such as travel. And some experts cite the fact that many Italian men live with their mothers into their 30s so when they do get married they're not prepared to help out at home. One analyst commented, "Even the most open-minded guy—if you scratch with the nail a little bit, there's the mother who did everything for him."[29]

In the United States, the National Center of Health Statistics confirms that the percentage of women of childbearing age who define themselves as *voluntarily childless* is rising. Twenty percent of women ages 40 to 44 have no children, double the level of 30 years ago. Women with advanced degrees are more likely to be childless, the study found. Of women who gave birth in 2006, 36 percent were separated, widowed, divorced, or never married.[30]

Childless couples are an attractive market segment for some companies (but obviously not for others, such as Gerber Baby Food). So-called **DINKS** (double income, no kids) couples are better educated on average than are two-income couples with children. According to the U.S. Census Bureau, 30 percent of childless couples consist of two college graduates, compared with 17 percent of those with kids. The childless are more likely to have professional or managerial occupations (24 percent versus 16 percent of dual-employed couples with children). Dave and Buster's, a Dallas-based restaurant chain, caters to this group as it enforces strict policies to deter families with small children. However, many childless couples feel snubbed by a child-oriented society. In recent years they have formed networking organizations such as Childfree by Choice to support this lifestyle choice.[31]

The Sandwich Generation

Although the number of traditional families is shrinking, ironically in other cases the traditional extended family is very much a reality. Many adults care for their own parents as well as for their children. In fact, Americans on average spend 17 years caring for children, but 18 years assisting aged parents.[32] Some label middle-aged people the **Sandwich Generation** because they must attend to those above and below them in age. In addition to dealing with live-in parents, many adults find to their surprise that their children live with them longer or move back in well after their "lease" has expired.[33] As an Argentinean jeans ad asked, "If you are over 20 and still live with your parents, this is wrong. Isn't it high time you started looking for an apartment for them?"

Animals Are People Too! Nonhuman Family Members

Almost one-third of all U.S. households have at least one pet, and 92 percent of pet owners consider their furry friends members of the family—83 percent call themselves

ECONsumer Behavior



Demographers call these returnees **boomerang kids.** In today's shrinking job market (and in some cases the lucky few who do get job offers find out they have been rescinded!) many young people are forced to redefine the assumption that college graduation automatically means living on their own. Even before the recession we saw this trend quickening—as of 2007, 55 percent of men and 48 percent of women ages 18 to 24 lived with their parents.[34]

Young adults who do leave the nest to live by themselves are relatively unlikely to return, whereas those who move in with roommates are more likely to come back. And young people who move in with a romantic partner are more likely than average to end up back home if the relationship fails![35] If the dismal economic environment continues, it will affect a variety of markets as boomerang kids spend less on housing and staples and more on discretionary purchases such as entertainment.

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Many boomerang kids today return home to live with their parents–voluntarily or not.
Source: Copyright Cdp-Travissully Ltd.

"Mommy" or "Daddy" when they talk to their pets.[36] Many of us assume pets share our emotions—perhaps that helps to explain why more than three-quarters of domestic cats and dogs receive presents on holidays and birthdays.[37] We've doubled our spending on our pets in the past decade, and today the pet industry pulls in more revenue (almost $40 billion annually) than either the toy or candy industries. Even in the recession, consumers don't make their pets pay the price—we pay more for pet food, supplies, and services than ever. Here are a few examples of pet-smart marketing:[38]

- Kennels look a lot more like spas for the furry. At some of them, dogs can hike, swim, listen to music, watch TV, and even get a pedicure—complete with nail polish. Heated tile floors and high-tech ventilation systems are common. When a dog stays in the "ambassador suite" at Club Bow-Wow, a staff member sleeps overnight in the room. PetSmart, the largest U.S. pet-store chain, opened a chain of PetsHotels, where furry guests lounge on hypoallergenic lambskin blankets and snack on lactose-free, fat-free ice cream. The suites feature raised dog beds and a television that plays videos, such as *Lady and the Tramp* and *101 Dalmatians*.
- Companies that make human products, such as Gucci, Juicy Couture, Harley-Davidson, IKEA, Lands' End, Paul Mitchell, and Ralph Lauren, also sell products for

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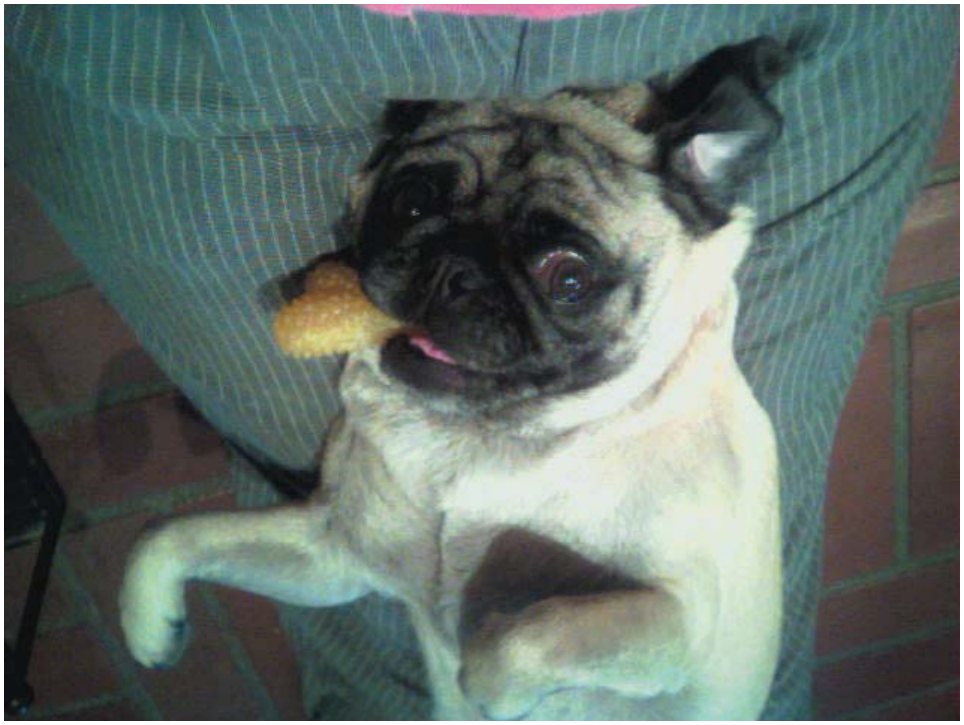

The author's pug, Kelbie Rae.

pets—from shampoos to nail polish to gold-plated bowls. Harley-Davidson started its pet collection after it noticed that customers at rallies and other events bring along their dogs—some ride shotgun in the motorcycles' saddle bags or side cars. Customers can buy denim and leather jackets for their pets, as well as riding goggles, bandanas, spiked leather collars, and even squeaky toys shaped like oil cans.

- Designer water for dogs? A California company started things off when it introduced a vitamin-enriched water product for dogs. A Florida company sells "DogWater" in containers that double as throwing toys. Then there's K9 Water Inc., a company whose catalog lists products such as "Gutter Water" and chicken-flavored "Toilet Water." Make that a double.
- Pet Airways is the first pets-only airline. The "pawsengers" fly in pet carriers aboard Beechcraft planes along with a pet attendant. There are separate sections for cats and dogs—but no first-class cabin.
- And what happens when our four-legged companion goes to the great kennel in the sky? One trend is to freeze-dry the departed pet rather than bury it or cremate it. The bereaved say turning furry friends into perma-pets helps them deal with loss and maintains a connection to their former companions. Once dried, the animal's body doesn't decay, so it can continue to occupy that special place on the couch.

The Family Life Cycle

Many factors affect what a family spends, including the number of people (children and adults) in the family, their ages, and whether one, two, or more adults work outside of the home. Two especially important factors that determine how a couple spends time and money are (1) whether they have children and (2) whether the woman works.

Family Life Cycle Models

Because they recognize that family needs and expenditures change over time, marketers apply the **family life cycle (FLC)** concept to segment households. The FLC combines trends in income and family composition with the changes these

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This Spanish public service ad promotes pet sterilization via a fake ad for dog condoms.
Source: Tiempo BBDO Barcelona.

demands place on this income. As we age, our preferences and needs for products and activities tend to change. Twentysomethings spend less than average on most products and services because their households are small and their incomes are low (especially today!). Income levels tend to rise (at least until retirement), so that people can afford more over time. Older consumers spend more *per capita* on luxury items such as gourmet foods and upscale home furnishings.[39] In addition, we don't need to repeat many purchases we make when we start out. For example, we tend to accumulate durable goods such as large appliances and only replace them as necessary.

As Amanda and Orlando discovered when they moved in together, a life-cycle approach to the study of the family assumes that pivotal events alter role relationships and trigger new stages of life that alter our priorities. In addition to the birth of a first child, other pivotal events include the departure of the last child from the

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This ad from Chile illustrates that many of us treat our pets like royalty.
Source: Courtesy TBWA Chile.

house, the death of a spouse, retirement of the principal wage earner, and divorce. At Web sites like The Bump women find tools like an Ovulation Calculator and lists of baby names, while The Knot offers a range of wedding-related services when those babies grow up and get hitched. As people move through these life stages, we observe significant changes in expenditures in leisure, food, durables, and services, even after we adjust the figures to reflect changes in income.[40]

Life-Cycle Effects on Buying

It's particularly useful to get a handle on longitudinal changes in priorities when we want to predict demand for specific product categories over time. For example, the money a couple with no children spends on dinners out and vacations will go to quite different purchases after the birth of a child—when a night on the town becomes a distant memory. Ironically, although the entertainment industry focuses on winning the hearts and wallets of young consumers, it's the senior citizens who have become America's true party animals. The average household headed by a 65- to 74-year-old spends more on entertainment than does the average household where the primary wage earner is under age 25 (more on this in Chapter 14).[41]

Researchers over the years proposed several models to describe family life-cycle stages, but with limited effect because most failed to take into account such important social trends as the changing role of women, the acceleration of alternative lifestyles, childless and delayed-child marriages, and single-parent households. We need to focus on four variables to adequately describe these changes: (1) age, (2) marital status, (3) the presence or absence of children in the home, and (4) the ages of children, if present. In addition, we have to relax our definition of marital status to include *any* couple living together in a long-term relationship. Thus, although

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Net Profit



Online video calling services like Skype and iChat may transform family relationships, particularly when they allow family members who live far apart to regularly (and for free) speak to and see one another onscreen. Many grandparents who previously didn't know an html from a VoIP enthusiastically embrace technology when it means they can virtually visit far-away grandchildren up close and personal on a regular basis. The AARP (American Association of Retired Persons) reports that nearly half of American grandparents live more than 200 miles from at least one of their grandchildren. And, two-thirds of grandchildren see one or both sets of grandparents at most a few times a year.[44] Digital platforms create a lot of opportunities for family members to connect—and for savvy marketers to connect to them.

we might not consider roommates "married," for marketing purposes a man and woman who have established a household would be, as would two homosexual men who have a similar understanding. When we update our outlook, we identify a set of categories that includes many more types of family situations.[42] Consumers we classify into these categories show marked differences in consumption patterns:

- Young bachelors and newlyweds are the most likely to exercise; to go out to bars, concerts, movies, and restaurants; and to drink alcohol. Although people in their 20s account for less than 4 percent of all household spending in the United States, their expenditures are well above average in such categories as apparel, electronics, and gasoline.[43]
- Families with young children are more likely to consume health foods such as fruit, juice, and yogurt; those made up of single parents and older children buy more junk foods. The dollar value of homes, cars, and other durables is lowest for bachelors and single parents but increases as people go through the full nest and childless couple stages.
- Partly because they score wedding gifts, newlyweds are the most likely to own appliances such as toaster ovens and electric coffee grinders. Babysitter and day-care usage is, of course, highest among single-parent and full-nest households, whereas older couples and bachelors are most likely to employ home maintenance services (e.g., lawn mowing).

5

OBJECTIVE

How do members of a family unit play different roles and have different amounts of influence when the family makes purchase decisions?

The Intimate Corporation: Family Decision Making

The decision process within a household unit resembles a business conference. Certain matters go on the table for discussion, different members have different priorities and agendas, and there may be power struggles to rival any tale of corporate intrigue. In just about every living situation, whether it's a conventional family or students who share a sorority house or apartment, group members assume different roles just as purchasing agents, engineers, account executives, and others do within a company.

When Chevrolet wanted to win drivers over to its Venture minivan, the company sent teams of anthropologists to observe families in their natural habitats. Conventional wisdom says that minivan buyers are practical; they care about affordability, lots of features, and plenty of room. But these researchers discovered a different story: People see the vehicles as part of the family. When they asked consumers to identify the best metaphor for a minivan, many picked a photo of a hang glider because it represents freedom and families on the go. The advertising slogan for the Venture became, "Let's go."[45]

Families make two basic types of decisions:[46]

1. In a **consensual purchase decision**, members agree on the desired purchase; they disagree only in terms of how they will make it happen. In these circumstances, the family will most likely engage in problem solving and consider alternatives until they find a way to satisfy everyone in the group. For example in a family that decides to get a dog, some of the members (you can guess who) voice concerns about who will take care of it. The solution is to draw up a chart that assigns family members to specific duties.
2. In an **accommodative purchase decision** however, group members have different preferences or priorities and they can't agree on a purchase to satisfy everyone's needs. It is here that they use bargaining, coercion, and compromise to achieve agreement on what to buy or who gets to use it. Conflict occurs when

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there is incomplete correspondence in family members' needs and preferences. Although household spending and budgeting is the most common source of conflict in these disputes, TV-viewing choices come in a close second![47]

Decisions involve conflict among family members to the extent that the issue is somehow important or novel, or if individuals have strong opinions about good and bad alternatives. The degree to which these factors generate conflict determines the type of decision the family will make.[48] Some specific factors that determine how much family decision conflict there will be include the following:[49]

- **Interpersonal need—**(a person's level of investment in the group): A teenager may care more about what her family buys for the house than will a college student who lives in a dorm.
- **Product involvement and utility—**(the degree to which a person will use the product to satisfy a need): A mother who is an avid coffee drinker will obviously be more interested in the purchase of a new coffeemaker than will her teenage son who swigs Coke by the gallon.
- **Responsibility—**(for procurement, maintenance, payment, and so on): People are more likely to have disagreements about a decision if it entails long-term consequences and commitments. For example, a family decision about getting a dog may involve conflict over who will be responsible for walking and feeding it.
- **Power—**(or the degree to which one family member exerts influence over the others): In traditional families, the husband tends to have more power than the wife, who in turn has more than the oldest child, and so on. Conflict can arise when one person continually uses the power he has within the group to satisfy his priorities. For example, if a child believed that his life would end if he did not receive a Wii for his birthday, he might be more willing to "cash in some chips" and throw a tantrum.

A recent analysis of family decision making takes a closer look at the idea that family members mutually construct a **family identity** that defines the household both to members and to insiders.[50] According to this perspective (which is similar to the role theory approach to consumer behavior we discussed in Chapter 1), family rituals, narratives (stories the members tell about the family), and everyday interactions help families maintain their structure, maintain their family character (day-to-day characteristics of family life), and clarify members' relationships to one another. The value of this approach to marketers is that it reminds us of how often products and services help to define the family identity. For example, a father might take his young children out for ice cream every Saturday afternoon so this becomes a predictable ceremony that defines their relationship. Or, a mom might seek the comfort of her iPod to shield her from the noise when her kids play after school, while a TiVo "saves marriages" because it allows family members to compromise when they decide who gets access to the TV. Figure 11.1 summarizes this framework.

Sex Roles and Decision-Making Responsibilities

When the Indian composer A. R. Rahman accepted two Oscars for his work on the hit movie *Slumdog Millionaire*, he thanked his mother—as an afterthought he also remembered to thank his wife. India's culture strongly encourages a doting relationship between mothers and sons. It's common for many successful men to consult their mothers for advice daily, and some tycoons put their mothers on their boards of directors. Hinduism stresses powerful female gods, and many citizens refer to the country as Mother India. Clearly, older decision makers in the family unit carry a lot of weight, both in the house and out: Young people often take their parents to their first job interview.[51] Americans may not lag far behind if the number of **helicopter**

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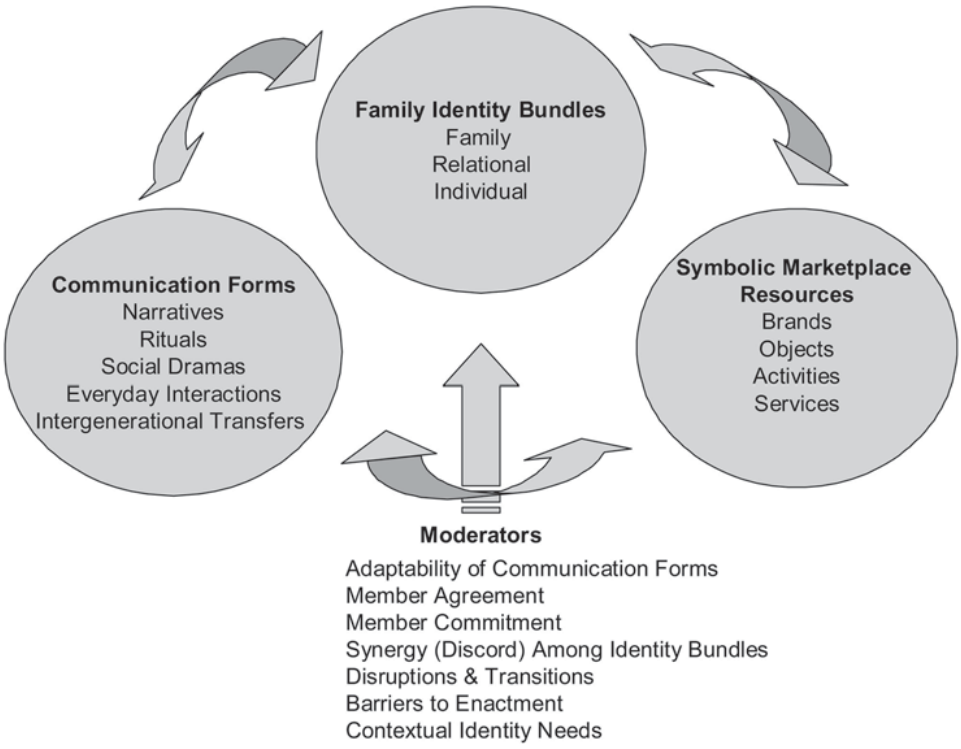

Figure 11.1 FAMILY IDENTITY
Source: Amber M. Epp and Linda L. Price, "Family Identity: A Framework of Identity Interplay in Consumption Practices." *Journal of Consumer Research,* Vol. 35 (June 2008): 50–70, Fig 1, p. 52.

The Tangled Web



Johnson & Johnson encountered a firestorm of protest from irate mothers (not a smart group to mess with) after the company ran an online advertisement for its over-the-counter pain pill Motrin. The spot intended to target mothers who get back pain when they carry their babies in slings, but many women felt the ad was an insensitive portrayal of women's pain as well as of their preferred method to carry their babies. Within days after the launch, calls for a boycott began to gather on blogs, YouTube, and Twitter. J&J quickly pulled the ad—but it learned the hard way how mothers tune into social media today.[53]

moms continues to swell: These are overprotective mothers who "hover" around their kids and insert themselves into virtually all aspects of their lives—including in some cases job interviews![52]

So, who "wears the pants" in the family? Sometimes it's not obvious which spouse makes the decisions. Indeed, although many men still wear the pants, it's women who buy them. Haggar's research showed that nearly half of married women bought pants for their husbands without them being present, so the firm started to advertise its menswear products in women's magazines. When one family member chooses a product, we call this an **autonomic decision**. In traditional households, for example, men often have sole responsibility to select a car, whereas decorating choices fall to women. **Syncretic decisions**, such as a vacation destination, might involve both partners.

According to a study Roper Starch Worldwide conducted, wives still tend to have the most say when families buy groceries, children's toys, clothes, and medicines. Syncretic decisions are common for vacations, homes, appliances, furniture, home electronics, and long-distance phone services. As the couple's education increases, they are more likely to make decisions together.[54] Roper sees signs of a shift in marital decision making toward more compromise and turn-taking. For example, the survey finds that wives tend to win out in arguments about how the house is kept, whereas husbands get control of the remote![55]

To what degree are traditional sex roles changing? Recent evidence says quite a bit; men and women increasingly express similar attitudes about how they prefer to balance home life and work. Some experts argue that the gender revolution is developing into **gender convergence**. A comprehensive view of current research reported more similarities than differences between American men and women; most people recognize that mothers work more and do less housework, and men work less and do more housework and childcare than their fathers—although they still shoulder significantly less of the burden than do women.[56]

In any case, spouses typically exert significant influence on decision making—even after one of them has died. An Irish study found that many widows claim to sense the continued presence of their dead husbands and to regularly conduct "con-

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CB AS I LIVE IT

Allissa Goldberg, *The University of Maryland*

My experience with families and the roles that a parent plays has always been a little bit different than that of my peers because I come from a single parent household. As I heard my friends talk about how their parents went shopping together and came back with a new television for the living room, I marveled at the idea that these children had no say in the purchasing decisions their parents made. While it was technically not an *autonomic* decision in the pure sense of the definition because their mother and father made the decision together, it seemed autonomic to the children because they were not involved. My mother on the other hand, would always consult me before purchasing something we would share. We went grocery shopping together, comparison shopped for digital cameras, and the final decision we made in a *syncretic* matter was where I would go for college. We visited school after school and decided together that I would spend my undergraduate years at the University of Maryland. Now that I am living out of the house at my own apartment at school, I make my own autonomic decisions, as does my mother, but I will always remember how different it was to be involved in each purchase decision when my peers had been left of out of the mix by their traditional two parent households.

versations" with them about household matters![57] Comments from married women who participated in focus groups *Redbook* magazine conducted illustrate some of the dynamics of autonomic versus syncretic decision making:

- "We just got our steps done and that was a big project. The contractor would talk (to my husband) and not talk to me. And I said, 'Excuse me, I'm here, too.'"
- "We are looking for a house now, and we're making decisions on which side of town we want it on, what size house do we want, and it's a together decision. That's never how my mother did it."
- "My husband did not want a van, because we have just one child, but I said, 'I want a van. And it's not because everyone else has a van. I want comfort.' He wanted a convertible. And we got a van."[58]

Marketers need to figure out who makes the buying decisions in a family because this information tells them who to target and whether they need to reach both spouses to influence a choice. For example, marketing research in the 1950s indicated that women were beginning to play a larger role in household purchasing decisions. In response, lawn mower manufacturers emphasized the rotary mower over other power mowers to downplay women's fears of injury. Rotary models, which conceal the cutting blades and engine, began to pop up in ads that depicted young women and smiling grandmothers as they cut the grass.[59]

Researchers pay special attention to which spouse plays the role of the **family financial officer (FFO)**—the individual who keeps track of the family's bills and decides how to spend any surplus funds. Newlyweds tend to share this role, and then over time one spouse or the other takes over these responsibilities.[60] In traditional families (and especially those with low educational levels), women are primarily responsible for family financial management—the man makes it, and the woman spends it. Each spouse "specializes" in certain activities.[61]

The pattern is different among families where more modern sex-role norms operate. These couples believe both people should participate in family maintenance activities. In these cases, husbands assume more responsibility for laundering, housecleaning, grocery shopping, and so on, in addition to such traditionally "male" tasks as home maintenance and garbage removal.[62] Shared decision making is the norm for most American couples today—a Roper poll reported that 94 percent of

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Mothers take on many responsibilities as they care for the family unit.
Source: Courtesy KidCare TV.

partnered women say they make the decision or share equally in home furnishings selections (not a huge surprise), but in addition, 81 percent said the same for financial savings/investments and 74 percent participate when the couple decides what car to buy.[63]

Working mothers often struggle with what one researcher calls the **juggling lifestyle**—a frenzied, guilt-ridden compromise between conflicting cultural ideals of motherhood and professionalism.[65] This frantic way of life isn't surprising in light of a recent survey by the U.S. Department of Labor that shows that the average working woman spends about twice as much time as the average working man on household chores and the care of children. And she also gets about an hour less sleep each night than the average stay-at-home mom.[66]

Cultural background plays a big role in determining whether husbands or wives control purchase decisions. For example, husbands tend to dominate decision making among couples with a strong Hispanic ethnic identification. Vietnamese Americans also are more likely to adhere to the traditional model: The man makes the decision for any large purchase, whereas the woman gets a budget to manage the home. In a study that compared marital decision making in the United States and China, American women reported more "wife decides" situations than did the Chinese. Advertising and marketing strategies often reflect assumptions about "who's the boss." These examples illustrate some cross-cultural differences:[67]

- The Coca-Cola Company developed a campaign to appeal to Latin American women based on a big research project the company conducted in Brazil. It found that a motherly female kangaroo was most likely to appeal to women who shop for their families—and who happen to account for 80 percent of Coke's $3.5

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billion in Brazilian sales. Coke used the theme "Mom knows everything," after women in focus groups said they felt the media neglected them even though they purchased virtually every product in their households.

- Butterfly, an Indian program, enlists village medicine men to convince local women to take birth control pills. A big obstacle is that women are not accustomed to making these decisions. The response of one village resident is typical: "I have never taken contraceptives. My husband is my master—he will decide."
- Traditional sex-role norms also influenced a commercial Procter & Gamble produced for its Ariel laundry detergent in India. It shows a man named Ravi doing the laundry, which is highly unusual there. A female voice questions, "Where's the wife? Are you actually going to wash them? . . . a man should not wash clothes . . . [he is] sure to fail."
- Ads showing men doing housework are risky in Asia as well, even though today more Asian women work outside the home. A South Korean vacuum cleaner ad flashed to a woman who lies on the floor; she gives herself a facial with slices of cucumber while her husband vacuums around her. Women there didn't appreciate this ad. As a local ad executive put it, they regarded the ad as a challenge to "the leadership of women in the home."

In general, four factors appear to determine the degree to which one or the other spouse or both jointly will decide what to buy:[68]

1. **Sex-role stereotypes**—Couples who believe in traditional sex-role stereotypes tend to make individual decisions for sex-typed products (i.e., those they consider "masculine" or "feminine," as we discussed in Chapter 5).
2. **Spousal resources**—The spouse who contributes more resources to the family has the greater influence.
3. **Experience**—Couples who have gained experience as a decision-making unit make individual decisions more frequently.
4. **Socioeconomic status**—Middle-class families make more joint decisions than do either higher- or lower-class families.

Despite recent changes in decision-making responsibilities, women are still primarily responsible for the continuation of the family's **kin-network system**: They maintain ties among family members, both immediate and extended. Women are more likely to coordinate visits among relatives, stay in touch with family members, send greeting cards, and arrange social engagements.[69] This organizing role means that women often make important decisions about the family's leisure activities, and they are more likely to decide with whom the family will socialize.

Heuristics in Joint Decision Making

The **synoptic ideal** calls for the husband and wife to take a common view and to act as joint decision makers. According to this view, they would very thoughtfully weigh alternatives, assign one another well-defined roles, and calmly make mutually beneficial consumer decisions. The couple would act rationally, analytically, and use as much information as possible to maximize joint utility. Do you know anyone who does that? In reality, spousal decision making may be more about choosing whatever option will result in less conflict. A couple "reaches" rather than "makes" a decision. Researchers simply describe this process as "muddling through."[70]

One common technique to simplify the decision-making process uses *heuristics* (see Chapter 8). The following decision-making patterns realtors frequently observe when a couple decides on a new house illustrate how couples use heuristics.

The couple defines their areas of common preference on obvious, objective dimensions rather than subtler, hard-to-define cues. For example, they may easily

ECONsumer Behavior



A tight economy forces many consumers to rethink their budget priorities. In a recent U.S. survey of women with children, 80 percent of the respondents agree that most Americans have been encouraged to buy beyond their means, while 58 percent think the average American is too greedy. These beliefs matter, because moms often manage the family budget and teach values to their children. Today many feel they lead the charge to rein in household spending—65 percent of moms surveyed said they are eliminating purchases that are not absolutely necessary.[64]

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CB AS I SEE IT

Professor Alladi Venkatesh, *University of California, Irvine*

As new technologies diffuse into the home, new terminology has begun to emerge as, for example, in smart homes, home automation, digital home, digital living, networked home, home of the future, smart appliances, and so on. To further complicate the technological scene we are witnessing growth of social media (Facebook, MySpace, YouTube, etc.). We will use the term *smart home technologies* to describe these and other similar technologies. Although smart home technologies have developed in different directions because of the types of industry players involved, some common themes underlie these developments. For example, family shopping behavior from online product information search to payments, vacation planning and communication are some of the many activities that families undertake using these new technologies. They all seem to point to a great sense of anticipation that home life as we have understood in the past fifty or sixty years will undergo some fundamental changes. It is claimed that some of the changes may be the result of advances at the technological frontier.

Embedded in the concept of the smart home are smart appliances, multimedia systems, energy devices, sensors, lighting systems, sensors and control systems, and home robots that manifest basic qualities of programmable machine intelligence. However, their implementation has not been very successful and has been a little slow. Recent developments however seem to suggest that smart home concepts are closer to reality and must be taken seriously.

To put these developments in a historical perspective, one can trace all such advances to the early 1980s with the introduction of the PC into the home. This was also the period when various electronic gadgets entered the domestic space: VCRs, microwave ovens, answering machines, cable TV to name important few. A lot has happened since then. In the 1990s the technological scene changed dramatically with the arrival of the Internet connecting the household to the external environment in some fundamental views. In the beginning of the twenty-first century, the introduction of mobile phones and wireless technologies have further opened up the technological boundaries. The possibilities seem endless. In this ever-increasing technological frenzy, some caution must be exercised as new technologies knock on the door to gain acceptance by families. Our previous studies show that families are reluctant to "overtechnologize" their homes, but at the same time are quite open to technologies that fit with their current patterns of behaviors and possibly add value to the family life. It is this balance between too much and too little technology that one must seek.

Given the developments described previously, technology diffusion into the home remains an unexplored area in the field of consumer research. For consumer researchers, the challenging questions are:

- How are smart home technologies diffusing into the home?
- How is the family changing as a result of new technologies coming into the home?
- Who are the innovators? And what are their characteristics?
- What are the models of technology and appropriate adoption and use?
- How are the family roles transformed in light of these new changes?
- What are the implications for product advertising in light of social media?

agree on the number of bedrooms they need in the new home, but they have a harder time when they need to agree on how the home should look.

The couple negotiates a system of *task specialization* in which each is responsible for certain duties or decision areas and does not intrude on the other's "turf." For many couples, sex roles often dictate just what these territories are. For example, the wife may scout out houses that meet their requirements in advance, and the husband determines whether the couple can obtain a mortgage.

The likelihood of one partner conceding to the wishes of the other depends on how passionately each person desires a specific outcome. One spouse yields to the influence of the other in many cases simply because his or her preference for a certain attribute is not particularly intense. In other situations he is more willing to fight for what he wants (in other words, "choose your battles").[71] In cases where in-

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tense preferences for different attributes exist, rather than attempt to influence each other, spouses will "trade off" a less-intense preference for a more strongly felt one. For example, a husband who is somewhat indifferent about kitchen design may give in to his wife in exchange for permission to design his own garage workshop.

6

OBJECTIVE

How do children learn over time what and how to consume?

Children as Decision Makers: Consumers-in-Training

As they struggle to convince us to buy new cars, carmakers also take time out to woo some people who are still too young to drive. Many advertise in child-oriented areas such as gyms that cater to kids, social networking sites young people visit, and the Saturday morning cartoons. In Whyville.net, a virtual world where nearly 2 million children aged 8 to 15 hang out, kids can buy virtual Scion xBs if they have enough "clams" (Whyville's monetary unit). If not, they can meet with Eric, a virtual Toyota Financial Services advisor, to finance an xB replica they can use to tool around while in-world. Small wonder: A study Nickelodeon conducted reported that almost two-thirds of parents now say their children "actively participate" in car-buying decisions.[72]

Anyone who has had the "delightful" experience of grocery shopping with children in tow knows that kids often have a say (sometimes a loud, whiney one) in what their parents buy. Children make up three distinct markets:[73]

1. **Primary Market**—Kids spend a lot on their own wants and needs that include toys, apparel, movies, and games. When marketers at M&Ms candy figured out who actually buys a lot of their products, they redesigned vending machines with coin slots lower to the ground to accommodate shorter people, and sales rose dramatically.[74] Most children choose their own brands of toothpaste, shampoo, and adhesive bandage.[75]
2. **Influence Market—Parental yielding** occurs when a parental decision maker "surrenders" to a child's request.[76] Yielding drives many product selections because about 90 percent of these requests are for a specific brand. Researchers estimate that children directly influence about $453 billion worth of family purchases in a year. They report that on average children weigh in with a purchase request every 2 minutes when they shop with parents.[77] In recognition of this influence, Mrs. Butterworth's Syrup created a $6 million campaign to target kids directly with humorous ads that show the lengths to which adults will go to get the syrup bottle to talk to them. An executive who worked on the campaign explained, "We needed to create the *nag factor* [where kids demand their parents buy the product]."[78]

   The likelihood of yielding depends partly on the dynamics within a particular family. As we all know, parental styles range from permissive to strict, and they also vary in terms of the amount of responsibility parents give their children.[79] Income level also comes into play; kids at the lower end of the spectrum have a greater say in brand purchases than those from high income families. Parents whom children can most easily influence also tend to be highly receptive to advertising; according to a major research firm, these "child influenced shoppers" are twice as likely as the average U.S. adult to agree that if they see a brand name product on a TV show this reassures them it's a good product. They're also twice as likely to say that they'll probably try a new product if they see a character in a movie use it.

   One study documented the strategies kids use to request purchases. Although most children simply ask for things, some other common tactics included saying

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they had seen it on TV, saying that a sibling or friend has it, or offering to do chores in exchange. Other actions were less innocuous—they included directly placing the object in the cart and continuous pleading—often a "persuasive" behavior![80] In addition, the amount of influence children have over consumption is culturally determined. Children who live in individualistic cultures such as the United States have more direct influence, whereas kids in collective cultures such as Japan get their way more indirectly.[81]

3 **Future Market**—Kids have a way of growing up to be adults—so savvy marketers try to lock in brand loyalty at an early age. That explains why Kodak encourages kids to become photographers. Currently, only 20 percent of children aged 5 to 12 own cameras, and they shoot an average of only one roll of film a year. The company produces ads that portray photography as a cool pursuit and as a form of rebellion. It packages cameras with an envelope to mail the film directly back so parents can't see the photos.

Consumer Socialization

We've seen that kids are responsible for a lot of marketplace activity, but how do they know what they like and want? Children do not spring from the womb with consumer skills in place. **Consumer socialization** is the process "by which young people acquire skills, knowledge, and attitudes relevant to their functioning in the marketplace."[82] From where does this knowledge come? Friends and teachers certainly participate in this process. For instance, children talk to one another about consumer products, and this tendency increases with age.[83] Especially for young children, though, the two primary socialization sources are the family and the media.

Parents' Influence

Parents influence consumer socialization both directly and indirectly. They deliberately try to instill their own values about consumption in their children ("You're going to learn the value of a dollar!"). Parents also determine the degree to which their children come into contact with other information sources such as television, salespeople, and peers.[84] Cultural expectations regarding the involvement of children in purchase decisions influence when and how parents socialize their kids as consumers. For example, parents in traditional cultures such as Greece and India rely on later development timetables for consumer-related skills and understanding advertising practices than do American and Australian parents.[85]

Grown-ups also serve as significant models for observational learning (see Chapter 3). Children learn about consumption as they watch their parents' behaviors and imitate them. Marketers encourage this process when they package adult products in child versions. This "passing down" of product preferences helps to create brand loyalty—researchers find evidence of intergenerational influence when they study the product choices of mothers and their daughters.[86]

The process of consumer socialization begins with infants; within the first 2 years, children request products they want. By about age 5, most kids make purchases with the help of parents and grandparents, and by age 8 most buy things on their own.[87] Figure 11.2 summarizes the sequence of stages as kids turn into consumers.

Parents exhibit different styles when they socialize their children:[88]

- *Authoritarian parents* are hostile, restrictive, and emotionally uninvolved. They do not have warm relationships with their children, they censor the types of media their children see, and they tend to have negative views about advertising.
- *Neglecting parents* also are detached from their children, and the parents don't exercise much control over what their children do.
- *Indulgent parents* communicate more with their children about consumption-related matters and are less restrictive. They believe that children should be allowed to learn about the marketplace without much interference.

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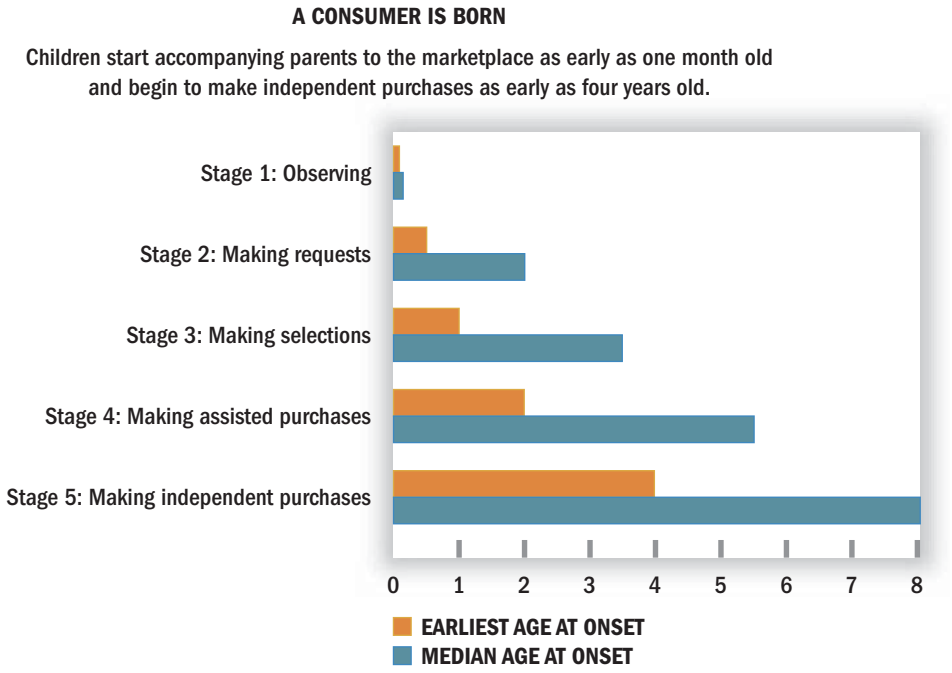

Figure 11.2 FIVE STAGES OF CONSUMER DEVELOPMENT BY EARLIEST AGE AT ONSET AND MEDIAN AGE AT ONSET

Television and the Web: Electric Babysitters

Advertising starts to influence us at a very early age. As we've seen, many marketers push their products on kids to encourage them to build a lifelong habit. One controversial exception occurred in France. An ad McDonald's placed in the magazine *Femme Actuelle* actually encouraged parents to limit kids' visits to its outlets when it proclaimed, "There is no reason to eat excessive amounts of junk food, nor go more than once a week to McDonald's." A spokesperson for McDonald's in the United States said the company did not agree with the views the ad expressed.[89] That's unfortunate—a recent study the National Institutes of Health funded projected that a ban on fast-food advertising to children would cut the national obesity rate by as much as 18 percent.[90]

In two studies, British researchers compared the effects of television advertising on the eating habits of 152 kids between the ages of 5 and 11. In both studies, the kids watched 10 ads followed by a cartoon. In one session, the kids saw ads for toys before they watched a video. But in another session, they replaced the toy ads with food ads that commonly run during children's programs. After both viewings, held 2 weeks apart, the kids were allowed to snack as much as they wanted from a table of low-fat and high-fat snacks, including grapes, cheese-flavored rice cakes, chocolate buttons, and potato chips. The 5- to 7-year-old kids who saw the food ads ate 14 to 17 percent more calories than those who saw the toy ads. The results were even more dramatic among 9- to 11-year-olds. Those in the food ad condition ate from 84 to 134 percent more calories than did those in the toy ad condition.[91]

And, as we've already seen, a lot of kids divide their time between their TV set and their computer (and their cell phone as well). Many major companies such as Disney are beefing up their presence on the Web to be wherever kids spend their time.[92] At BarbieGirls.com a girl can customize her avatar and shop for furniture and clothes in a virtual mall using "B-bucks" she earns playing games and watching product promotion videos. Mattel hopes these girls, who have outgrown their traditional toys, will want to customize their Barbie Girls' devices as they would their cell phones or iPods. One device is a Barbie-inspired handheld MP3 music device to interact with the Web site and unlock even more content.[93]

The Tangled Web



It comes as no surprise that aggressive advertising drives kids to online locations. A recent study reported that more than 4 out of 10 children ages 6 to 11 visited a Web site they saw or heard about in an ad.[94] Another annual survey highlights the unease many parents feel about cyberspace—one-fourth of adult respondents agreed that their children spend too much time on the Internet. The 2008 study also showed an increase in the number of parents who said their children's grades declined since they went online, and over half of those surveyed said that online predators are a threat.[95]

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Marketing Pitfall



Do marketers try to turn girls into women before they should? Adult products and practices increasingly trickle down to the younger set. Analysts estimate that girls 11 to 14 see about 500 advertisements a day. We read about elementary school students who spend the afternoon at the beauty salon and even 5-year-olds who have spa days and pedicure parties. In 2005 the NPD group reported that the average age that women began to use beauty products was 17. In 2009, that average dropped to 13. Another study by Experian found that 43 percent of 6- to 9-year-olds use lipstick or lip gloss, and 38 percent use hair-styling products. In addition to adult shows like *Extreme Makeover*, youngsters learn about makeup from the girls of *Toddlers & Tiaras*, and *Little Miss Perfect*.[98]

Sex-Role Socialization

Children pick up on the concept of gender identity (see Chapter 5) at an earlier age than researchers previously believed—by as young as age 1 in some cases. By the age of 3, most children categorize driving a truck as masculine and cooking and cleaning as feminine.[96] Even characters that cartoons portray as helpless are more likely to wear frilly or ruffled dresses.[97]

One function of child's play is to rehearse for adulthood. Children act out different roles they might assume later in life and learn about the expectations others have of them. The toy industry provides the props children use to perform these roles.[99] Depending on which side of the debate you're on, these toys either reflect or teach children about what society expects of males and females. Preschool boys and girls do not exhibit many differences in toy preferences, but after the age of 5 they part company: Girls tend to stick with dolls, whereas boys gravitate toward "action figures" and high-tech diversions.

Industry critics charge this is because males dominate the toy industry, but toy company executives counter that they simply respond to kids' natural preferences.[100] Indeed, after two decades of trying to avoid boy-versus-girl stereotypes, many companies seem to have decided that differences are inevitable. Toys "R" Us unveiled a new store design after it interviewed 10,000 kids; the chain now has separate sections it calls Girls' World and Boys' World. According to the president of Fox Family Channels, "Boys and girls are different, and it's great to celebrate what's special about each."[101] Boys tend to be more interested in battle and competition; girls are more interested in creativity and relationships. This is what experts refer to as "male and female play patterns."[102]

Some doll manufacturers recognize the powerful role toys play in consumer socialization, so they create characters they hope will teach little girls about the real world—not the fantasy "bimbo" world that many dolls represent. Barbie's rebirth as a career woman illustrates how a firm takes concerns about socialization to heart. Although Mattel introduced a Barbie doll astronaut in 1964 and an airline pilot in 1999, it never provided much detail about the careers themselves. Today girls can choose to play with Working Woman Barbie. She comes with a miniature computer and cell phone as well as a CD-ROM about understanding finances. She dresses in a gray suit, but the skirt reverses to a red dress for her to wear with red platform shoes when she goes on after-work adventures with Ken.[103]

Cognitive Development

A child's ability to make mature, "adult" consumer decisions obviously increases with age (not that grown-ups always make mature decisions). Marketers segment kids in terms of their **stage of cognitive development**, or their ability to comprehend concepts of increasing complexity. Some evidence indicates that very young children learn consumption-related information surprisingly well.[105]

The Swiss psychologist Jean Piaget was the foremost proponent of the idea that children pass through distinct stages of cognitive development. He believed that a certain cognitive structure characterizes each stage as the child learns to process information.[106] In one classic demonstration of cognitive development, Piaget poured the contents of a short, squat glass of lemonade into a taller, thinner glass that actually held the same amount of liquid. Five-year-olds, who still believed that the shape of the glass determined its contents, thought this glass held more liquid than the first glass. They are in what Piaget termed a *preoperational stage of development*. In contrast, 6-year-olds tended to be unsure, but 7-year-olds knew the amount of lemonade had not changed.

Many developmental specialists no longer believe that children necessarily pass through these fixed stages at the same time. An alternative view proposes that

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they differ in information-processing capability, or ability to store and retrieve information from memory (see Chapter 3). Researchers who advocate this approach identify three developmental stages:[107]

1 **Limited**—Children who are younger than age 6 do not employ storage and retrieval strategies.
2 **Cued**—Children between the ages of 6 and 12 employ these strategies but only when prompted.
3 **Strategic**—Children 12 and older spontaneously employ storage and retrieval strategies.

This sequence of development underscores the notion that children do not think in the same way adults do, and we can't expect them to use information the same way either. It also reminds us that they do not necessarily form the same conclusions as adults when they encounter product information. For example, kids are not as likely to realize that something they see on TV is not "real," and as a result they are more vulnerable to persuasive messages. Younger kids aren't able to distinguish media depictions from reality, so the more a child watches MTV's *Laguna Beach* or *SpongeBob SquarePants*, the more he will accept the images it depicts as real.[108] Kids also see idealized images of what it is like to be an adult. Because children over the age of 6 do about a quarter of their television viewing during prime time, adult programs and commercials have a big affect on them. For example, young girls who see adult lipstick commercials associate lipstick with beauty.[109]

Recent research underscores the idea that children's understanding of brand names evolves as they age. Kids learn to relate to brand names at an early age; they recognize brand names in stores, develop preferences for some brands over others, and request branded items by name. However, brand names function as simple perceptual cues for these children that let them identify a familiar object with particular features. *Conceptual brand meanings*, which specify the nonobservable abstract features of the product, enter into the picture in middle childhood (about age 8); children incorporate them into their thinking and judgments a few years later. By the time a child reaches 12 years of age, she thinks about brands on a conceptual or symbolic level and she's likely to incorporate these meanings into brand-related judgments.[110]

Several new business ventures illustrate that using sound principles of consumer psychology can also make good financial sense. The trend started a long time ago with public television's *Sesame Street*, but today the for-profit networks are in the game as well. The first successful foray into the preschool market was *Blue's Clues* in 1996, which turned into a huge hit as viewers abandoned the smarmy *Barney & Friends*.

Now, when millions of preschoolers tune in to Nickelodeon's hit show *Dora the Explorer*, they don't realize that they view content based on **multiple-intelligence theory**. This influential perspective argues for other types of intelligence, such as athletic prowess or musical ability, beyond the traditional math and verbal skills psychologists use to measure IQ. Thus, when Dora consults her map, she promotes "spatial" skills. And when she asks her young viewers to help her count planks to build a bridge, Dora builds "interpersonal intelligence."[111]

Marketing Pitfall



Toys are fun to play with, but often a hidden agenda is that they're also socialization agents that teach kids about life. Sometimes, perhaps they can be a bit *too* realistic. Some critics object to a new doll called Baby Alive Learns to Potty. She comes with a pink plastic toilet. When a child presses the doll's bracelet she chirps, "Sniff sniff. I made a stinky!" The doll also comes with "green beans" and "bananas" that the child feeds to the doll—then they come out the other end. Put Baby Alive on her toilet and a magnet triggers a change in the bowl: The "water" is replaced with "potty waste," which the child can flush (with appropriate sound effects). Critics charge that some things are better left to the land of make-believe. Indeed, most child psychologists agree that the best toys encourage children to use their imaginations.[104]

Marketing Research and Children

The Walt Disney Co. recently assembled a team of anthropologists who spent 18 months studying 6- to 14-year-old boys. The company, which has tended toward girl-friendly fare like *Hannah Montana* and *The Little Mermaid* in recent years, wanted to get a better handle on a market segment that spends about $50 billion every year (it recently bought Marvel Comics to expand its reach to boys). After team

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members observed boys in their natural habitats, they recommended subtle but important changes to programs that better capture this world.

- The central character on the show *Aaron Stone* is a mediocre basketball player. The team learned that boys identify more with characters who try to improve than to those who easily win.
- Actors on the show now carry their skateboards with the bottoms facing outward because boys in real life do that to show off how they personalize their boards.
- The games section of the Disney XD Web site includes trophy cases because the researchers found that players like to share their achievements with others.[112]

Compared to adults, kids are difficult subjects for market researchers. They tend to be unreliable reporters of their own behavior, they have poor recall, and they often do not understand abstract questions.[113] Some European countries restrict marketers' ability to interview children so it's even harder to collect this kind of data there. Still, as Disney discovered market research can pay off.[114]

Product Testing

A particularly helpful type of research with children is product testing. Young subjects provide a valuable perspective on what products will succeed with other kids. Marketers obtain these insights as they watch kids play with toys or talk to them in focus groups. The Fisher-Price Company maintains a nursery it calls the Playlab. Children it chooses from a waiting list of 4,000 play with new toys while staff members watch from behind a one-way mirror.[115]

Message Comprehension

Because children differ in their abilities to process product-related information, when advertisers try to appeal directly to them this raises many serious ethical issues.[116] Children's advocacy groups argue that kids younger than age 7 do not understand the persuasive intent of commercials and (as we've seen) younger children cannot readily distinguish between a commercial and programming. Kids' cognitive defenses are not yet sufficiently developed to filter out commercial appeals, so in a sense, altering their brand preferences may be likened to "shooting fish in a barrel," as one critic put it.[117] Figure 11.3 shows one attempt to assess whether kids can tell that a commercial is trying to persuade them.

Beginning in the 1970s, the Federal Trade Commission (FTC) took action to protect children. The agency limited commercials during "children's" programming



LEGO did research to learn how boys and girls play with its building toys. When executives watched girls play with the toys they noticed they were more likely to build living areas while boys tended to build cars. The company introduced a new version of its product called Paradisa to entice girls to buy more LEGOs. This set emphasizes the ability to build "socially oriented structures" such as homes, swimming pools, and stables. Sales to girls picked up, though the company still sells most of its sets to boys.
Source: PhotoEdit, Inc./Tom Prettyman.

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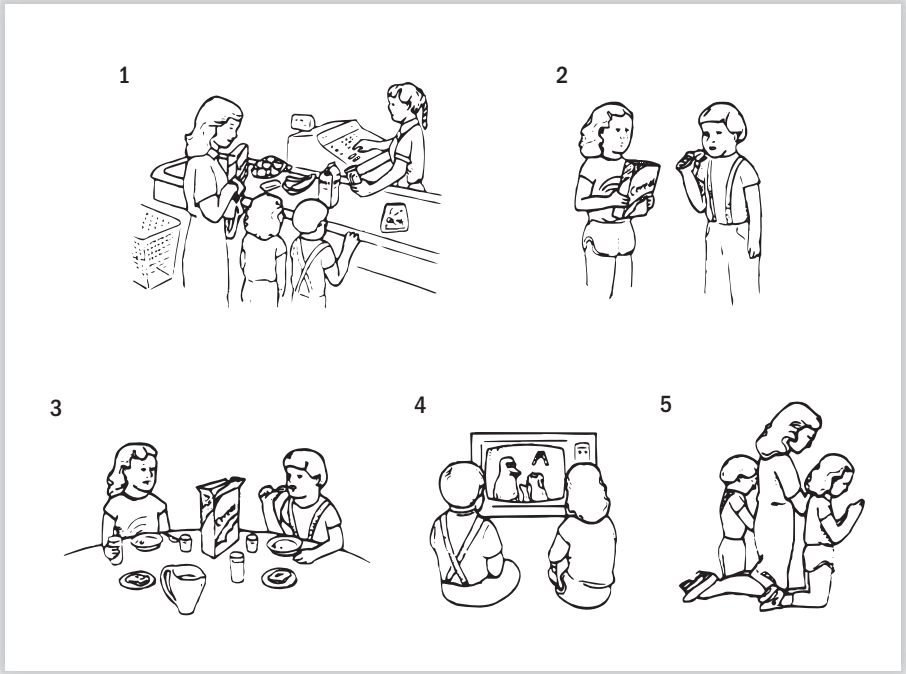

Figure 11.3 EXAMPLES OF SKETCHES RESEARCHERS USE TO MEASURE CHILDREN'S PERCEPTIONS OF COMMERCIAL INTENT

(most often Saturday morning television) and required "separators" to help children discern when a program ended and a commercial began (e.g., "We'll be right back after these commercial messages"). The FTC reversed itself in the early 1980s during the deregulatory, probusiness climate of the Reagan administration. The 1990 Children's Television Act restored some of these restrictions. Still, critics argue that rather than sheltering children from marketplace influences, the dominant way that marketers view them is as what one calls "kid customer."[118]

CHAPTER SUMMARY

Now that you have finished reading this chapter you should understand why:

1 Marketers often need to understand *consumers'* behavior rather than consumer behavior because in many cases more than one person decides what to buy.

More than one person actually makes many purchasing decisions. Collective decision making occurs whenever two or more people evaluate, select, or use a product or service. In organizations and in families, members play several different roles during the decision-making process. These roles include the gatekeeper, influencer, buyer, and user.

2 Companies as well as individuals make purchase decisions. The decision-making process differs when people choose what to buy on behalf of a company versus a personal purchase.

Organizational buyers are people who make purchasing decisions on behalf of a company or other group. Although many of the same factors that affect how they make decisions in their personal lives influence these buyers, their organizational choices tend to be more rational. They are also likely to involve more financial risk, and as they become more complex, it is probable that a greater number of people will be involved in making the decision. The amount of cognitive effort that goes into organizational decisions relates to internal factors, such as the individuals' psychological characteristics, and external factors, such as the company's willingness to tolerate risk. One of the most important determinants is the type of purchase the company wants to make: The extent of problem solving required depends on whether the product or service it procures is simply a reorder (a straight rebuy), a reorder with minor modifications (modified rebuy), or something it never bought before or something complex and risky (new task). Online purchasing sites revolutionize the way organizational decision makers collect and evaluate product information in business-to-business (B2B) e-commerce.

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3 Our traditional notions about families are outdated.

The number and type of U.S. households is changing in many ways, including delays in getting married and having children, and in the composition of family households, which a single parent increasingly heads. New perspectives on the family life cycle, which focuses on how people's needs change as they move through different stages in their lives, are forcing marketers to more seriously consider consumer segments such as gays and lesbians, divorced persons, and childless couples when they develop targeting strategies.

4 Many important demographic dimensions of a population relate to family and household structure.

Demographics are statistics that measure a population's characteristics. Some of the most important of these relate to family structure (e.g., the birthrate, the marriage rate, and the divorce rate). A household is an occupied housing unit.

5 Members of a family unit play different roles and have different amounts of influence when the family makes purchase decisions.

Marketers have to understand how families make decisions. Spouses in particular have different priorities and exert varying amounts of influence in terms of effort and power. Children are also increasingly influential during a widening range of purchase decisions.

6 Children learn over time what and how to consume.

Children undergo a process of socialization, where they learn how to be consumers. Parents and friends instill some of this knowledge, but a lot of it comes from exposure to mass media and advertising. Because it's so easy to persuade children, consumers, academics, and marketing practitioners hotly debate the ethical aspects of marketing to them.

KEY TERMS

Accommodative purchase decision, 432
Autonomic decision, 434
Boomerang kids, 428
Business-to-business (B2B) e-commerce, 424
Business-to-business (B2B) marketers, 420
Buyclass theory of purchasing, 423
Buyer, 420
Buying center, 422
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Prediction market, 425
Sandwich Generation, 427
Stage of cognitive development, 442
Straight rebuy, 423
Syncretic decisions, 434
Synoptic ideal, 437
User, 420
Wiki, 424

REVIEW

1 What are some factors that influence how an organizational buyer evaluates a purchase decision?
2 What is a prediction market?
3 Summarize the buyclass model of purchasing. How do decisions differ within each class?
4 What are some of the ways organizational decisions differ from individual consumer decisions? How are they similar?
5 List at least three roles employees play in the organizational decision-making process.
6 What is a nuclear family, and how is it different from an extended family?
7 How do we calculate a nation's fertility rate? What fertility rate is required to ensure that population size does not decline?
8 What are boomerang kids?
9 What is the FLC, and why is it important to marketers?
10 List some variables we must consider when we try to understand different stages in the FLC.
11 What is the difference between a consensual and an accommodative purchase decision? What are some factors that help to determine how much conflict the family will experience when it makes a decision?
12 What is the difference between an autonomic and a syncretic decision?
13 What are some differences between "traditional" and "modern" couples in terms of how they allocate household responsibilities?
14 What factors help to determine if decisions will be made jointly or by one spouse or the other?
15 What is a kin-network system?
16 Describe a heuristic a couple might use when they make a decision, and provide an example of it.

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17 What are three reasons why children are an important segment to marketers?
18 What is consumer socialization? Who are some important players in this process? How do toys contribute?
19 Discuss stages of cognitive development and how these relate to the comprehension of marketing messages.
20 Why is it difficult to conduct marketing research with children?

CONSUMER BEHAVIOR CHALLENGE

DISCUSS

1 The promotional products industry thrives on corporate clients that order $19 billion per year of T-shirts, mugs, pens, and other branded items in order to keep their organizations at the forefront of their customers' minds. As a result of the voluntary ban on these products by the pharmaceutical industry, these businesses will lose around $1 billion per year in sales. What do you think about this initiative—is it fair to deprive an industry of its livelihood in this way? Why or why not?[119]
2 Is the family unit dead?
3 Discuss the pros and cons of the voluntarily childless movement. Are followers of this philosophy selfish?
4 Do marketers rob kids of their childhood?
5 The Defense Department shut down a controversial research program following a public outcry. Its intent was to create a prediction market to forecast terrorist activities. Was the decision to terminate the program warranted? Why or why not?
6 The chapter cites parents' worries about the amount of time their kids spend online. Is this just old-fashioned concern that ignores the benefits kids get when they explore cyberspace?
7 Do you think market research should be performed with children? Give the reasons for your answer.
8 Marketers have been criticized when they donate products and services to educational institutions in exchange for free promotion. Is this a fair exchange, in your opinion, or should corporations be prohibited from attempting to influence youngsters in school?
9 For each of the following five product categories—groceries, automobiles, vacations, furniture, and appliances—describe the ways in which you believe having children or not affects a married couple's choices.
10 When they identify and target newly divorced couples, do you think marketers exploit these couples' situations? Are there instances in which you think marketers may actually be helpful to them? Support your answers with examples.
11 Industrial purchase decisions are totally rational. Aesthetic or subjective factors don't—and shouldn't—play a role in this process. Do you agree?
12 We can think of college students who live away from home as having a substitute "family." Whether you live with your parents, with a spouse, or with other students, how are decisions made in your college residence "family"? Do some people take on the role of mother or father or child? Give a specific example of a decision that had to be made and the roles members played.
13 Stanford University Medical Center prohibits its physicians from accepting even small gifts such as pens and mugs from pharmaceutical sales representatives under a new policy it hopes will limit industry influence on patient care and doctor education. The new policy is part of a small but growing movement among centers (Yale and the University of Pennsylvania have similar policies). The policy also prohibits doctors from accepting free drug samples and from publishing articles in medical journals that industry contractors ghostwrite (a fairly common practice). These changes come at a time when many of us are concerned about the safety and rising cost of drugs and medical devices. About 90 percent of the pharmaceutical industry's $21 billion marketing budget targets physicians. Some studies have shown that even small gifts create a sense of obligation; one critical study charged that free drug samples are ". . . a powerful inducement for physicians and patients to rely on medications that are expensive but not more effective." Indeed, some industry documents from a civil lawsuit show that big pharmaceutical companies sometimes calculate to the penny the profits that doctors could make from their drugs. Sales representatives shared those profit estimates with doctors and their staffs, the documents show.[120] Where is the line between legitimately promoting one's products and unethical practice? Should professionals engage in organizational decision making that has such far-reaching medical and financial ramifications?

APPLY

1 Arrange to interview two married couples, one younger and one older. Prepare a response form that lists five product categories—groceries, furniture, appliances, vacations, and automobiles—and ask each spouse to indicate, without consulting the other, whether purchases in each category are made by joint or unilateral decisions, and to indicate whether the unilateral decisions are made by the husband or the wife. Compare each couple's responses for agreement between husbands and wives relative to who makes the decisions,

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and compare both couples' overall responses for differences relative to the number of joint versus unilateral decisions. Report your findings and conclusions.

2 Collect ads for three different product categories that target families. Find another set of ads for different brands of the same items that don't feature families. Prepare a report comparing the probable effectiveness of the two approaches. Which specific categories would most likely benefit from a family emphasis?

3 Pick three married couples and ask each husband and wife to list the names of all cousins, second cousins, and so on for both sides of the family. Based on the results, what can you conclude about the relative role of men and women in maintaining the kin-network system?

4 Observe the interactions between parents and children in the cereal section of a local grocery store (remember to bring earplugs). Prepare a report on the number of children who expressed preferences, how they expressed their preferences, and how parents responded, including the number who purchased the child's choice.

5 Watch 3 hours of children's programming on commercial television stations. Evaluate the marketing techniques used in the commercials in terms of the ethical issues raised in the final section of this chapter. Report your findings and conclusions.

6 Select a product category, and using the life-cycle stages the chapter describes, list the variables likely to affect a purchase decision for the product by consumers in each stage of the cycle.

7 Consider three important changes in the modern family structure. For each, find an example of a marketer who seems to be conscious of this change in its product communications, retailing innovations, or other aspects of the marketing mix. If possible, also try to find examples of marketers who have failed to keep up with these developments.

Case Study

CHILDREN: THE FINAL FRONTIER . . . FOR CELL PHONES

With the adult and even teen markets for cell phones quickly saturating (over 65 percent of U.S. teens have them now), the industry looks to other segments. The growth market for the cell phone industry in the near future is children, ages 8 to 12—or even younger. Many in the industry see grade school children as the final frontier if phone manufacturers are to continue to grow. Already, parents give children as young as 5 years old their own cell phones.

A host of companies make phones for the younger market. Disney, Hasbro, Mattel, and Firefly Mobile offer models in bright colors that feature graphics of favorite characters such as SpongeBob SquarePants or Barbie. They designed these phones for smaller hands, and many lack traditional keypads. Parents can program what the phones do, control incoming and outgoing calls, and prepay minutes.

But do children really need a cell phone? There are many child advocates, including Ralph Nader, Canadian kids' entertainer Raffi, and various politicians, who say that they do not. Some critics claim that cell phone makers have declared "open season" on children with their aggressive marketing tactics.

The cell phone companies defend their actions. Many released statements saying that they don't market their products (even the kid-friendly ones) to children, but rather to their parents. Disney said it developed the Disney Mobile as a service to address the needs of a family audience, and that its products and services are available to all members of the family including adults. Marketers claim that they simply answer the demands of consumers for services such as the five-key, parent-programmable Firefly.

Of course, children want the phones because they're cool, because their friends have them, and because they want to be more grown-up. In fact, many tweens reject the kiddie versions and demand real adult-style cell phones. According to a spokesman for Verizon Wireless, kids "don't want what we call 'Fisher Price' phones. They want the real deal, with the camera and the QWERTY keyboard for text messaging." Coolness and prestige alone are usually not good enough for parents to give in and buy one of the gadgets for their kids. However, marketers position the phones to Mom and Dad on a different basis: The phones provide an extra layer of security to anxious parents who want to be able to locate their kids at all times. Many of the children's phones offer GPS tracking as well as all the parental control features. When parents are convinced that the increased ability to stay connected with their children enhances safety, the purchase decision is simple. Whether due to safety concerns or simply because parents give in to their kids' demands, the efforts of cell phone marketers appear to be paying off. Already, 55 percent of children ages 9 to 11 and 35 percent of children ages 7 years and younger carry their own mobiles. If companies can get younger children in the habit of using phones, the kids will probably be consumers for life.

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DISCUSSION QUESTIONS

1. When it comes to cell phones for kids, who is the customer? Discuss the dynamics of the decision to buy a cell phone for a young child.
2. How do current trends in the family life cycle affect the marketing of cell phones to children?

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MINTEL

SECTION 3 MINTEL MEMO AND DATASET EXERCISE

Mintel Memo

TO: Consumer Research Dept.
FROM: The Big Boss
RE: Organic food for the family unit

We're happy with our market share in the organic food and drink category right now, but I have a hunch that we could gain more share if we start to promote to families. I'd like you to create a new promotional campaign with the family unit in mind. Your campaign should focus on triggers that consumers use to recognize their desires for organic food and drink, as well as the criteria that go into their decision to buy a particular organic brand.

Please provide us with actionable recommendations for promotion based on this information. As you analyze the data in the tables provided, remember to focus on general trends with an eye on specific family subgroups (e.g., married, two or more people in the household, children in the household) that show a statistically significant difference in their responses—especially when there is some reason based on what you have learned in this section about consumer behavior to believe that this difference is important.

When you write your memo, please try to incorporate relevant concepts and information you learned when you read the designated chapters!

What can we learn from the following data to help our company promote organic foods/drinks?

Number of Respondents		**2000**	**477**	**181**	**1028**	**314**
Respondent Categories			**Marital Status**			
Respondent Sub-categories		**Total**	**Single**	**Living with a Partner**	**Married**	**Separated, Divorced, Widowed**
			(A)	**(B)**	**(C)**	**(D)**
Questions	**Answers**	**%**	**%**	**%**	**%**	**%**
Would you describe your concern about food safety (for food purchased in the grocery store) as:	High	30	24	33	31	37
(Comparison of Column Proportions)						A, C
	Medium	48	55	47	47	42
			D			
	Low	22	22	20	22	21

Comparison of Column Proportions results are based on two-sided tests with significance level $p < 0.05$. Letters appearing in the column category denote a significant difference between the number immediately above the letter and the category associated with that particular letter. For example, the "D" in the Single category above denotes a significant difference between the percentage of Singles who reported a Medium level of concern about food safety (55%) and the percentage of Separated, Divorced, or Widowed respondents who reported the same (42%).

To access the complete Mintel questionnaires and datasets, go to MyMarketingLab at www.mypearsonmarketinglab.com. If you are not using MyMarketingLab, visit this book's Companion Website at www.pearsonhighered.com/solomon.

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