

THEORIES OF CONSUMER BEHAVIOR

Introduction to Consumer Analysis, Decision making

Consumer Behavior

What does psychology, sociology, and anthropology have to do with the behaviors of consumers?

How are they related to my business?

What are the Components?

Psychological or Individual measures: motivation, learning, attitudes, perceptions, ...

Sociological or Group measures: culture, household, reference group, social class ...

Determination of relevant measures in each case

Market segmentation and segmentation strategies

Positioning

Development of marketing strategy

So How do We Define Consumer Behavior?

The activities directly involved in obtaining, consuming, and disposing of products and services, including the decision processes that precede and follow these actions

What does this mean in terms of real business decisions? What tools can be used? Consumer Benefits

People do not buy products or services, they buy benefits

We make purchases not for the products themselves, but for the problems they solve or the opportunities they offer e.g., a watch offers different benefits to different people

Tangible (attributes of the watch) and intangible (such as reputation of the brand)

Consumer Benefits

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The Total Product Concept

Total product: refers to the sum of benefits offered by a product

Basic core: bundle of utilitarian benefits (e.g., design, features, etc.)

Accessory ring: added-value benefits (e.g., store reputation, manufacturer prestige, convenience, etc.)

Psychological ring: benefits resulting from the consumer's feelings associated with the product (e.g., belongingness, recreation, etc.)

Time: time-saving benefits (e.g., fast food versus convention restaurant)

Paradigms: Positivism vs. Interpretivism (Postmodernism)

Rigorous, empirical study to discover generalizable laws (statistical tests) vs.

Understanding consumer behavior in itself, what is the experience, the feelings, (photos, focus groups, depth interviews) etc.

Both are useful to the manager, however, it is important to determine whether one is more relevant to your purpose

Exploratory (hunch) vs. problem-solving

Exploratory Research

Focus groups

Projective techniques

Drawings, sentence and story completion

Bubble drawings (cartoons)

Sketch pictures of likely users, describe the typical user

Autodriving, interpretive studies, hermeneutics, semiotics, ethnography

e.g. Labor Day traditions - what are they? Have they changed? How do consumers behave? What does this mean for business?

Careful! What about Ethics?

Many topics will address psychological information processing

Is this a course in consumer deception???

Do companies create needs?

Do we sell things which people don't need?

Do our businesses put unfair pressure on consumers to overspend?

Borrowing from psychology, sociology, etc to determine how to stimulate buying decisions

Market Analysis: Consumer Environment

Includes demographic trends, personal and group influences, motivation, attitudes, knowledge, changing needs, consumption patterns, and consumer lifestyles

Changes in the consumer environment can lead to changes in packaging, positioning, product design, and advertising methods

-Mitsubishi

-Healthy Choice

More Criteria

Congruity: how similar segment members are in characteristics or behaviors

Responsive: will they respond to your efforts?

Segment Potential

Can we measure the characteristics of the segment? E.g. senior citizens? Left-handed persons? Disabled shoppers?

Can we reach the people in the segment? E.g. persons in the Philadelphia area? Persons with blue eyes?

How large is the segment in relation to our goals? Families with children? Color-deficient people?

Will the segment be responsive to our efforts? Young adults? Hispanics? Will it depend on our product or service?

What Demographic Trends Can Affect Health Care Choices?

Suppose we were trying to build a network of family practices in the Delaware valley

Fertility rate and household formation

Cognitive vs. Chronological Age

Transgenerational families

Ethnicity of households

Income level, insurance coverage

Segmentation Strategies

Mass marketing (undifferentiated marketing): offering the same product to the entire consumer population

Concentrated marketing (focused or niche marketing): selecting one market segment, even though the product may also appeal to others

Consumer Benefits and Product Positioning

Product positioning is the means through which marketers seek the right fit between a product and desired benefits

Three different ways of positioning products for targeted segments are:

On perceived benefits or image

Against competitors

Combination of the above

Repositioning: re-educating the consumer about changes in important product, price, distribution, and promotional and/or personal selling benefits.

Page 17 text – pain relievers

Domestic Consumer Behavior vs. Worldwide Consumer Behavior?

Often, texts are developed in terms of US studies, which are really generalizable to consumers in the US

This text is deliberately global – e.g. Russian Market discussion

Emphasizes the general concept

Useful in subcultural studies

Ethical questions can differ throughout the world

Cross-Cultural Analysis of Consumer Behavior

What needs exist in the culture? What needs does the product fill? How are the needs presently filled? How much behavioral change would be needed to use the product?

Can we abstract away what “is best” for them?

Who recognizes a need? decides? buys? uses the product? How much is purchased? How often? Where? E.g. often gender differences, servants

Any cultural values related to the product?

Cross-Cultural Consumer Behavior

Comparative marketing: similarities and differences in consumer behavior

Reaction to new products? What is the decision process like? How much and what kinds of info are needed?

Promotion? Kinds? Importance? Taboos? Mistranslations? Slogans? Pictures? Appropriate signs and symbols?

Distribution? How are things usually sold in Country X? Retailers? Assistance? Transportation?

Prices? What is traded? How much?

The Consumer Decision-Making Process

A consumer decision model is a means of describing the processes that consumers go through before, during, and after making a purchase.

A model shows the causes or antecedents of a particular behavior and each of its results or consequences.

The EKB Model has been a standard in Consumer education. Let’s take it apart.

Stages in Consumer Decision Making

Need Recognition: ideal vs. actual

Search for Info: internal, external, word of mouth

Pre-purchase alternative evaluation

Purchase (including decision NOT to buy)

Consumption

Post-purchase alternative evaluation

Divestment

Decision Making

Do you always make rational decisions?

Do you sometimes decide based on your environment? E.g. long lines, crowdedness, advice of salesperson, your own mood

Experiential perspective - not necessarily rational, based on how you experience it - purchasing a painting which “feels right”

Brand or company loyalty -“I always buy Ford vehicles.”

Impulse buying, Variety seeking

Involvement (level of perceived personal importance evoked by a stimulus) (PII)

Problem Recognition and Search

Need Recognition

Degree of discrepancy between desired state and the actual state

Healthy diet, tasty food, attractive body

E.g. Low carb diet

How can companies stimulate need recognition?

recognition and reminder

illustration of discrepancy

illustrate differences between actual and desired

Need Recognition

Influences upon Problem Recognition

Situational – you're hungry, out of gas, at a business lunch

Consumer - friends, family, people at work – “experts in a product class”

Marketing - tactics that your firm can develop and use to illustrate a problem, show how your product or service “solves” the problem

Find out . . .

What triggers problem recognition? Actually being in a problem situation? Talking to others? Seeing ads?

Provide consumers with the opportunity to recognize their needs for products or services – e.g., MBA at night for employed adults

How deliberately do they search? Before purchase? After? Ongoing?

How do consumers search for the products/ services your companies provide?

Consumer Search

Internal search: retrieval of knowledge from memory

External search: collection of additional information from the environment

Is the collected information correct?

eg Do Hispanics use coupons? Do Hispanics reject coupon use “because they are a proud people?”

Consumer Search

Internal search: retrieval of knowledge from memory, what do you know about the doctors listed in your HMO booklet?

External search: collection of additional information from the environment, what can your friends and coworkers tell you about the doctors in your HMO booklet?

Prepurchase search - simulated by the need

Ongoing search - regular scanning

How Much Search Is Done?

Extended (extensive) decision making: much search, comparisons, rational, high involvement, compensatory heuristic

Limited Problem Solving: simple decision rules are applied, based on prior knowledge, heuristics, noncompensatory

Habitual or Routinized Response Behavior: no search, automatic, repetitious, known brands, low involvement

More Risk Means More Search

Monetary Risk

Functional Risk

Physical Risk

Social Risk

Psychological Risk

Can I Afford it? HMO?

Will it break down?

Will I get hurt?

What will my friends or family think?

Will I feel bad about myself?

Search is related to the types of goods that are sought.

Specialty goods: those products that consumer has developed strong preferences.

Shopping goods: those products that the consumer must devote time and effort to compare and contrast.

Convenience goods: those products that the consumer is reluctant to spend time and effort to purchase.

Unsought goods: those we need but are reluctant to buy, funeral planning

Pre-purchase Alternative Evaluation

Does the set of alternatives meet consumer needs?

Evaluative criteria: price, brand name, country of origin, etc.

Saliency: relative weight of criteria - determinant attributes

Can you suggest some others?

What are evaluative criteria for health care? For tourism?

Pre-purchase Evaluation of Alternatives

The process of evaluating alternatives identified from search, which leads to product or brand most likely to satisfy the consumer

Can use new or preexisting evaluations stored in memory

Evaluative criteria: standards and specifications used to compare different products and brands

Pre-purchase Evaluation of Alternatives

Getting into the Consideration (Evoked) Set

Universal set: all alternatives

Retrieval set (what you are aware of) vs. Unawareness set (what you don't know)

Consideration set = set of acceptable alternatives

Inert Set = aware of, would not consider

Inept Set = aware of, avoided

What goes into the sets which you reject?

Cutoffs, signals (eg rating in Consumer Reports)

How Companies Can Get Into Consumers' Consideration Sets

Ask to be in the set

Adjust one of the 4Ps

Encourage consumers to consider its brand and competitors' brand

Attraction effect: enhance odds of becoming consumer choice by adding an inferior product to the consideration set

What Is the Relative Importance of Each Criterion?

Importance = saliency

Saliency varies by the product and by the situation

Some product attributes may be salient to some consumers, but unimportant to others

Determinant attributes: those attributes that have a direct influence on alternative evaluation and final choice.

Some attributes are both salient (important) and determinant (necessary), some are important but not necessary to consider

Noncompensatory Decision Rules

A weakness on one attribute cannot "compensate" for a strength on another

Disjunctive: decide which criteria are determinant (or not) and then establish a minimum score for each one

Conjunctive: all criteria are determinant, product must meet all cutoffs

Lexicographic: comparison on the most important attribute - car must have good mpg

Elimination by Aspects: use of cutoffs, must have mpg > 25

Poor medical care (determinant) cannot be offset by a beautiful waiting room with good service

Compensatory Decision Rules

Attributes can compensate for each other

simple additive : sum number of times each alternative is favorably evaluated

weighted additive: some attributes are more important than others

How does this work with toothpaste?

Healthcare? MBA programs?

Heuristics: rules of thumb: I always buy brand X

Price: Higher priced products always have higher quality.

Natural products are always healthy.

Common Market Beliefs often are found in a given region or country - do you believe any of these? E.g. "Cereals are served with cold milk."

Brand: Certain brands are used as guarantees of quality and satisfaction.

Brand equity: a quantifiable value of goodwill

More Heuristics

Inertia - just repeat what you have always done

Variety seeking - something different each time

Brand loyalty - switching - alternating

How will direct marketing affect brand loyalty?

Country of Origin - "Buy American"

Japanese products have higher quality

Consumption and Post-Purchase Behavior

Consumption

- The process of using the product or service purchased
- Consumption can either occur immediately or be delayed
- Consumers may use products as intended or as they choose, especially when instructions are not included or not read
- Aspects of consumption: rituals and artifacts, collections, compulsive consumption, satisfaction, cognitive dissonance

What is it like to consume?

What are the consumers' experiences

Do we really understand how they want to use products? To solve problems?

What does today's consumer want?

How will we study the consumer to understand consumption?

Surveys

Cameras in home

Interviews in home

Focus groups

Laboratory

Experiments

Consumption Experiences

- Positive or negative things you feel when using a product

- Consumers often don't feel any-thing during experience
- Firms can position products based on:
- Positive feelings resulting from consumption
- Elimination of negative feelings resulting from consumption

Sacred and Profane Consumption

Making products "sacred" - having a special significance

Rituals: repetitive and symbolic behaviors

Pilgrimage: journey to a particular site, e.g.. a return to a favorite vacation spot

Quintessence: the product is exactly what it should be

Collecting: objects which are part of a set

Some websites of collections - why do people collect what they do?

Do they "USE" the products that they collect? How do they USE them?

Consumption Norms and Rituals

Consumption norms: informal rules that govern our consumption behavior

Consumption rituals: a type of expressive, symbolic activity constructed of multiple behaviors that occur in a fixed, episodic sequence, and that tend to be repeated over time

Holiday rituals (gift giving, parties)

Compulsive Consumption

Are there any products you "have" to get?

Some consumers become compulsive, and are addicted to the shopping process

Inappropriate addictions: gambling, overeating

Inappropriate misuses: anorexia, bulimia

A key to compulsive consumption is that the focus is on the interaction between the shopper and the salesperson – the product might not ever be used at all

Satisfaction Versus Dissatisfaction

The level of satisfaction or dissatisfaction we experience depends upon how well the product's performance meets our expectations.

A finite time period of possession is necessary to determine satisfaction.

Satisfaction is not easily measured because:

It means different things to different people

The level of satisfaction can change over time

Satisfaction can change when consumer needs and preferences change

Satisfaction includes a social dimension (the experience of others may add or subtract from our own satisfaction)

How Rewarding or Punishing Was the Experience?

Positive reinforcement: when consumer receives positive outcome from product usage

Negative reinforcement: when consumption helps person avoid negative outcome

Punishment: when consumption leads to negative outcome

Did It Confirm or Disconfirm Expectations?

Consumption can meet, exceed, or fall short of expectations

If consumers expect something to be easy and it isn't, that affects evaluation of product

What Determines Satisfaction?

- Expectancy disconfirmation model: satisfaction depends on a comparison of pre-purchase expectations to actual outcomes
- Negative disconfirmation: when product delivers less than expected
- Positive disconfirmation: when product delivers more than expected

- Confirmation: product matches expectations

Companies Influence Expectations

Advertising

Brand names (Mercedes)

Packaging (Godiva)

Price (High vs. Low)

Expectations Can Influence Post-consumption Evaluations

In ambiguous situations, post-consumption evaluations are susceptible to initial expectations

In unambiguous situations, they are less influenced by expectations

What Happens after the Purchase?

Are consumers ever dissatisfied? Do they complain?

Does the product match consumer expectations?

What can the marketer do to keep you as a customer?

E.g.. What are your expectations if you decide to remodel your home?

E.g.. what are your expectations as a consumer of the MBA program?

What can RU do to keep you as an MBA student? as a satisfied graduate?

Customer Satisfaction is the Key to Retention

It is harder to gain a new customer than to retain an old one

Do we know enough about the consumer's experience to make a change when one is needed?

Will the consumer give us feedback

Would you recommend this product to a friend?

Expectations

Equitable performance: worth the cost and effort to purchase and use

Ideal performance: what is hoped for

Expected performance: what it is likely to be

Three forms of CS/D judgment:

positive disconfirmation: better than expected

simple confirmation: performance meets expectations

negative disconfirmation: worse than expected

Complaints

Do you complain when you are dissatisfied?

What forms do complaints take:

voice - seeking redress from the seller

private - negative WOM

third-party - taking legal action

The majority never complain!!! Why not?

Build in Early Monitoring

First, do you really know what is important to your customers?

Encourage customers to give you feedback

Try to reward them

Try to make it easy for them

Have you built realistic expectations?

Divestment

What happens when the consumer is finished with the item?

What types of disposal alternatives are there?

Throw it away

Give it to a friend

Sell it

Give it to a charity

How does the consumer determine which option to select

Product Disposition as Donations

You donate items like clothing, accessories, books, toys and other household goods to Goodwill. Your donation is tax deductible by law.

Donated items are processed for resale by Goodwill employees, many of whom are gaining on-the-job training through our Retail Skills Training Program.

Your donation is resold in one of Goodwill's area retail stores. A bargain savvy shopper is now reaping the rewards of owning your quality goods.

Revenue from the sale of your donations fund Goodwill's employment training programs that prepare individuals with disabilities and disadvantages for competitive employment.

The impact of recycling on product purchases

Environmentally sensitive consumers are known to purchase products that are available in recyclable containers.

The NRC-Nike Reuse-a-Shoe Partnership

The program accepts all brands of athletic shoes, as long as they don't contain any metal (e.g., eyelets or cleats). Once you reach the 5,000 pair minimum, Nike will arrange for shipping and will recycle the shoes into Nike Grind. This unique ground-up material is then used to resurface athletic fields, courts, tracks and playgrounds. Since the program began in 1993, some 15 million pairs of shoes have been recycled.

Symbols, Self Image, and personality traits**Symbolic Consumption**

It is the process through which consumers—on the basis of symbols—buy, consume, and dispose of products and services.

Consumers buy and use goods and services for both their utility and the things that they represent.

Are consumers attracted by certain logos?

Are certain logos appropriate for some products but not by others

Levis Tailored classics case

Semiotics

It refers to the study of signs and their meanings

How consumers use symbols to interpret the world

How symbols are chosen and given meaning

How they provide insights into the lives of consumers

What are the logos for Penn State? For Temple? What are the logos for Rutgers?

Why were they chosen?

Logos and their creation

Factual meaning – what's shown on the logo is related to something factual regarding the product – e.g. Rutgers 1766

What's on the FedEx logo?

Learned meaning - what's shown in the logo is created and learned by the consumer – there is no factual relationship – e.g. Nike “swoosh”

Signs and Their Influence

Icons—visual representations of objects, persons, or events

Clear, unambiguous

Indexes—easily recognizable property(ies) of the idea that they represent

E.g., the “click” of a well-struck golf shot

Symbols—learned associations between a signifier and a signified that are used to communicate ideas – e.g Golden Arches

Self-Image: Forms of Self-Image

Self-image is the configuration of beliefs related to the self

The relationships between consumers and the products that they buy

Own a sports car ? attractive and outgoing

Actual self-image (or private self): it involves those images that one has of oneself about which one feels protective—how consumers see themselves

The self-consistency motive: doing things that are consistent with one’s own self-image

Forms of Self-Image (continued)

Ideal self-image: how consumer would like to be

By acquiring products consistent with their ideal self-image, consumers may boost their self-esteem

Social self-image: how we believe people think of us, and how we like people to think of us

The social consistency motive

Use of products to try to create a self image that is appropriate for a given social situation

Self-Image Congruence

Self-image congruity: when a consumer’s self-image matches brand-user image

Actual self-congruity: brand user image is matching with the consumer’s actual self-image

Ideal self-congruity: brand user image is matching the consumer’s ideal self-image

Social self-congruity: brand user image is matching the consumer’s social self-image

Ideal social self-congruity: brand user image is matching the consumer’s ideal social self-image

Gender Roles and Self-Image

Men’s vs. women’s products

Gender typed products may be matched with consumers’ gender-role orientation:

Masculinity—independence, toughness, aggressiveness, competitiveness, achievement, rebelliousness

Femininity—tenderness, sensitivity, dependence, compliance, cooperation

Androgyny—both masculine and feminine characteristics

Body Image

It refers to how people view their bodies, physical selves, and appearance

It is central to personal identity

Actual body image vs. ideal body image

Consider the growth in cosmetic surgery - is our view of body image changing?

Breast enhancements, tummy tucks, botox, chin lifts, eye lifts, lip enhancers, ..

People are often very satisfied with specific parts of their body – e.g. they really like their hair

Personality

It refers to an individual’s consistent response tendencies across situations and over time – general trends

State approach to personality—understanding the individual in the context of the whole

It allows us to predict what a person will do in a particular situation

Trait approach to personality—understanding personality traits (consistent tendencies to respond to a given situation in certain ways)

General traits vs. consumption-specific personality traits

Do General Personality Traits Influence Consumer Behavior

Impulsiveness

It is measured using 12 adjectives*: impulsive, careless, self-controlled (RC**), extravagant, farsighted (RC), responsible (RC), restrained (RC), easily tempted, rational (RC), methodical (RC), enjoy spending, and planner (RC).

Specific Personality Traits and Consumer Behavior

The market maven consumer—the kind of consumer who has information about many kinds of products, places to shop, and other aspects of the marketplace.

Has early awareness of new products

Exhibits high levels of specific information provision to others

Demonstrates a high level of general market information

Demonstrates a high level of market interest

Tends to read much of direct mail advertising

Implications for the marketing of new products

Consumer Innovativeness

It refers to the tendency on the part of consumers to be among the first to purchase new products within specific categories

Diffusion of innovations

Implications for the marketing of new products

Opinion Leadership

An opinion leader is a person who is well versed in a product category because perhaps his or her job is related to the product

Being motivated to “spread the word” (positive or negative)

Market maven versus opinion leader

Implications for the marketing technological innovations

Other Consumption-Specific Personality Traits

Coupon proneness—the tendency to redeem coupons by purchasing the advertised product or service

Value consciousness—the amount of concern the consumer has for need-satisfying properties of the product or service in relation to the price of that product or service

Deal proneness—the tendency to look for “deals

Lifestyles and psychographics

How Do Values Relate to Consumer Analysis?

- Values are beliefs that one condition is preferable to another
- Important vs. unimportant
- what are some values?
- environmentalism, egalitarianism, integrity,
- are these values the same for all people? eg old, young, Generation X

The Rokeach Value Survey

- Terminal values (desired end states – e.g. successful jobs)
- Instrumental values (the means to get there - eg RU education, a beautiful home?)

- Can known values be translated into product differences?
- eg RU School of Business - what message can we use - linkage is clear?

Means-Ends Chains

- It links products and product benefits with personal values
- The product promises a clean house, but depicts higher order goals

Laddering

- People are asked to reveal their linkages
- Mouthwash
- Has certain attributes – e.g. fluoride
- This stops cavities
- Which helps teeth stay healthy
- So they are attractive

What is a consumer lifestyle?

- It is a constellation of individual characteristics that reflect certain behaviors
- Participation in groups, activities, hobbies, volunteer activities
- Commitments to certain behaviors
- Product constellations

Lifestyle impacts on Consumer Analysis

- What type of leisure behavior is preferred?
- Foundation of time use and time preferences - time inventory
- Solomon: a pattern of consumption reflecting a person's choices of how he or she spends time and money
- Patterns of consumption are based on lifestyle
- People sort themselves into groups based on what they like to do - sports, reading, fishing , music enthusiasts

VALS, VALS II, SRI

- Combined Maslow's hierarchy of needs with inner and outer directedness
- 9 lifestyles in VALS, 8 in VALS2
- Note new terms in online VALS
- How do AIOS relate to the segments?
- summarizes the values held and lifestyles observed, correlated with demographics and buying patterns
- Need to be able to describe other segments

VALS Segments: resources vs. what is important to you

- Actualizers: successful, many resources
- Fulfilleds: career oriented, practical, principles
- Achievers: career-oriented, predictability
- Experiencers: impulsive, young, action
- Believers: strong principles, proven brands
- Strivers: like achievers, fewer resources
- Makers: action, DIY
- Strugglers: difficult life

Psychographics - AIOs

- How do we study lifestyle - we look at patterns of behavior
- VALS scale - let's look at the website
- a method of study which came from personality theory and motivational research (chap 7)

- supplements demographic information, quantitative research
- Activities - hobbies, vacations, sports
- Interests - fashion, politics, job
- Opinions- social issues, politics, products

Psychographics adds info to demographics

- Consumers in your target market may have a similar demographic profile, but have vastly different interests, different product needs
- Came from motivational research, projective techniques which gave depth info on a few people - not clinical methods
- Large scale surveys gave quantitative info on many people
- Refer to examples on the VALS site

Let's Look at the Levi's Case: Psychographic Inventory

- I always shop for my own wardrobe.
- Alterations are a waste of time.
- A suit is a way of expressing myself.
- My budget influences the clothing I own.
- I value the opinions of other in clothing.

Strongly agree - agree - neither - disagree -strongly disagree

How about word association?

- The name "Levis" makes me think of ____.
- The name "Strauss" makes me think of ____.
- A company that makes jeans can't make good suits.
- I would never wear a suit by Levis.

How would you answer these?

- I like to do home repairs.
- There is always something that needs to be fixed at my house.
- My home is a way of expressing myself.
- My budget influences how my home looks.
- I value the opinions of others where my home is concerned.
- At our house, no one can fix anything.

Strongly agree - agree - neither - disagree -strongly disagree

Materialism - what things are important?

- What is the importance people place on worldly possessions
- Are certain products associated with a certain lifestyle?
- What items represent a typical US standard of living? List _____
- What were these 10 years ago? 20 years?
- What represents a "desired" US lifestyle
- What would a home, its furnishings look like?
- What rooms would be in the home?

How are these ideas used?

- What product constellations (groups of products) appeal to consumers?
- What activities to use as selling locations, to use in ads
- What types of accompanying products to depict - e.g. ads for home design and home furnishings
- What mix of stories, news coverage, and ads to carry in a magazine or newspaper
- What ads to program in to appear when a user of a certain profile accesses your website

Relationships

- Relationship marketing—the development of marketing strategies to enhance relationships with customers
- The 80/20 principle
- Focus on customer retention rather than on recruitment

Relationships with Firms

- Morgan and Hunt’s definition of relationships marketing:
- “All marketing activities directed at establishing, developing, and maintaining successful relational exchanges in ... supplier, lateral, buyer, and internal partnerships.”
- Corporate performance is determined by managing relationships with the various stake holders ? relationship quality
- Commitment and trust

Memory, learning, and perception

Memory, Learning, and Perception: A simple, memorable ad campaign

The “got milk?” campaign features messages which provide information about the benefits of milk, yet these messages are easy to comprehend

An ad with a complex message

This ad, for a heartburn medication, provides consumers with a lot of information which requires extensive processing to comprehend.

Getting Information Into Memory

A message is encoded into signs, symbols, words

It is available to be noticed in a message channel, such as TV

If received, it is decoded into meaning for the receiver

If learned, it may be retrieved from memory

Systems of Memory

Sensory memory - temporary, like the smell of good coffee

Short-term memory - held for a limited period of time - like a phone number; chunking into bits which can be remembered

Long-term memory - retrieval available for future use

Where is the info from this course going???

Behavioral Learning Theories

Cognitive Learning

Classical Conditioning

Operant Conditioning

Classical Conditioning

Meaning transfer can occur from pairing two objects together in an ad

What happens when you hear the Mr. Softee jingle? When consumers in the past saw the “blue light” at KMart?

When today’s consumers see the “fresh doughnut” sign at Krispy Kreme?

It occurs when a stimulus that elicits a response is paired with another stimulus that initially does not elicit a response on its own (Pavlov)

What happens when it’s time for class to be over???

Uses of Classical Conditioning

Brand names and brand associations to create brand equity = strong positive association

Product line extensions - positive carryover

Repetition of a message, frequency marketing

Generalization through look-alike products, family branding, line extensions, etc.

Negative side: violent video games - conditioned to accept shooting?

Methods

Brand names and brand associations

Repetition of a message, frequency marketing - rewards

Endorsements and Spokespersons

Generalization - look-alike products

Differentiation - pointing out differences

Desire to learn info in a simple way

Closure (filling in)

Figure-ground reversal (like text)

Psycholinguistics - we know that people process different kinds of sentence structures in various ways - e.g. negative words are less easily comprehended

Operant Conditioning

The individual learns to perform behaviors which produce positive outcomes and to avoid those that yield negative outcomes (BF Skinner) – “Shaping”

Positive reinforcement: rebates, congratulatory letters, benefits

Negative reinforcement: punishment, embarrassment, product failure...

Principles of reward and punishment are used

Uses of Operant Conditioning

Endorsements and Spokespersons

Rewards - what will the consumer view as a reward? Coupons? Rebates?

Intensity of punishment - negative effects

Products in movies, game shows = your product is the reward, what is desired

Generalization – tendency to respond in similar ways to similar stimuli – a new product looks very similar to your “old” brand

Cognitive Learning Theory

Oreck vacuum cleaner ads

Rehearsal (quiz), Elaboration (project), Interrelationships among ideas (projects), reference to self

Use of recognition and recall

Mental processing, understanding

Conscious vs. unconscious

Observational learning - watching, conspicuousness

How motivated are consumers to learn?

Strategies for market leaders (top dogs)

Reinforcement – if highly motivated but unfamiliar

Blocking – motivated and familiar – blocks exposure to evidence – e.g. that competitor is better

Explaining

Strategies for market underdogs

Disruption – familiar but uncertain – present new information – perhaps your brand is not the best

Facilitating trial – unmotivated – try by experience – free samples

1947 – introduction of kitty litter

The bag showed a smiling cat and the words: “Ask kitty. She knows.”

Many new consumers complained: “I’ve tried everything. I’ve put milk on it, I’ve put cream on it, but my cat just won’t eat the stuff.”

Stimulus generalization?

Stimulus discrimination was needed.

Retrieval and Response Bias

Recognition vs. recall

Confusion in retrieval if info learned incorrectly

Response bias: people tend to answer “yes,” pick “c” in multiple choice

People may want to “please” the interviewer

Unaided (free) recall does not contain any retrieval cues

Aided (cued) recall provides cues to help someone remember

Brand recognition focuses on more than just the name

Showing the packaging in an ad helps recognition when in the store

Topics regarding exposure:

Thresholds - is the stimuli below your threshold?

Subliminal perception

Weber’s law - just noticeable difference - when is a change in a product likely to be noticed by the consumer? pricing, design, recipe?

Applications - how heavy can an appliance be for an elderly consumer?

So – what will you remember from this course?

Cognitive learning occurs when information processed in short-term memory is stored in long-term memory

Rehearsal involves the mental repetition of information or, the recycling of information through short-term memory

Elaboration: the degree of integration between the stimulus and existing knowledge

Retrieval: the activation of information stored in long-term memory that is then transferred into short-term memory

How can we use this in consumer research?

Many companies focus on what consumers remember about their advertising messages, rather than on how many remember seeing it

If consumers don’t remember the brand, then the other things they do remember will not be linked to the brand in memory

If consumers are confused about which brand was in the ad, they might link the ad claims to another brand

How Companies Can Help Consumers to Remember - Reminders

Reminders:

Advertising reminds consumers to buy a product

Post cards remind consumers to make an appointment

Retrieval cues placed on packaging and at the point of purchase enhance ad effectiveness

Repetition

Companies rely on repetition (showing ads over and over again) to enhance rehearsal of the ad

Learning plateaus after a certain number of repetitions, and negative responses may result from seeing an ad too often
 Repetition may be used within an ad

Encourage elaboration

Self-referencing: involves relating a stimulus to one's own self and experiences
 The number and strength of potential linkages between new and stored information are enhanced
 Research supports the potential for encouraging self referencing through advertising copy

Perception

Perception can be defined as the process by which an individual selects, organizes, and interprets stimuli into a meaningful and coherent picture of the world.

It is a process through which incoming stimuli are given meaning; a process through which we make sense out of the world.

What can be done to help you notice and remember?

What do the words below say?

Information Processing (What do you perceive?)

Selection, organization, and interpretation of stimuli
 Selective perception – what did you choose to pay attention to?
 Identical advertisements, packages, or products may be perceived very differently by consumers

Getting consumers' attention in a world of messages
 How many commercial messages were you exposed to today?
 Figure-ground reversal (textbook)

The process of selective perception

Selective exposure – which radio stations you listen to
 Selective attention – greater awareness of things you're interested in
 Selection comprehension – interpreting information
 Selective retention – what do you remember?

Factors Affecting Sensory Perception

Stimulus factors
 Visual cues: color, shape, and size
 Aural cues: tempo and pitch
 Olfactory cues: sweet, bitter, and floral
 Tactile cues: soft, coarse, and silky
 Individual Response Factors
 Sensory acuity: the capacity to recognize and differentiate among certain sensory cues
 Sensory preferences: sensory product features are perceived and evaluated based on consumers' preferences
 Consumer expectation: it affects how certain product features are likely to be perceived and evaluated

Reality . . .

Is a totally personal phenomenon, based on that person's needs, wants, values and personal experiences
 It is the individual's perception of "what's out there"
 It is not what actually IS so, but what consumers THINK IS SO, that affects their actions, their buying habits, their leisure habits.

Stimulus Factors Influencing Gestalt Perception

Color and contrast
 Size
 Intensity
 Position – proximity
 Isolation
 Unity
 Closure – need to fill in and complete
 Outstandingness – figure and ground
 Stimulus generalization – e.g. look alike products
 Stimulus discrimination – Perdue chickens
 Context or setting
 Contrast/incongruity
 Frequency – how often is it seen?
 Movement – is it different?
 Odor
 Taste
 Symbols

What do the words below say?

Individual Factors Influencing Gestalt Perception

Interest
 Involvement
 Needs
 Values
 Cognitive set
 Ability to perceive

What Do You Perceive?

Stages of Information Processing

Exposure - people are eligible to perceive - are your customers exposed to your messages? Let's consider the website www.goodwillnj.org, this class, what do you select to remember?
 Attention - engagement of processing capability - do your customers pay attention to your messages?
 Comprehension - organization of stimuli - do they understand your messages?
 Acceptance - persuasion? Do your messages convince your customers of what you are saying?
 Retention - do they remember them?
 Sensory memory – short-term & long-term memory

How will individuals learn to choose your remodeling firm?

Which firms have they heard of?
 Which firms have their friends used?
 Which are in the phone book?
 Which are on the web?
 Whose signs have they seen?

What can my firm do to increase the chance of selection?

Using the Information Processing Model to Analyze the Problem

Exposure - how can we send messages to potential donors and potential shoppers - e.g. tv ads, print + coupons, direct mailers

Attention - how keep attention – community activities – sponsor a team?

Comprehension – what do people know about remodeling?

Acceptance? Will they give us a call? Email?

Retention – will they use us and refer us to others?

Grabbing the consumer's attention?

Cutting the clutter - ads in text - is it hard to find the topics that are important

Leaving the television viewing area during commercial breaks - zipping through recorded tv programs

How apply this concern to web ads that are ignored?

Size - what stands out? extremes

Color - will variations in color grab attention? -provided you can see it!

Intensity - loudness, etc. - can you hear it?

Contrast - differences

Position (proximity)

How Consumers Interpret Perceptions

Categorization: the psychological process through which a consumer compares the perception of a product with a mental representation of that product in memory

Analytic versus non-analytic

Marketing implications for new products or innovations

Motivation, mood, and involvement

Consumer Motivation

Motivation is an inner drive that reflects goal-directed arousal. In a consumer behavior context, the results is a desire for a product, service, or experience.

It is the drive to satisfy needs and wants, both physiological and psychological, through the purchase and use of products and services

Five stages of the motivation process:

Latent need

Drive

Want or desire

Goal

Behavior

Behavioral Models of Motivation

Maslow's hierarchy of needs

Motivation as a means of satisfying human needs

Five types of needs:

- Physiological: food, water, sleep, exercise, sex
- Safety: security, shelter, normalcy in daily life
- Love and belonging: affection and acceptance as part of a family or group
- Esteem or status: self-respect and the respect of others; the need to feel competent, confident, important, and appreciated
- Self-actualization: the need to realize one's own potential, to achieve dreams and ambitions

Marketing implications

ILLUSTRATIONS

Campbell Soup – meeting physiological needs

Campbell's Soup – safety, security

Establish a routine, normalcy in daily life – know what to plan on Tuesdays

Campbell's Soup: Love and belonging

Show them you care . . .

Campbell's Soup – esteem or status – feel competent, confident

Campbell's Soup: Self-actualization

Take care of yourself!

Consumer Motivation and Marketplace Behavior

Influence on consumer decision making

Influence on consumer conflict resolution

- Approach-approach conflict
- Approach-avoidance conflict
- Avoidance-avoidance conflict

Influence on consumption patterns

Motivational Conflicts

Are you trying to avoid (negative) or achieve (positive) an outcome?

What would be an outcome for a consumer to avoid?

(too many calories, fat content, high price, unclean clothes)

What is an outcome for a consumer to pursue? (good taste)

In Reality, Many Outcomes are in Conflict

- eg high calorie food which tastes great!
- leads to “need” for low calorie food which tastes great
- leading to “fake fat”
- Cognitive Dissonance (minimize negatives)

Does the Atkins' diet help with conflict resolution? Does the low carb craze allow consumers to eat more of some products while losing weight??

Do Marketers Create Brand Needs?

Lexus and Rolex

Motivational Research

Depth interviews: complex interview regarding product motivations

Projective techniques - complete the story, fill in words on cartoon

“People who use Brand X are _____ but people who use Brand Y are _____

Subjectivity versus depth of information

eg Do people eat ice-cream to feel like a child again? helps to reveal deep-seated needs

Do Marketers Create Attributes that aren't needed?

- The good egg? Today, you can choose between omega-3 eggs, lower-cholesterol eggs, free-range eggs, organic eggs, even eggs that have been pasteurized in the shell. Of course, you'll pay extra for these added features, but for some, they may be worth the price. How are these "designer" or specialty eggs produced and what do they offer the consumer?

- **Organic eggs:** To be label as organically produced eggs, the eggs must be produced from hens that have been fed certified-organic feed produced without synthetic pesticides or herbicides, antibiotics or genetically-modified crops. In addition, synthetic pesticides cannot be used to control parasites that may affect the chicken. Typically, organic eggs also are produced from hens in cage-free systems.

How about post-it notes?

Post-it notes were developed from an adhesive that didn't stick permanently

Developed to mark Art Fry's place in his choir hymnal

Was the need created?

Triggering Consumer Motives

Inducing need recognition

Move consumer from actual state to desired state

Triggering motivation through need-benefit segmentation

Understand consumer better and offer him or her goods and services to meet the needs of specific target segments

Triggering subconscious motivation

Emotions

Emotions are affective responses that reflect the activation within the consumer of beliefs that are deep-seated and value-laden

Beliefs ? emotions

Many emotions are used in advertising:

Anger, fear, humor, compassion

Can you think of any others?

Limitations in use

Emotions (continued)

Experiencing emotions

People purchase products and services to experience certain emotional states or to achieve emotional goals (emotional arousal)

Emotions and consumer satisfaction

Emotions and communication

Mood

It is an affective state that is general and pervasive

Moods are much less intense than emotions

Consumers are much less conscious of moods and the effect moods have on marketplace behavior

Consumer moods are induced in three different marketplace settings:

Service encounters

POS stimuli

Communications

How can a brand create a mood?

Revlon

How can a store atmosphere create a mood?

Sports store?

Athletic store?

Effects of Moods

On consumer recall

Mood at encoding and retrieval

On consumer evaluation

Negative mood ? negative evaluation (and vice versa)

On consumer behavior

Positive mood increases giving, encourages consumers to seek variety and their willingness to try new things

Inducing Positive Moods

In service encounters

Transaction mechanics

Service personnel

Physical setting

In marketing communications

Media placement

Message aspects

Involvement

It refers to a heightened state of awareness that motivates consumers to seek out, attend to, and think about product information prior to purchase

With high involvement, attention is increased and more importance is attached to the stimulus object. Memory is enhanced.

Highly involved consumers tend to place greater importance on information sources. They are heavy users of newspapers and advertising.

Effects of Consumer Involvement

- Information search
- High involvement ? greater information search (more shopping around)
- Information processing
- Depth of comprehension
- High involvement ? deeper comprehension
- Extent of cognitive elaboration
- High involvement ? more thinking
- Extent of external arousal
- High involvement ? greater emotional arousal
- Information transmission
- High involvement ? more frequent information transmission (talking about products) to others

Causes of Consumer Involvement

Personal factors

Product's image and needs it serves are congruent with a consumer's self-image, values and needs ? high involvement

Product factors

The greater the perceived risk the greater consumer involvement

The more alternatives there are to choose from, the greater the involvement

The higher the hedonic value of goods, the greater the involvement

The more socially visible a product is, the greater the involvement

Beliefs, attitude, and intention

What Can Attitudes tell us about Consumers?

Consumers who like sushi are likely to eat it

Consumers who like rich ice cream are likely to eat it

Consumers who like to “eat healthy” will be likely to eat things that are not high in calories

In reality . . .

BUT – having a positive attitude does not mean that we’ll buy a specific product

We distinguish between attitude toward the object and attitude toward the behavior of purchase

What is an Attitude?

It represents what we like and dislike

An attitude is a lasting general evaluation of something - it has knowledge of that something, liking or disliking, and the strength of the feelings.

They are lasting, but changeable

They help to direct behavior – e.g. do you recycle cans?

What functions do attitudes provide?

Utilitarian -does the clothing fit, is it appropriate, does it provide what we need?

Value-expressive: clothing says that you are a professional

Ego-expressive: clothing conveys self-image

Knowledge: summarizes the image we are trying to give, a suit from _____ conveys that you are a professional

The Variety of Consumer Attitudes

Attitudes toward product – Campbell Soup at hand

Attitudes toward company - Philip Morris, Kraft

Attitudes toward a retailer – Wal Mart

Attitudes toward product attributes – salt content

Attitudes toward various types of brand associations

- Logos – design – do you like the Nike swoosh?
- Symbols – meanings – do you like the Energizer bunny?
- Product endorsers – sports figures – do you like Michael Jordan?

Attitudes toward advertising – do you like the ads for the Borgata?

Attitudes: Likes and Dislikes

- Beliefs - now that the consumer has learned about our product, we assess their belief system (may be multiple attributes - running shoe)
- Affect (feelings) - whether they like or dislike each attribute which they know?
- Behavior - what they do in response
- Impact of valued other people
- Behavioral intentions vs. Behavior

Beliefs: Cognitive Component of Consumer Attitude

- A consumer belief is a psychological association between a product or brand and an attribute or feature of that product or brand
- Beliefs are cognitive (based on knowledge)
- The stronger the association of features or attributes with the product or brand, the stronger the consumer’s belief
- Are the consumers’ beliefs correct?

Affect: Emotive Component of Attitude

- Purchase decisions are continually influenced by affective response

- Affect—the way in which we feel in response to marketplace stimuli
- It is emotive rather than cognitive (beliefs)
- It is comprised of both our knowledge of stimuli and our evaluations of them
- Affective responses can be very general or very specific
- Affective component of attitude: functional theory of attitude, the Fishbein model, and the belief-importance model

The Fishbein Model - discussed in class

An Application of the Fishbein Model

The Fishbein Model—Changing Affective Responses

- Change Bi - if the belief is that durability is weak, find out why? Is this true or just a rumor? Can we change the belief?
- Change Ei - if consumers don't like an attribute, can we change their feeling? If they dislike paying over \$50, can we explain why it's worth it? Can we give them rebates?
- Add a new Bi/Ei combination - are there other beliefs or attributes that could be added?

Intention: Behavior Component of Consumer Attitude

Affect is not closely linked to actual purchase

Behavioral intention—attitude toward brand purchase

A far better predictor of behavior than either beliefs or affective responses

Behavioral intention models:

Theory of reasoned action

Theory of trying

Measurement of Attitudes

How much do you like Oreo cookies?

Like very much Dislike very much

How favorable is your attitude toward Oreos?

Very favorable Very unfavorable

Oreos are:

Good Bad

Nutritious Not nutritious

Nonfattening Fattening

I like Oreos:

strongly agree neither agree disagree strongly

agree nor disagree disagree

Intentions

Do you intend to buy Oreos?

SA A NAND D SD NA DK

How likely is it that you would buy Oreos?

Very likely Very unlikely

What is the probability that you will buy Oreos?

0% 10% 20% 100%

Theory of Reasoned Action

Behavior is a direct result of intention

Two factors involved in behavioral intention:

Attitude toward the act of purchase

Subjective norm – the feelings of others who may be important to us

Subjective Norm

- SN refers to the perception of what other people think we should do with respect to a certain behavior, such as brand purchase
- SN consists of
- Normative beliefs: the perceived expectations that significant others think the consumer should or should not behave in a certain way (buy the brand)
- My doctor thinks that I should give my baby a particular brand of baby food.
- Motivation to comply: the extent to which the consumer considers the possible opinions of significant others when forming an intent to purchase
- Do you agree with the doctor?

Applying the Theory of Reasoned Action to Change Intentions

- It helps to identify those attributes most important in causing consumers to form positive (or negative) attitudes toward the purchase of a product
- Changing attitude toward purchase
- Change beliefs
- Change affect
- It helps to identify and helps to adjust sources of social pressure and their possible role in intention formation
- Changing subjective norms
- Change Normative beliefs – what others think
- Motivation to comply – do we want to do what the others want us to do?

Hierarchies of Effects

What is the likely order?

Beliefs, affect, behavior - cognitive

Beliefs, behavior, affect - learning

Affect, behavior, beliefs - hedonic

“Try it, you’ll like it”

Multi-attribute models

Assume that all the attributes of products are evaluated

People have beliefs regarding a particular product’s having each attribute

Some attributes are more important than others

Buying running shoes with the proper fit is:

Necessary Unnecessary

How likely is it that New Balance shoes can give you the correct fit?

Very likely Very unlikely

Ideal point models

Compares your brand versus an ideal held by consumers

Measures the perceptions of the brand’s location along an attribute continuum

Multiplied by an importance level for each attribute

If the importance of an attribute is high

And our performance is poor

If the competitor is also poor, we have neglected an opportunity

If the competitor is good, we are at a competitive disadvantage

And our performance is good

If our competitor is poor, we have competitive advantage
 If our competitor is good, we have competition

If the importance of an attribute is low

And our performance is poor
 If the competitor is also poor, we have a null opportunity
 If the competitor is good, we have a false alarm – it doesn't matter
 And our performance is good
 If our competitor is poor, we have a false advantage – it's not worth it
 If our competitor is good, we have false competition

Communication and persuasion

Defining Communication Theories

Cognitive Dissonance Theory

Cognitive Dissonance Theory argues that the experience of dissonance (or incompatible beliefs and actions) is aversive and people are highly motivated to avoid it. In their efforts to avoid feelings of dissonance, people will avoid hearing views that oppose their own, change their beliefs to match their actions, and seek reassurance after making a difficult decision.

Communication Accommodation Theory

This theoretical perspective examines the underlying motivations and consequences of what happens when two speakers shift their communication styles. Communication Accommodation theorists argue that during communication, people will try to accommodate or adjust their style of speaking to others. This is done in two ways: divergence and convergence. Groups with strong ethnic or racial pride often use divergence to highlight group identity. Convergence occurs when there is a strong need for social approval, frequently from powerless individuals.

Coordinated Management of Meaning

Theorists in Coordinated Management of Meaning believe that in conversation, people co-create meaning by attaining some coherence and coordination. Coherence occurs when stories are told, and coordination exists when stories are lived. CMM focuses on the relationship between an individual and his or her society. Through a hierarchical structure, individuals come to organize the meaning of literally hundreds of messages received throughout a day.

Cultivation Analysis

This theory argues that television (and other media) plays an extremely important role in how people view their world. According to Cultivation Analysis, in modern Culture most people get much of their information in a mediated fashion rather than through direct experience. Thus, mediated sources can shape people's sense of reality. This is especially the case with regard to violence, according to the theory. Cultivation Analysis posits that heavy television viewing cultivates a sense of the world that is more violent and scarier than is actually warranted.

Cultural Approach to Organizations

The Cultural Approach contends that people are like animals who are suspended in webs that they created. Theorists in this tradition argue that an organization's culture is composed of shared symbols, each of which has a unique meaning. Organizational stories, rituals, and rites of passage are examples of what constitutes the culture of an organization.

Cultural Studies

Theorists in cultural studies maintain that the media represents ideologies of the dominant class in a society. Because media are controlled by corporations, the information presented to the public is necessarily influenced and framed with profit in mind. Cultural Studies theorists, therefore, are concerned with media influenced and framed with profit in mind. Cultural Studies theorists, therefore, are concerned with media influence and how power plays a role in the interpretation of culture.

Dramatism

This theoretical position compares life to a drama. As in dramatic action, life requires an actor, a scene, an act, some means for the action to take place, and a purpose. A rhetorical critic can understand a speaker's motives by analyzing these elements. Further, Dramatism argues that purging guilt is the ultimate motive, and rhetors can be successful when they provide their audiences with a means for purging their guilt and a sense of identification with the rhetor.

Expectancy Violations Theory

Expectancy Violation Theory examines how nonverbal messages are structured. The theory advances that when communicative norms are violated, the violation may be perceived either favorably or unfavorably, depending on the perception that the receiver has of the violator. Violating another's expectations may be a strategy used over that of conforming to another's expectations.

Face-Negotiation Theory

Face-Negotiation Theory is concerned with how people in individualistic and collectivistic cultures negotiate face in conflict situations. The theory is based on face management, which describes how people from different cultures manage conflict negotiation in order to maintain face. Self-face and other-face concerns explain the conflict negotiation between people from various cultures.

Groupthink

The groupthink phenomenon occurs when highly cohesive groups fail to consider alternatives that may effectively resolve group dilemmas. Groupthink theorists contend that group members frequently think similarly and are reluctant to share unpopular or dissimilar ideas with others. When this occurs, groups prematurely make decisions, some of which can have lasting consequences.

Muted Group Theory

Muted Group Theory maintains that language serves men better than women (and perhaps European Americans better than African Americans or other groups). This is the case because the variety of experiences of European American men are named clearly in language, whereas the experiences of other groups (such as women) are not. Due to this problem with language, women appear less articulate than men in public settings. As women have similar experiences, this situation should change.

The Narrative Paradigm

This theory argues that humans are storytelling animals. The Narrative Paradigm proposes a narrative logic to replace the traditional logic of argument. Narrative logic, or the logic of good reasons, suggests that people judge the credibility of speakers by whether their stories hang together clearly (coherence and whether their stories ring true (fidelity)). The Narrative Paradigm allows for a democratic judgment of speakers because no one has to be trained in oratory and persuasion to make judgments based on coherence and fidelity.

Organizational Information Theory

This Theory argues that the main activity of organizations is the process of making sense of equivocal information. Organizational members accomplish this sense-making process through enactment, selection, and retention of information. Organizations are successful to the extent that they are able to reduce equivocality through these means.

Relational Dialectics Theory

Relational Dialectics suggests that relational life is always in process. People in relationships continually feel the pull-push of conflicting desires. Basically, people wish to have both autonomy and connection, openness and protective-ness, and novelty and predictability. As people communicate in relationships, they attempt to reconcile these conflicting desires, but they never eliminate their needs for both of the opposing pairs.

The Rhetoric

Rhetorical theory is based on the available means of persuasion. That is, a speaker who is interested in persuading his or her audience should consider three rhetorical proofs: logical, emotional, and ethical. Audiences are key to effective persuasion as well. Rhetorical syllogism, requiring audiences to supply missing pieces of a speech, are also used in persuasion.

Social Exchange Theory

This theoretical position argues that the major force in interpersonal relationships is the satisfaction of both people's self-interest. Theorists in Social Exchange posit that self-interest is not necessarily a bad thing and that it can actually enhance relationships. The Social Exchange approach views interpersonal exchange posit that self-interest is not necessarily a bad thing and that it can actually enhance relationships. The Social Exchange approach views interpersonal exchanges as analogous to economic exchanges where people are satisfied when they receive a fair return on their expenditures.

Social Penetration Theory

This theory maintains that interpersonal relationships evolve in some gradual and predictable fashion. Penetration theorists believe that self-disclosure is the primary way that superficial relationships progress to intimate relationships. Although self-disclosure can lead to more intimate relationships, it can also leave one or more persons vulnerable.

Spiral of Silence Theory

Theorists associated with Spiral of Silence Theory argue that due to their enormous power, the mass media have a lasting effect on public opinion. The theory maintains that mass media work simultaneously with Majority public opinion to silence minority beliefs on cultural issues. A fear of isolation prompts those with minority views to examine the beliefs of others. Individuals who fear being socially isolated are prone to conform to what they perceive to be a majority view.

Standpoint Theory

This theory posits that people are situated in specific social standpoints-they occupy different places in the social hierarchy. Because of this, individuals view the social situation from particular vantage points. By necessity, each vantage point provides only a partial understanding of the social whole. Yet, those who occupy the lower rungs of the hierarchy tend to understand the social whole. Yet, those who occupy the lower rungs of the hierarchy tend to understand the social situation more fully than those at the top. Sometimes, Standpoint Theory is referred to as Feminist Standpoint Theory because of its application to how women's and men's standpoint differ.

Structuration Theory

Theorists supporting the structural perspective argue that groups and organizations create structures, which can be interpreted as an organization's rules and resources. These structures, in turn, create social systems in an organization. Structuration theorists posit that groups and organizations achieve a life of their own because of the way their members utilize their structures. Power structures guide the decision making taking place in groups and organizations.

Symbolic Interaction Theory

This theory suggests that people are motivated to act based on the meanings they assign to people, things, and events. Further, meaning is created in the language that people use both with others and in private thought. Language allows people to develop a sense of self and to interact with others in community.

Uncertainty Reduction Theory

Uncertainty Reduction Theory suggests that when strangers meet, their primary focus is on reducing their levels of uncertainty in the situation. Their levels of uncertainty are located in both behavioral and cognitive realms. That is, they may be unsure of how to behave (or how the other person will behave), and they may also be unsure what they think of the other and what the other person thinks of them. Further, people's uncertainty is both individual level and relational level. People are highly motivated to use communication to reduce their uncertainty according to this theory.

Uses and Gratifications Theory

Uses and Gratifications theorists explain why people choose and use certain media forms. The theory emphasizes a limited effect position; that is, the media have a limited effect on their audiences because audiences are able to exercise control over their media. Uses and Gratifications Theory attempts to answer the following: What do people do with the media?

Cognitive Dissonance Theory

The Key Points:

- People seek consistency in their lives.
- People are sensitive to contradictions and inconsistencies.
- Dissonance (discomfort, guilt, doubt) fosters attitude change.

The Rules of Consistency

People Expect Consistency: "My behavior is consistent with my self- concept"

Inconsistencies Create Dissonance

- Uncomfortable and tense experiences
- Stress-like physiology
- If dissonance was a pill, would you buy it?

Dissonance fosters the desire for consistency

- Dissonance can be reduced by changing one's perception of the relevant behavior .
- Dissonance can be reduced by changing perception of one's self.

Doing Dissonance

Planning Is Important

Get and Hold Internal Attribution

- Free Choice
- No Rewards
- No External Excuse (e.g., external cause or blame)

Cause Negative Inconsistency

- Get a behavioral commitment.
 - The person(s) should actually do the inconsistency (the inconsistent behavior)
- Let the person(s) do the work.
 - Don't you criticize the person's "stupidity."

Focus on Behavior, not Self Concept

- Let attitude change toward Behavior be your Goal
- Avoid direct attacks on Self Concept

Implications

Worse Is Best: more inconsistency, more dissonance, more change

Interesting Explanation for Counter-Intuitive Behaviors:

- Initiation, Military boot camp, Collegel
- Abusive Relationships
- Relatively Small Advertising Effects (Politics)

Internal and External Attribution

Consequences of Failed Persuasion

Social Influence**Definition of an Attitude**

Attitude = one's evaluative orientation toward a person, thing, idea, etc.

- Do you like Shredded Wheat?
- Will you vote for Al Gore for president?
- Do you prefer lecture course or seminars?
- What's your favorite Friday evening activity?
- Is Seinfeld funny?

Persuasion

- Often studied as changing people's attitudes
- Goal is usually to change their behavior
- Attitude-behavior link too often is weak
- Communication focuses on noncoercive verbal influence
- Most real situations are partly coercive
- How would you define coercion? Voluntary?
- Think about choice within constraints

Social Judgment Theory**Key Point:**

attitude change (persuasion) is mediated by judgmental processes and effects. Put differently, persuasion occurs at the end of the process where a person understands a message then compares the position it advocates to the person's position on that issue.

A person's position on an issue is dependent on:

- the person's most preferred position (his/her anchor point)
- the person's judgment of the various alternatives (spread across their latitudes of acceptance, rejection, and noncommitment)
- the person's level of ego-involvement with the issue.

Key Concept: Latitudes

Levels of attitudinal statements

1. Most acceptable to me: A "best guess."
2. Acceptable to me: The set of these attitudinal statements comprise my Latitude of Acceptance (LoA)
3. Whatever (Latitude of Indifference or Noncommitment)
4. Unacceptable to me: The set of these attitudinal statements comprise my Latitude of Rejection (LoR)
5. Most unacceptable to me

Mental representation of attitudes

Social Judgment Theory says:

- Not just a single point: "This is where I am."
- Need to know range of acceptable options.
- Need to know what is objectionable.

Implications for Influence

- Messages in LoA seen as closer to your X than they may be--easy to nestle in with them
- Messages in LoR seen as farther from your X than they may be--no felt need to seriously consider these messages
- Adjust our attitude according to where messages falls In LoA attitude moves toward message
- In LoR attitude moves away from message

Key Concept: Ego-Involvement

- How much does this attitude matter to you?
- How important is it to you that you be right?
- How much is your identity tied up in the concept?
- Think about how identity and attitudes go together.

Key Concept: Certainty

- How does being certain affect your attitude latitudes?
- For today I'll assume certainty = short LoA
- According to Social Judgment Theory can only influence within LoA
- If that's true, high certainty people are less subject to influence.

Self-Judgment

- What if the attitude object is yourself?
- Self-Esteem is the attitude you have toward yourself.
- What about other self-judgments?
- What about neutral judgments?
- Prefer blues or reds?
- Quiet or rowdy?

Elaboration Likelihood Model

Key Point:

The strength and durability of attitude change depends upon the extent to which people think about (elaborate on) the contents of persuasive communication.

The Elaboration Likelihood Model . . .

is an approach to understanding the persuasion process which illustrates the decision-making path to belief, attitude, and behavior change.

Belief and Attitude Change May Take One of Two Routes

- The Central Route to persuasion is when the receiver has high-involvement information processing-- whether the person ponders the content and logic of message.
- Central route leads to more enduring attitude change.

- The Peripheral Route to persuasion is when the receiver has low-involvement information processing-- persuasion depends on nonmessage factors.

The Central Route to Persuasion

- The receiver attends more carefully to the message being received and compares it to his or her own attitudinal position.
- Likely generates a number of cognitive responses to the communication.
- Central Cues refer to ideas and supporting data that bear directly upon the quality of the arguments developed in the message.

The Peripheral Route to Persuasion

- Cognitive responses are much less likely to occur, because the receiver is not carefully considering the pros and cons of the issue.
- Peripheral persuasion cues include such factors as the attractiveness and expertise of the source, the mere number of the arguments presented, and the positive or negative stimuli that form the context within which the message was presented (e.g., pleasant music).

Theory of Reasoned Action

Two Factors

This theory proposes that human behavior is influenced by two factors:

- attitudes towards the behavior
- the influence of social environment and general subjective norms on the behavior. Social norms are determined by examples that significant others set for us and by the attitudes they convey to us.

Reasoned Action and Social Learning

According to TRA, we develop attitudes toward behavior and understand social norms through learning. Social learning assumptions are:

- Behavior dynamically influences the environment and personal constructs.
- Likewise, the environment and personal characteristics affect each other and the person's behavior.
- For a person to perform a particular behavior s/he needs to know what the behavior is and know that he/she has the skills to do the behavior. Individuals learn what to expect through their own experience and through their social groups.
- Individuals act in their self interest to get likely outcomes they value.
- Individuals learn through imitating the behavior of others around them.
- Individuals learn through reinforcements and rewards they receive from their behavior.

Cultural and subcultural influences on consumer behavior

How do Culture and Subculture Affect Consumer Behavior?

How does culture affect the needs we recognize, how we search, our evaluation of alternatives, our shopping habits, consumption habits, how we dispose of products?

Parts of Culture

Culture: norms, roles, beliefs, values, customs, rituals, artifacts

Culture classifies things into discontinuous units of value in society

Codes classified units, develops behaviors, specifies priorities, legitimizes and justifies the classifications

Consumer socialization - the process by which people develop their values, motivations, and habitual activity

Culture creates meanings for everyday products

We study how the use and/or collections of products and their meanings move through a society

Nature of Culture—Components

Norms: rules that designate forms of acceptable and unacceptable behavior

Customs: behaviors that lasted over time and passed down in the family setting

Mores: moral standards of behavior

Conventions: practices tied to the conduct of everyday life in various settings

Ethnocentrism: the tendency to view one's own culture as better or superior to others

Key Points about Culture

It is learned: transmitted from generation to generation

It rewards acceptable behaviors

It stays the same, yet can change

Family, Religion, School and Peers: what is the relative influence of each?

Values Transfusion Model shows how these combine

Will any become more, less relevant?

Consumer socialization: the acquisition of consumption-related cognitions, attitudes, and behaviors.

What is similar about . . .

Marriage

Birth

Death

Shelter

Food

Age grading

Division of labour

Property rights

Family / kinship groups

Status differences

Magic / luck superstitions

Hospitality

Greetings

Joking

Cooking

Personal names

Language

Gestures

Body adornment

Courtship

Music and dance

Incest taboos

Cleanliness training

These are called “cultural universals”

One of the largest surveys of cultural life was undertaken by the Functionalist sociologist George Peter Murdock ("The Common Denominator of Culture", 1945)

He claimed to have identified approximately 70 cultural features that could be considered universal in human societies.

Cultural Generalizations

- Culture is pervasive
- It's in most every corner of people's lives
- High-context style—it is where the communication has most of the information in either the physical way it's presented or the person receiving it already knows the meaning
- Low-context style—the knowledge of the ins and outs of the society is not as widespread
- Culture is functional

The “Languages” of Culture

Colors

Color choice that signifies death varies across regions of the world

The color red

Bright colors

Colors and fashion

Time

Self-time, interaction time, institutional time

- Time styles:
- Approaches: economic, socio-cultural, psychological, measurement, physiological
- Orientation: a person's perception of the importance of the past, present, or future
- Activity level: monochronic versus polychronic behavior – see PAI
- Time processing: economic or linear, procedural, circular or cyclical

Other “Languages” of Culture

Space

What is the acceptable personal space across cultures?

Distance

Gestures, postures, or body positions

Symbols—signifiers

Friendship and agreements

Government and Laws

Certain Dimensions of Culture are Relevant to Consumer Behavior

Power distance: equality and informality vs. distance and formality

Uncertainty avoidance: comfort with not knowing

Masculine vs. feminine: are there rules of behavior related to being a man? Being a woman? Are their nurturing behaviors that are valued? Aggressive behaviors?

Individualism vs. collectivism: does country X emphasize the growth and rights of the individual or of the group?

What Myths and Old Wives Tales Do You Know?

Throw salt over your _____ shoulder when _____

Always eat _____ on New Year's Day

Always _____ for someone's birthday

Always give _____ for Valentine's day

When sending wedding invitations, how many envelopes are used? _____

Eat _____ when you have a cold

How do these Myths relate to Consumer Behavior?

People may just use products because they think that they have to

People may not understand if there is a reason for such use - is chicken soup really good for a cold?

People may not accept your product if there is a better alternative, even if it's not in the same product class – we find this in bringing innovations to new markets

There may be certain expected behavior for the giver and for the receiver

What About Things You Expect to Receive?

At graduation, you expect that you will get a _____.

If you were planning a baby shower, you would expect people to bring _____

If you were consulting for a Party Store, what types of items would you recommend that they carry?

Balloons, streamers

Plates, napkins, cups

For instance. . .

- What determines a “hot” lunch and why it is desirable
- What determines holiday foods?
- What is a breakfast food? Colors of foods?
- Correct clothing for various events
- Why do you turn around when entering an elevator?
- Why do men wear ties and women do not?
- Why do people shake hands, and not touch elbows?
- Why do you know what constitutes “good” vs. “bad” manners?

Function, form, and meaning are defined by one's culture

What does the product do for us? What are the benefits?

What should the product look like? What should it be made of?

When should it be used? By whom? Can it be given as a gift?

Who shops? Who is exposed to ads? Who traditionally uses the product?

Core Values in Marketing

What are the basic food groups? For Whites? Blacks? Hispanics? etc?

What about the aspects of consumer behavior? Consumer research?

EG - Is the decision process carried out the same way?

Are the structure of attributes the same? Compensatory vs. Noncompensatory?

Does someone's membership in a cultural group affect their consumer behavior?

- Let's consider the “Core American Values
- Do you agree with these?
- Will they continue?
- What do they mean for marketers?
- What would they mean for food, clothing, entertainment?
- Core values define how products are used in a society
- Core values provide positive and negative valences for brands and communication programs
- Core values define acceptable market relationships
- Core values define ethical behavior

Suppose you were consulting with a greeting card company

Which holidays?

Which themes?

What is appropriate language?

What are appropriate pictures/graphics?

Who would send the card?

Does Hallmark really mean “the very best”?

Do you belong to any Subcultural Groups?

Subculture is a distinct cultural group which exists as an identifiable segment within a larger, more complex society

- Ethnic subcultures – Blacks, Hispanics, Asian Americans, Euro Americans, Native Americans, etc
- Religious subcultures
- Disabilities subcultures
- Age subcultures
- Any others?

Some Hard Facts

- It is difficult to discuss common needs and practices in subcultural groups without sounding stereotypical and biased.
- Summaries just reflect commonly-held behaviors, practices, and norms
- Oftentimes various ethnic minorities live in areas where there is low income, little shopping opportunities, and great inequality - look at Camden
- Regardless, people who belong to a specific group are likely to have identifiable preferences and needs

Key Concepts

Acculturation: measures the degree to which a consumer has learned the ways of a different culture compared to how they were raised

“Consumer acculturation”- how people learn consumer behaviors in another culture

Black or African-American Subculture

- A common heritage
- More than 36 million consumers in US
- Younger with very high numbers living in cities
- 1999 earnings: \$491 billion
- 1999 purchases: \$207 billion (ninth largest economy in the world)
- Approximately 28% of families had an annual income of \$50,000 or more in 1999
- The group is very diverse

Marketing to African-Americans

African-American consumers expect respect within the marketplace and must feel a sense of acceptance, BUT

- Under-representation and token appearances in advertising
- Inappropriate product development: e.g. lag in toys, dolls, other role model icons, cosmetics

How to identify genuine needs and wants? Go back to cultural universals

Foods - based on learned cultural norms

Clothing - styles and colors that are preferred

Physiologically-relevant: cosmetics

Black Subculture

A high proportion of families are headed by women

Black women influence many purchases that might otherwise be purchased by men

Advertising often appeals to the strength black women portray in life

Often unavailability of shopping areas in neighborhoods causes great disparity in spending power

Differences in decision making patterns and in media usage

Asian American Subculture

- Approaching 11.9 million – 2000 Census
- High incomes, high education
- Multicultural: Chinese, Japanese, Korean, Vietnamese, Malaysian, and Indian are the largest sectors
- Often mistakenly grouped into one segment

Asian- and Pacific Island-American Subculture

- It consists of 29 distinct groups
- Their nationalities range from Chinese to Filipino, Korean, and Pacific Island
- The group earned \$350 billion in 2000 with the median income per household at approximately \$36,100
- They tend to be conservative and family oriented

Distinct subcultures within Asian American group

- A total of 2.7 million Asian American residents are Chinese (excluding Taiwanese) or Chinese (excluding Taiwanese) in combination with one or more other races or Asian groups, making Chinese the leading Asian group. Filipino (2.4 million) and Asian Indian (1.9 million) follow. The largest Pacific islander groups are native Hawaiian (401,000) and Samoan (133,000).
- Over half (51 percent) of the Asian population lived in just three states: California, New York, and Hawaii, which accounted for 19 percent of the total population.

Asian Americans - similarities

They are cost conscious and very brand loyal

They shop mostly within their communities

Language barrier may be a challenge for marketers

The most effective advertising to Chinese-Americans reflects traditional family values

Asian Americans - differences

Differences in reasons for coming to, living in the US, desire to return to homeland

Significant differences in household decision making - male or female dominance

Difference in innovativeness

Differences in use of homeland media - English best for broadcast;

Asian languages best for print

Similarities and differences in reactions to marketing stimuli, such as colors, themes in ads

Hispanic Subculture

- Fastest growing ethnic market in US
- 37.4 million people, reported in March 2002 by the Census Bureau
- 2000 purchasing power: \$340 billion
- Median income is about two thirds of the average in the U.S.
- In 2000, 9.6% percent of Hispanic families had incomes of more than \$50,000

Hispanics (continued)

They think of themselves as Hispanic or Latino first and as Americans second

90% indicate that Spanish is the most important feature of their culture

Two-thirds of Hispanics prefer to speak Spanish at home

20% of Hispanics do not speak English at all

Key Ideas

- Latinos are concentrated geographically
- Latinos are generally brand loyal

- Latinos emphasize the importance of the family
- Latin identity - ethnic identity
- Importance of religion

Marketing to Hispanic-Americans

- They are a diverse group, bound together by a common language and cultural heritage
- They are very brand loyal
- 90% use Spanish language media for product information
- 65% listen to Spanish-language radio, 80% watch Spanish-language TV, 40% read Spanish-language newspapers, and 20% read Spanish-language magazines
- They have positive attitudes toward advertising

Stereotypes Regarding Language

- Should all messages be in Spanish? Not always - it may depend on the purpose, product, context, level of learning, etc.
- Which form of Spanish - various subcultural Spanish groups have specific idioms!
- Which language in research? Maybe both - it may depend on the topic being discussed
- Which language do people use to think about a topic? Which language do they use when they go shopping?

Religious Subcultures

- What is the impact of Catholicism, Protestantism, Judaism, Islam, etc on the products the consumers buy and use?
- The holidays they celebrate?
- The foods they should and should not use?
- The gifts they give?
- What do people know about their religious heritage? If they are second or third-generation, do they need information?

Why Do We Study Cohorts?

- A cohort is any group of individuals linked in a group in some way
- Often they have gone through the same experiences
- They are likely to affect specific cultures in unique ways
- Where were you when . . .
- World War II, Korean Conflict, Vietnam War took place?
- President Kennedy was shot
- Martin Luther King was shot, Bobby Kennedy was shot
- The Challenger exploded
- Desert Storm erupted
- Princess Diana died
- Timothy McVey was executed
- Columbine
- 9-11?
- How did _____ affect the way you think?

Subculture Based on Age

Preteens

They influence purchases in approx. 60 product categories

They select the stores in which they spend their own money

By appealing to preteens, marketers build brand loyalty at an early stage

The medium of choice for them is television

Teens

- They make up 6% of the population, but growth will be flat until 2010
- They have been segmented into several lifestyle groups
- Increasing influence on purchasing
- Increasing spending power
- Teens are preoccupied with their appearance
- They are open to new ideas and new products
- Teens are avid television viewers

Young Adults—Generation X

- Those born between 1965 and 1977 (40 million people)
- They are distrustful of marketing
- They look for a balance between work and leisure
- Gen X-ers are close to their parents and they tend to live at home

Generation X (continued)

- They are not drawn to traditional forms of advertising (i.e., hyping up products)
- Gen X-ers express their need to stay in control by purchasing communications equipment such as beepers, fax machines, e-mail, and mobile phones
- They prefer products based on their practicality

Baby Boomers

Those born between 1946 and 1964 (78 million)

Total income is over \$1 trillion, increasing at a rate of 10% per year (versus 5% for the rest of the population)

They have a high level of education

They have more discretionary income than other groups and they buy more and save less

Boomers are health conscious

Baby Boomers (continued)

They are becoming less materialistic in outlook and their product and service selections reflect their concern for the environment and quality of life

They use credit cards and buy expensive exercise equipment

Boomers keep up with fashions

The marketing of nostalgia works well with them (especially older baby boomers)

Seniors

There were approx. 35 million people over 65 in 2000—it is the fastest growing segment of the population

Households are small and their need for new purchases is limited

They enjoy convenience in the marketplace and appreciate their leisure time

<http://www.seniorcitizensmagazine.com/> Their recent feature story:

ARE YOU PREPARED FOR YOUR DEATH?

<http://www.aarpmagazine.org/>

Seniors (continued)

They spend more on themselves

They perceive themselves as younger than their years – cognitive age versus chronological age

Although brand loyal, they tend to try new products or brands if given good reasons to do so

The senior market can further be segmented on the basis of age, activity level, health, and mobility

Social Class and Reference Groups

Are there other ways that we can group consumers to understand and predict their behaviors?

- Some analysts use social class as an aggregate of several measures that can describe a person or a household
- Why? People who are similar on social class indicators are often similar in their consumer behaviors

Social Class

- Social class—a status hierarchy by which groups and individuals are classified on the basis of esteem and prestige.—American Marketing Association
- A social class is a group of people whom other members of the community see as equal to one another in social prestige and whom others believe to be superior or inferior in prestige to other groups that constitute the social classes below them or above them (Warner).

Other Definitions

- Relatively permanent and homogenous divisions in a society in which individuals or families sharing similar values, lifestyles, interests, and behavior can be categorized
- Measures typically are a combination of demographic identifiers which are correlated with product bought, values held, etc.

Social Class Membership

- Members of the same social class tend to share common values, beliefs, and behaviors that unite them (as opposed to simple demographics).
- Membership in a higher class generally leads to greater influence within the workplace, organizations, and society as a whole.

What Is Social Class?

- What is Your Social Class?
- What is the social class of the person sitting next to you?
- How can you tell? What info are you using to make this judgment?
- Subjective (rank self), reputational (someone gives opinion of your social class), objective methods (uses scores on various observable variables)
- Occupation: best single indicator of social class
- Personal performance: a person's success relative to that of others (often in the same occupation)
- Interactions: the people with whom one associates and socializes
- Possessions: symbols of class membership – living room scale

Occupation

- What a person does for a living
- It is an indicator of other signs of class membership: income, personal associations, and status
- Further class assumptions within an occupation may be based on performance level

Income Source

- Level of income is not by itself a good indicator of class.
- Income source along with occupation may help us determine whether two individuals that have the same income belong in the same class: investments, inheritance, old wealth, etc.

What do you think?

Does a professional athlete making \$20 million belong in the same social class with a physician making \$150,000/

A mechanic wins \$50 million in the lottery...will his social class change?

Have you ever calculated Social Class?

- Scores on weighted scales - each item represents something of value in the specific culture. The weights represent the relative importance in that culture.
- Computerized Status Index (CSI) – separates out data on both spouses
- Hollingshead's Index (residence x 6, occupation x 9, education x 5)
- Warner's Index: occupation, source of income, house type, dwelling area

Social Class in the United States

A five-class hierarchy

Upper class

Attend elite schools, engage in inconspicuous consumption

Upper-middle class

Professionals, independent businesspeople, corporate executives

Lower-middle class

Salespeople, clerical workers, supervisors, construction contractors, small retail store owners

Upper-lower class

Skilled and semi-skilled blue-collar workers

Lower-lower class

Lower blue-collar workers, the unemployed, families on welfare, and unskilled workers

Marketing to the poor

Social class is an important source of beliefs, values, and behaviors

- Why? Look at the indicators: what one does for a living, what one's education is, where you live, what you earn
- Different social classes value education differently
- Attitudes toward family life, raising children, the role of women, etc., vary from class to class
- Time with children, attitude toward work, care of self
- People in various social classes exhibit markedly different lifestyles
- Activities outside home, times of meals, types of sports

Can marketers use social class? Product influence

- Its relevance may be product-specific
- Products people buy: clothing, home furnishings and appliances
- Conspicuous items - things people are likely to talk about and compare among themselves
- Certain brands are associated with specific social classes (occupations, educ, etc)
- Brands of beer, wine, etc.

Social Class and Marketplace Behavior: Media Use

Influence on media use

- Lower-class people are less likely to subscribe to newspapers than are members of the middle class.

Choice of magazine is likely tied to education and reading ability

- Lower-middle class—Reader's Digest, Ladies Home Journal
- Upper-middle class—Time, The New Yorker, etc.

Broadcast media choice also varies by social class

- Upper-middle class—NBC vs. lower-middle class: CBS
- Lower-middle class—more responsive to audiovisual forms of communication

Influence on Advertising: Themes

Lower-status consumers are more receptive to advertising that depicts activity, ongoing work and life, expressions of energy, etc. Why?

Upper-middle class consumers are more critical of advertising, suspicious of emotional appeals, and skeptical of claims. Why?

Social Class: Shopping

Lower-class women are the most “impulsive” about shopping

Outlet choice varies by social class

Upper-lower class women are likely to respond to promotions offering coupons or other special inducements

Members of the upper class prefer traditional home furnishings

Social Class and Leisure

Bowling, TV, and bingo are favorite lower-class leisure pursuits

Most activities enjoyed by middle- and upper-class people are less time consuming than lower-class choices

Who is likely to influence your company’s customers?

Who do they want to imitate?

Who will they ask for advice?

Does your company have any social processes where your customers are influenced by others?

Why are Reference Groups Important?

- Any person or group (actual or imaginary) that serves as a point of comparison for an individual in the formation of either general or specific values, attitudes, or behavior
- When shopping in a group, you bring your reference group with you.
- Why? To get information or advice
- To satisfy the expectations of others
- To be like a certain type of admired person

Reference Group Influences

- Members of a reference group are likely to influence your company’s consumers
- E.g. which types of clothes to wear, food to serve, restaurants to patronize
- These are people whom your customers tend to look to for influence or advice
- How to identify them??

Social Norms and Conformity

- Social norm—any rule or behavior for meeting societal expectations ? normative system

Conformity pressures—actions taken to encourage or force members to act, think, and/or express themselves in certain ways

- The more important a group is in our lives, the greater our desire to accept and conform to its norms

Reference Groups: Have you Ever Sought the Opinions of Others in making a consumer decision?

- What’s common about an Avon sales call, a Tupperware party, a Mary Kay makeover party? The use of social pressure.
- Many businesses try to set up group situations where there is pressure to conform to “good behavior”
- Coercion and Obligation: norms and rules of behavior, sets up expectations
- Sanctions and Rewards (for being a good guest)

- Social Psychology - the influence exerted on persons by agents (an individual, a group, a norm, a role, or a value)

Types of Reference Groups: how much contact, familiarity

- primary vs. secondary: people at your office vs. people in a professional organization
- membership vs. aspirational: your gym friends vs. the Olympic team - want to be trim so join an exercise club
- positive vs. negative (dissociative): liked vs. disliked groups - do not want to be unemployed, so seek degree with high employment rate
- formal vs. informal: like SBC vs. a group of friends - learn the rules of a company where you would like to work
- NEW! Virtual group – internet communities

Remember - the question is how much impact the reference group has!

- Conspicuousness
- Public necessities: don't need influence to get one - in U.S., watches and cars - so weak product and strong brand influence – what brand of watch you'll wear
- Public luxuries: golf clubs - strong product and strong brand
- Private necessities: washer and dryer - most everyone has these - weak product and weak brand - people not talk about it
- Private luxuries: hot tub - people not talk about brands - strong product and weak brand
- These vary by country

Promotional Messages and Power

- Reward power: parental reward, peer approval, rebates
- Coercive power: punishment, disappointment, “I should have bought _____”
- Legitimate power: your country says that here is what you ought to do, “Buy American”
- Referent power: be like someone you aspire to imitate - Olympics
- Expert power: authorities, who can give you advice - Inquirer asks professor to talk about Christmas shopping

Families and Households

Consumer Behavior - The Changing Household

What does it mean to my business?

How do Households Influence Your Company's Consumers?

Could your company be affected by any stereotypes about households?

Women shop for food, take care of children, ...

Men fix things, buy hardware supplies, buy cars. . . .

Are these assumptions true?

Who makes decisions about the products you sell?

Who makes decisions about remodeling? Home repair?

How do changes in households affect your business? How would it affect the way people buy furniture? Computers? Televisions?

What is the Difference Between Families and Households?

A family is a group of two or more persons related by blood, marriage, or adoption who reside together.

Family of Orientation or Nuclear – family in which you were born

Extended Family – relatives who do not live with you

Conjugal or family of procreation – family you form

A household consists of all persons, related and unrelated, who occupy a housing unit.

Some definitions include household pets

Which TV shows reflect today's households?

- Stereotypes
- Brady Bunch
- Full House
- What else??
- Actual households
- Friends – Ross and Rachel
- Will and Grace

What else?

Demographers note:

Changing household demographics (trends) influence consumption patterns:

Lower birth rates have led to smaller families

People are marrying later or are not marrying at all

Many people are deferring childbirth

Many couples decide not to have children

High first marriage and even higher second marriage divorce rates

Economic Impact on Households

Two-income families

In 1999, 65 million women were in the work force

Career women and “just-a-job” women

Which businesses does this affect?

Prepared meals, childcare, leisure time, ...

Single women heading families

In 1998, 13 million single-parent families in the U.S. headed by women

Which businesses does this affect?

Roles must be considered

Initiator: who recognizes the problem?

Influencer: individual whose opinions are sought about purchase criteria and which brands fit those criteria

Decider: person with financial authority to choose how family money is spent

Buyer: person who actually buys goods

User: person(s) who uses the product

Gatekeeper: control of info

Preparer: who actually gets the product ready to use

Disposer: who throws away what's left

Cycle Dog Food Example – these roles were studied in developing the product

Initiator – who sees that we are out of dog food!

Gatekeeper – female household head – consid. set

Influencer – veterinarian – dog must lose weight

Decider – actual owner in household

Buyer – send teenager to the store

Preparer – teenager must feed dog as chore
 User – dog, will the dog eat it? Get sick?
 Disposer – who cleans up uneaten dog food, messy?

Family Lifecycle and Consumption Patterns

Young singles
 Newlyweds
 Young couples without children
 Married couples with children
 Households with teenagers
 Mature couples

Who is missing in this typology?

Family (Household) Life Cycle

- Consider the traditional life cycle - Who's missing?
- What does this mean for marketers?
- Effect of divorce and remarriage
- Trends: stepchildren, single parent households, gay households, persons who are living together, and so forth
- How design ads for people in these various types of households without insulting them, without ignoring them...

Changes in Household Composition

Household head - who is it??? Is there just one???

Sandwich generation - emerging unmet needs- e.g. need for care for elderly – impact on housing market and remodeling

Boomerang kids – adult children living at home

Are traditional marital roles a wise assumption within the US market today?

Gender Role Impact

- Is there a blurring of gender roles (androgyny) in today's society?
- In reality, gender roles have been slow to change.
- Women are still expected to perform tasks traditionally associated with them: housework, child-rearing, etc.
- Men still spend 15 hours more on leisure activities than their wives.

How are Buying Roles Changing in Households

- More participation in nontraditional areas (in US)
- Women: auto repair, home maintenance
- Men: childcare, pediatric care, cooking, housekeeping
- How might this change our advertising? The instructions on products? The need for workshops – e.g. Home Depot for women

Changing intergenerational influence
 Purchasing power of younger children

Changing gender roles - what do men do today that was traditionally “women's work”?
 What do women do today that was “men's work”? What new roles are children taking on?

How Does the Changing US Household Impact marketing?

- Building skills in unfamiliar areas: e.g. females learning how to feel comfortable with home repair
- Males learning to feel comfortable with child care purchases
- Support for elderly living longer, may be geographically far from adult children.

Who controls household decisions?

Issues on which spouse has influence” Autonomic (either), husband dominant, wife dominant, joint (syncratic)

This analysis is from a set of diagrams that depict how the influence changes as the household moves through steps in the decision process

This shows that the person who initiates the search may or may not be the final decision maker

Who recognized the problem?

Who searched for alternatives?

Who made the actual purchase?

Now consider your business. . .

Which part of the decisions to patronize your firm involve husbands, wives, or both?

E.g. who selects which Cable programs to buy? Which cell provider to use?

How do roles vary in buying homes?

Sources of Power in Household Marketplace Decisions

The power to make decisions in a household may come in a number of ways:

Power may be earned

A person may take the power

Power is simply given to one of the members

Society says so

Marketplace value (the person who brings in the dough!) can be the source of power.

Decisions Influenced by Children

Children influence family decision to an alarming degree

Children between the ages of 4 and 12 influence buying decisions to the tune of \$70 billion a year (\$6 billion in allowances per year)

Children plead, whine, and bargain with their parents to get what they want

Public Policy and Consumer Advocacy**Public Policy and Consumer Advocacy**

- How does public policy affect your businesses?
- Are your ads governed by the FTC? Are there any words, phrases, etc that are explicitly governed?
- Are any of your products governed by the FDA? Labeling? Instructions? Nutrition information?

Regulation of Marketing Practices

- Not all marketers act in the best interest of consumers! Consider Nydia Han’s reports
- Fraud is a real problem whether online or offline
- Let the buyer beware ? let the seller beware
- Consumer advocacy groups
- Laws alone may not be enough

The Consumer Bill of Rights

The right to be informed

The right to safety

The right to choose

The right to redress

The right to a healthful environment
The right to privacy

Right to Be Informed

- ...is the right to be “protected against fraudulent, deceitful, or grossly misleading information, advertising, labeling, or other practices, and to be given the facts he [or she] needs to make an informed choice.”
- The Federal Trade Commission (FTC) is responsible for ensuring that this right is protected

FTC Programs Designed to Protect the Right to Be Informed

- Advertising substantiation
- Companies that make claims about a product’s safety, performance, efficacy, quality, or comparative price must provide tests, studies, or other data to support their claims
- Corrective advertising
- The FTC has the power to compel marketers to correct wrongful beliefs consumers form about a product as a result of deceptive advertising
- Laws differ globally

Drug Advertising – in the past, ads only went to physicians – now to consumers

- Studies have indicated that consumers miss much of the important information in the “small print” of drug ads
- Web site invites consumers to free trial

FTC Programs – policymakers study consumer understanding and use of this information

- Information disclosure
- The FTC mandates the use of warning labels on several products and their supporting advertising
- Truth in advertising complaints
- Objective claims – this product can
- Implied claim – the ad makes it look this way but the consumer fills in the blanks

The FTC web site is full of information for consumers

<http://www.ftc.gov/>

Go to consumer section for useful information on consumer protection.

Go to the business section for examples of advertising, labeling, etc from the FTC’s point of view

Marketing and point-of-sales practices that are likely to mislead consumers are also deceptive.

For instance, in bait and switch cases, a violation occurs when the offer to sell the product is not a bona fide offer.¹⁴

The Commission has also found deception where a sales representative misrepresented the purpose of the initial contact with customers.¹⁵

When a product is sold, there is an implied representation that the product is fit for the purposes for which it is sold. When it is not, deception occurs.¹⁶ There may be a concern about the way a product or service is marketed, such as where inaccurate or incomplete information is provided.¹⁷ A failure to perform services promised under a warranty or by contract can also be deceptive.¹⁸

Identifying Express and Implied Claims in Advertising

When identifying claims, advertisers should not focus just on individual phrases or statements, but rather should consider the ad as a whole, assessing the "net impression" conveyed by all elements of the ad, including the text, product name, and depictions.

When an ad lends itself to more than one reasonable interpretation, the advertiser is responsible for substantiating each interpretation.

Copy tests, or other evidence of how consumers actually interpret an ad, can be valuable.

An advertisement for a vitamin supplement claims that 90% of cardiologists regularly take the product.

In addition to the literal claim about the percentage of cardiologists who use the product, the ad likely conveys an implied claim that the product offers some benefit for the heart.

Therefore, the advertiser must have adequate support for both representations.

Unit pricing

The FTC has ruled that retailers must provide consumers with two prices for every packaged goods item: the price per package and the price per unit of measure

FTC Programs (continued)

- Product Labeling
- Federal law mandates labeling on most food products to indicate appropriate product warning, use-by dates, and nutritional value
- Disclosure of Interest Rate Provisions
- The 1968 Truth-in-Lending act was enacted to give consumers information on credit terms to help them seek favorable interest rates

Consumer Advocacy and the Right to Be Informed

- Consumer advocacy groups work in five important ways to protect consumers by:
- Improving the decision-making skills of consumers
- Identifying and monitoring case of deceptive advertising
- Identifying and addressing consumer information problems
- Designing product information programs that make specific and objective information available to consumers
- Exerting pressure on marketers to provide accurate and complete information about the costs and benefits of their goods and services

Right to Safety 

The Consumer Product Safety Commission (CPSC)

Established in 1972 under the Consumer Product Safety Act

See Exhibit 16-7

<http://www.fda.gov/>

- Product quality and safety
- Ford and Firestone
- Product recalls
- Consumer advocacy and the right to safety
- Cigarette advertising
- Drinking and driving

The FDA has regulations on cosmetics labeling 

<http://www.cfsan.fda.gov/~dms/cos-labl.html>

Special rules apply to the ingredient declaration on products that are both cosmetics and over-the-counter drugs.

- An example of such a product is an anti-dandruff shampoo: A shampoo is a cosmetic, while an anti-dandruff treatment is a drug. Regulations enacted in 1999 require such combination products to have the drug ingredients listed separately as "Active Ingredients," in alphabetical order, followed by the cosmetic ingredients, which are listed as "Inactive Ingredients" in descending order of predominance

Right to Redress

- The right to be heard—is the right to complain and express grievances about product failure
- What can we do about unsatisfactory products?
- Is litigation the solution?
- Handling complaints properly is of paramount importance to marketers
- Consumer advocacy groups may act on behalf of consumers by expressing their grievances and taking legal action

Right to Choose

“Consumers have the right to assured access, whenever possible, to a variety of products at competitive prices. In those industries in which competition is not workable, government regulation is substituted to assure satisfactory quality and service at fair prices.”

Monopoly versus competition AND choice

Right to a Healthful Environment

- Environmental pollution is a growing concern in industrialized nations
- The Environmental Protection Agency (EPA) sets and regulates policies to protect the environment
- Green marketing and the right to a healthful environment
- Consumer Advocacy and the Right to a Healthful Environment
- Opportunities for action
- Waste control and recycling, concern for wildlife and the biosphere, environmental labeling, concern for health, and energy awareness
- The Department of Energy (DOE) and social marketing
- Developing consumer behaviors consistent with environmental protection

New Jersey "Clean Indoor Air Act"

- Researchers at Cornell University found that a smokefree policy for restaurants attracts more business -- and revenue - - than it drives away.
- The conclusion was based on a study, "Should NYC's Restaurateurs Lighten Up?" that examined the economic effects of New York City's Smoke-Free Air Act, a law that banned smoking in almost all restaurants in the city.
- The findings refute assertions made by the tobacco industry and some restaurant groups before the Act went into effect in April 1995 that banning smoking would cause a tremendous loss of business for restaurants.

Right to Privacy

- It is an issue of increasing urgency
- The use of database marketing and concerns about privacy
- Four out of five consumers report that they value their privacy and believe it should be protected by law
- The Fair Credit Reporting Act of 1970

The Internet and Privacy

- Online merchants may know more about consumers and their purchasing habits than consumers would like them to
- Cookies and tracking software
- Information about consumers may be shared with other online merchants
- A lot of information about behavior online may be stored in one place
- Merchants can link all purchasing information from different places in one place and create a profile

The Americans with Disabilities Act and Retail Decisions

Understanding the ADA

- Where does the ADA affect your business?
- Are persons with disabilities expected as customers?

Observing the Challenged Shopper

- Americans with Disabilities Act (ADA)
- Can retailers understand the recommendations of compliance?
- What are the assumptions of retail planners?
- How can retailers learn how to understand the needs of challenged shoppers?
- 49 million disabled persons in U.S.- various types of challenges – 20 percent of the U.S. population

Challenged Shoppers want to be treated as Shoppers First

- Adaptations of retail space
- Assistance of well-trained support staff
- Accessible, well-maintained, equipment which matches shopping activities
- Title III: accessibility of public accommodations, such as restaurants, movie theaters, retail stores,
- Compliance is difficult to translate into action - e.g. concert halls and sports stadium

The Key Concept of Continuous Sequence

- “Barrier-free” cannot be investigated in isolation
- Activities must be considered by order, level of interaction, and transition among activities - a sequential approach
- ADA compliance regulations discuss these issues one at a time: e.g. recommendations for doors, for ramps, etc.

Phase I: Simulation

- Field study of real-life frustrations of challenged shoppers
- Upper-level undergraduate student teams enrolled in Retail Marketing Class
- Simulation of mobility impairments: wheelchairs, walkers, crutches, leg braces, and motorized carts

Shopping Trips

- At least four stores, including a grocery store, and at least one infrastructure, such as a telephone, restroom, or ATM
- Emergent design: there is no standard pattern for imitating and/or studying the experience of challenged shoppers
- Recorded in multiple media: photographs, videos, sketches, logs of perceptions and feelings
- Emphasis on discrepancy

Shopping Doesn't Make the Grade: A Poorly-Planned Pathway

- The continuous sequence of ramps and doors is often not coordinated
- “Pathway into the store” - often described in each part of the pathway
- Students found steep ramps with doors opening backwards, forcing the wheelchair user to balance precariously on the doorway edge

Access Equipment: Condition, Location, and Convenience

- Comparison of shopper bringing own equipment vs. shopper who plans to borrow store equipment
- Mixed findings:
- Excellent equipment in convenient locations
- Equipment stored in inaccessible corners, behind automatic doors
- Poorly-kept equipment, often piled with merchandise

Inaccessible Merchandise and “Overhead” Displays

- Aisles blocked by pallets, merchandise, boxes, high step ladders

- Displays must be moved in order to get through
- Merchandise required reaching, bending, lifting ... all inaccessible
- Displays, mirrors, and information placed overhead
- Vending machines with overhead coin slots

“Fitting in” the Fitting Room ... and Getting Out Again

- Often located in back of store
- Often locked requiring searching for personnel
- Often crowded with stored merchandise, boxes, etc.
- Wall hooks placed too high
- Little or no room to turn around; chairs and carts become stuck

Phase II: Accompanying Challenged Shoppers

- Upper-level undergraduate student teams enrolled in Retail Marketing Class
- Actual observations of real-life shopping problems as experienced by a challenged shopper
- Both “visible” and “invisible” challenges: Accident injuries, Cerebral Palsy, Spina Bifida, Epilepsy

What do we assume about shoppers?

- Average, able-bodied shoppers
- That they have a choice of stores and that they can get to our stores without difficulty
- That we will “notice” if they are challenged
- That they have access to merchandise & displays
- That they can reach things which persons of average “height” can reach
- They enter the store on foot, can see and hear clearly, can lift and carry products through the store, and are able to use conventional shopping carts and baskets

It Only Takes a Problem in Part of the Process ...

- Gaining information on mass transit may be difficult
- Parking and access may be blocked; parking spaces too narrow for van lifts
- Rainy entrances may be slippery; curb cuts may fill with water
- Problems can be product-specific: Types of merchandise may be impossible to evaluate in store: e.g. bathing suits
- Personnel may be insensitive

Decorations and Displays Can Be Dangerous

- Strobe lighting is dangerous to those with seizure disorders
- Colors may be inaccessible to those with color-vision deficiencies
- Displays which spill over into aisles may trip customers on crutches; may block customers in wheelchairs and carts
- Displays may make lifting necessary; many cannot lift items from overhead or from below waist-level

Many Stores Send their Customers Away because . . .

- Doors are too heavy to be opened
- Doorways are too narrow for wheelchair access
- Retail aisle space is used a display for excess merchandise
- Handicapped fitting rooms are used as storage
- Wheelchairs and motorized carts are dirty and unobtainable

Myths and Realities

- Critics claim substantial costs to retailers to gain compliance, without analyzing what accommodations are like from the perspective of the challenged shopper
- Accommodations can benefit all customers and employees alike

- The ADA is often not implemented because it is not understood
- Overly-technical regulations difficult to translate into operational compliance
- Lack of interest due to “insufficient” numbers of challenged customers

The Needs of Disabled Shoppers are the Needs of Many Shoppers

Some equipment, such as automatic doors, benefit other customers, such as parents with small children and older shoppers
Universal design improves life for all consumers

And What About the Invisible Disabled Shoppers?

Many persons have a limitation in a life ability which is unseen
They are often insulted and ridiculed, since they may “look” as if no disability exists. Their needs may go unaddressed.
Benches for resting needed by invisible disabled, such as those with asthma, back problems, and epilepsy

Phase III: What Do the Retailers Say?

- Designed to uncover and examine reasons for noncompliance
- Designed to develop ideas for inexpensive, more easily-understandable methods of creating user-friendly shopping environments
- We wanted to find out if retailers could answer: “What does the ADA mean to my own business?”

What did the Retailers Know?

- 16/22 had some knowledge; “ADA allows disabled people to have access.”
- 64% had policies to assist the disabled; they spoke in terms of parking and ramps
- They did not translate the accessibility in terms of their own stores
- Less than half referred to automatic doors, low counters, or periodic checks to keep walkways clear

Reactive Responses vs. A Predictable Shopping Experience

- Assisted disabled customers “when they needed it”, when they ask, when they point out a problem
- ADA requires us to “treat customers with respect”
- Disabled shoppers want to be treated like “everyone else” without needing to ask for help

What is Really Wanted is ...

- To have a set of expectations about successful patronage: no surprises!
- To be able to enter stores without getting stuck
- To be able to trust that the elevator or escalator is working every time
- To shop without embarrassment
- To shop without having to travel farther than everyone else
- To be able to get a drink, use the restroom, wash and dry their hands, rest if they get tired, sit with their friends, look into mirrors, try on clothes, and get their purchases to and through the checkout

And There’s More . . .

- To be spoken to directly
- To be treated as a valued customer, rather than as a problem to be solved
- To encounter employees who have received training in accommodations

Notice That Many of These Wants Are Cost-Free

- The items on the chart are what customers expect in a predictable shopping environment
- Retailers need to examine how each issue is addressed in their particular stores:
e.g. Do my customers have to travel farther? Why?

- Do my employees know how to speak to disabled customers?

Low-Cost, High-Impact Accommodations

- If shelves and counters cannot be lowered:
- Post signs and call buttons to summon assistance
- Try vertical placement rather than eye-level
- If ramps are too steep and doors are too heavy, but cannot be changed:
- Call buttons for assistance
- Railings and skid-strips can be installed; monitor drainage
- Modify height, angle of door handles

More Ideas . . .

- If crowdedness is a barrier
- Establish preferred shopper times during less crowded hours
- Aisle-displays are hazardous for all customers!
- Post hours for inventory restocking
- If mobility aids are stored “in the back”
- Identify a spot in front, or place call button for access

Limit Expense and Maximize Cost-Effectiveness of Accommodations

- Reusable Aids: large-print and Braille shopping information, menus, bills, deli lists, store maps. . .
- Clipboards to shoppers in wheelchairs, for signing charge slips
- Audio-enhanced recordings of store information
- Names of color information for color-blind shoppers
- Communication media must match the customer’s communication style; post hours for sign-language interpreter

And the Good News is . . . Accommodation is No Surprise!

- Retailers can implement low-cost, high impact accommodations which involve simple readjustments of their existing policies
- Do not see customers as “victims”
- Ask: What are the unmet needs of people with certain challenges?
- A no-surprise, high-respect environment can be achieved through minimal expense by many retailers

Color Vision Problems and Web Design, Advertising

Can All Your Customers Perceive the Information You Give Them?

Color Vision Confusions may be a problem for them.

Seeing Through the Eyes of the Color-Blind Shopper

- Need for and Right to Have Understandable Consumer Information
- Designing packages
- Printing instructions and warnings
- Developing advertisements
- Constructing retail shopping displays, lighting, and layouts

Vulnerable Consumers

- A susceptibility to injury or to being taken advantage of by another person

- Marketers should offer products and services that are safe and fit for their intended uses (AMA Code of Ethics)
- If product warnings cannot be seen and/or processed; is the product unsafe?

Color-Blind Consumers

- Are color cues processed and interpreted as intended?
- The study attempts to determine the range of problem areas related to products, packaging, and advertising experienced by color-blind informants, using their input to generate recommendations for public policy

How Prevalent is Color-Blindness?

- Approximately 10 percent of the white males in the United States
- About 19 million persons in the United States are color-blind or color-deficient
- Monochromatism: total color blindness, all hues perceived as variations of gray
- Dichromatism: partial color blindness, inability to differentiate between greens and reds

Color Meanings are Learned

- Warmth vs.. cold
- Symbols like flags; colors associated with national pride
- Culturally-linked meanings: black vs.. white associated with death, marriage
- The ball is green:
- green is good
- green is bad
- green just does not matter

Color blind persons are expected to:

- Report problems related to products for which color is an important attribute
- Report problems in which they are required to match the colors of products.
- “Miss” color-related information in advertising.
- “Miss” color-related information on packaging
- Encounter resistance and frustration in the store setting

Describing One’s Color-Blindness

- Most common confusion with red and green
- Light colors of red/green appear as pale gray or pale blue
- Can’t tell the difference between red and green
- Some shades of green and some shades of brown appear to look the same

Color-Blindness Does not Mean the Absence of Color

“I’ve been told that I am green-brown color blind. I also have trouble distinguishing some shades of blue or purple. Some shades of green and some shades of brown appear to look the same. Also some shades of blue and purple are difficult to distinguish. I can tell there is a color, I’m must not always sure what it is.”

A Common Set of Worries

- Products: clothing, home decorations, paint, appliances, home improvement
- Matching is outside the realm of accurate information processing for many color-blind individuals
- Key cues in ads are missed
- Catalogs may depend on selection from color blocks

Impaired Color Perception can Affect In-Store Information Processing

- Lighting and Décor affect color perception
- Dark paneling and subdued lighting can distort color perception

- “All dark products look the same against dark backgrounds”
- “Color distortion”
- “The brighter the light, the easier it is to distinguish different shades of color.”
- Print the color on the label

Color as a Perceptual Cue

Color as an Indicator of Quality and Appeal

Produce: green lettuce, red apples

If contrast and lighting are poor, food in restaurants does not look appealing

Color Used to Convey Meaning

Does green mean “go”, or does the top light mean “go”? Has the meaning changed?

Green on ATMs?

Color and Packaging Information

Can the shopper use color to determine the product inside?

Can the product color be distinguished from the package and from the label?

Packaging Can Work against Your Product

“The product was so brightly packaged, that when I was looking for it, it was lost to me among the myriad's of grays, and the shades of gray, that I could make out.”

Product Labeling and Warning

- Special warning stickers on medicines are placed on amber or dark brown containers - do these blend into the background? Could the colors be confused or reversed?
- “If a warning is in red on a green background, I’m helpless. I had my wife read a label that I couldn’t because the colors blended.”
- Problems with info highlighted in red

Product Labeling and Warning

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If you could speak to the marketing industry today, what would you want them to know about color-blind consumers?

“Put color information on the product itself.”

“Have lighting in stores as close to daylight as possible.”

“Place color-related information in alphabetical order.”

And more . . .

“Print the name of the color on the label.”

Put warnings in black on white in capital letters! Don’t use colors for important informational reports.”

“Develop charts to tell what goes with what.”

Consumer behavior and society

How do our consumer marketing strategies affect consumer well-being?

Many of the concepts and methods from this course can be applied in ways that have questionable ethics and potentially harmful effects on consumers.

How can responsible firms address these issues?

Development of a consumer culture

- A consumer culture is one in which a high level of economic development is reflected in a high level of consumption of goods and services by a majority of its members—macro-consumption
- The goods often take on specific meanings or functions in society
- Consider the national epidemic of obesity
- How have portions of foods changed over time? Study findings from National Heart, Lung, and Blood Institute Obesity Education Initiative
- “Super Size Me”

Are consumers vulnerable to the messages in advertising?

- Does advertising put too much pressure on consumers?
- Are there things that consumers just HAVE to get, even though they really don't need them?
- Do marketers encourage the demand of products by making them culturally desirable through cultural symbolism
- Consider the ads seen during the holiday season
- Changes initiated by marketing may not always be positive:
- Encouraging behavior that may not always be in the best interest of consumers
- e.g., the “Marlboro Man”

For instance, are standards of beauty for females too difficult to achieve?

- Obsessions with Thinness
- Anorexia
- Bulimia
- Instant weight reducing pills

The Effect of Consumption on the Quality of Life

- Consumers in higher income brackets own more material possessions than those in lower brackets
- Ownership of economic goods enhances subjective well being (an indicator of quality of life)
- Satisfaction with life was found to increase with income
- Life satisfaction was also found to be positively correlated with the possession of material things (but only for materialistic people)

Materialism and the Dark Side of Consumer Society

- Materialism
- To be materialistic means to measure our self-worth by our external assets and possessions rather than by intrinsic characteristics
- This is often seen when countries go through rapid cycles of economic development
- People may not need or want “things”, but those things represent some level of achievement or success

Why Are Material Possessions Important?

- They reflect self-worth
- They reward societal contributions
- They lead to control
- They help us achieve secular immortality
- They are encouraged within certain religions
- They are a route to happiness

The Materialistic Personality

Three personality traits are common to materialistic people:

Envy

- I am bothered when I see people who buy anything that they want.
- There are certain people I would like to trade places with.
- When friends have things I cannot afford, it bothers me.
- I don't seem to get what is coming to me.

Non-generousness

- I don't like to lend things even to good friends.
- I don't like to have anyone in my home when I'm not there.

Materialistic Personality (continued)

Possessiveness

- I tend to hang on to things I should probably throw out.
- I get very upset if something is stolen from me, even if it has little monetary value.
- I worry about people taking my possessions.

Addictive or Compulsive Behavior

- A behavior is addictive if it is beyond the control of the consumer
- Two types of compulsive consumers
- Distressed—those characterized by feelings of self-doubt, incompetence, and personal inadequacy
- Sociopathic—those driven by strong impulsive desires

Shoplifting

- Shoplifting is pervasive
- It accounts for over a third of retail shrinkage
- It hurts both retailers (higher costs) and consumers (higher prices)
- Two types of shoplifting
- Shoplifting by acquisition – taking products without paying
- Shoplifting by disposition – returning products after they have been used or damaged

Which items are most likely to be shoplifted?

Discussion

Shoplifting (continued)

- How do shoplifters rationalize their behavior?
- Denial of responsibility
- Denial of injury
- Denial of victim
- Condemning the condemners
- Thirty seven percent of all adolescents have admitted to shoplifting at least once over a 12-month period

Ethics in Marketing

- Legal versus ethical actions
- Many of the things that marketers do affect the society at large
- Laws and regulation control only certain aspects of marketing activity
- Ethics require marketers to be responsible for their own actions

What are some examples?

Ethical Consumer actions by firms

Unethical Consumer actions by firms

How can your company develop a checklist on legality and ethics? Eight tests

- Legal test – does the action violate the law?
- Duties test – five duties to consumers
- Fidelity – keep promises, contracts
- Gratitude – appreciation for consumers
- Justice – distribute rewards based on merits
- Non-maleficence – do no harm, safe toys
- Beneficence - take actions to improve lives of consumers

Additional Tests

- Special obligations test: any special obligations of your industry? E.g. alcoholic industry promotes safe driving; tobacco industry promotes ??
- Motives test – what is the intent of actions?
- Consequences test – provide as many positive consequences as possible, reduce negatives
- Utilitarian test – maximize utilities of all parties
- Rights test – preserve consumer rights
- Justice test – do not damage targeted consumers, how would you want to be treated?

Tobacco Industry Advertising Has Been a Significant Example

- The tobacco industry has been criticized for decades concerning their influence and misrepresentation
- Joe Camel was found to be one personality most recalled by children

Cigarette Advertising used to promote its Glamour, Ruggedness, or Healthfulness

Quality-of-Life (QOL) Marketing

- Protecting the consumer versus increasing short-term profitability
- QOL helps marketers resolve conflicts by guiding them to act in the best interest of the consumers without compromising organizational objectives
- QOL goals
- To guide the development of products that enhance the well-being of targeted consumers
- To guide the marketing of those products effectively and efficiently in ways to minimize negative effects on consumers and other publics, while generating long-term profits

QOL Analysis can enable firms to be proactive in meeting needs of consumers

- Product objectives
- Consider how a product enhances the well-being of consumers
- Consider the impact of the product on publics other than target customers
- Price objectives
- Set prices that target customers can reasonably afford

- Place objectives
- Ensure access to the product and post-purchase service
- Promotion objectives
- Develop campaign that effectively educate target consumers about the long-term benefits of a product in a manner that is consistent with both the needs and the value system of the targeted population