**Chapter 1:**

**BUYING, HAVING, and BEING**

# CHAPTER OBJECTIVES

When students finish this chapter, they should understand why:

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

# CHAPTER SUMMARY

After reading this chapter, students should understand why:

*Consumer behavior is a process*.

Consumer behavior is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires. A consumer may purchase, use, and dispose of a product, but different people may perform these functions. In addition, we can think of consumers as role players who need different products to help them play their various parts.

*Marketers have to understand the wants and needs of different consumer segments.*

Market segmentation is an important aspect of consumer behavior. Consumers can be segmented according to many dimensions, including product usage, demographics (the objective aspects of a population, such as age and sex), and psychographics (psychological and lifestyle characteristics). Emerging developments, such as the new emphasis on relationship marketing and the practice of database marketing, mean that marketers are much more attuned to the wants and needs of different consumer groups.

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

Marketing activities exert an enormous impact on individuals. Consumer behavior is relevant to our understanding of both public policy issues (e.g., ethical marketing practices) and the dynamics of popular culture.

*Our motivation to consume are complex and varied.*

Marketers try to satisfy consumer needs but the reasons people purchase any product can vary widely. The identification of consumer motives is an important step to ensure

that a product will satisfy appropriate needs. Traditional approaches to consumer behavior focus on the abilities of products to satisfy rational needs (utilitarian motives), but hedonic motives (e.g., the need for exploration or for fun) also play a key role in many purchase decisions.

*Technology and culture creates a new “always on” consumer.*

The Web and social media transformthe way consumers interact with companies and with each other. Online commerce allows us to locate obscure products from around the world, and consumption communities provide forums for people to share opinions and product recommendations.

*Many different types of specialists study consumer behavior.*

The field of consumer behavior is interdisciplinary; it is composed of researchers from many different fields who share an interest in how people interact with the marketplace. We can categorize these disciplines by the degree to which their focus is micro (the individual consumer) or macro (the consumer as a member of groups or of the larger society).

*There are differing perspectives regarding how and what we should understand about consumer behavior.*

Researchers who study consumer behavior do so both for academic purposes and to inform marketing organizations about practical decisions.We can roughly divide research orientations into two approaches: The positivist perspective emphasizes the objectivity of science and the consumer as a rational decision maker. The interpretivist (or CCT) perspective, in contrast, stresses the subjective meaning of the consumer’s individual experience and the idea that any behavior is subject to multiple interpretations rather than to one single explanation.

# CHAPTER OUTLINE

* 1. Consumer Behavior: People in the Marketplace
     1. The average consumer can be classified and characterized based on **demographics** (e.g. age, gender, income, occupation) and **psychographics** (lifestyle and personality). The average consumer’s purchase decisions are heavily influenced by the opinions and behaviors of their family, peers, and acquaintances.
     2. Community heavily influences us.
        1. The growth of the Web has created thousands of online **consumption communities**

where members share opinions and product recommendations.

* + - 1. As members of a large society, U.S. consumers share certain cultural values or strongly held beliefs about the way the world should be structured.
      2. Subcultures, or smaller groups within the culture, also share values (e.g. Hispanics, teens, Midwesterners).
      3. The use of **market segmentation strategies** may be used to target a brand to only specific groups of consumers rather than to everybody.
    1. Brands often have clearly defined images or “personalities” created by product advertising, packaging, branding, and other marketing strategies that focus on positioning a product in a certain way.
    2. When a product succeeds in satisfying a consumer’s specific needs or desires it may be rewarded with many years of ***brand loyalty,*** a bond between product and consumer that is difficult for competitors to break.
  1. What Is Consumer Behavior?

**Consumer behavior** is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.

* + 1. Consumer behavior is a process.
       1. Most marketers recognize that consumer behavior is an ongoing process, not merely what happens at the moment a consumer hands over money or a credit card and in turn receives some good or service (***buyer behavior***).
       2. The **exchange**—a transaction where two or more organizations or people give and receive something of value—is an integral part of marketing. However, the expanded view of consumer behavior emphasizes the entire consumption process. This view includes issues that influence the consumer before, during, and after a purchase.

**\*\*\*\*\* *Use Figure 1.1 Here; Use Consumer Behavior Challenge #14 Here* \*\*\*\*\***

* + 1. Consumer behavior involves many different actors.
       1. A **consumer** is a person who identifies a need or desire, makes a purchase, and then disposes of the product during the three stages in the consumption process.
       2. The purchaser and user of a product might not be the same person. A separate person might be an ***influencer***. This person provides recommendations for or against certain products without actually buying or using them.
       3. Consumers may be organizations or groups (in which one person may make the decision for the group or a large group of people may make purchase decisions).

**\*\*\*\*\* *Use Review #13 Here* \*\*\*\*\***

* 1. Consumers’ Impact on Marketing Strategy
     1. Understanding consumer behavior is good business.
        1. Marketers can only satisfy consumer needs to the extent that they understand the people or organizations that will use the products and services they sell.
        2. Consumer response is the ultimate test of whether a marketing strategy will succeed.
        3. Data about consumers help organizations define the market, identify threats to and opportunities for a brand, and help ensure a product continues to appeal to its core market.
     2. Consumers Are Different! How We Divide Them Up
        1. Society is evolving from a mass culture to a diverse one, which makes it more important to identify diverse market segments and to develop specialized messages and products for those groups.
           1. Just think about how many shades of lipstick or neck tie patterns compete for attention. This change makes it more important than ever to identify these distinct markets.
        2. The process of **market segmentation** identifies groups of consumers who are similar to one another in one or more ways and then devises strategies that appeal to one or more groups. There are many ways to segment a market.
           1. Companies can define market segments by identifying their most loyal, core customers or **heavy users***.* Marketers use the **80/20 rule** as a rule of thumb, where 20% of users account for 80% of sales.
           2. **Demographics** are statistics that measure observable aspects of a population, such as birth rate, age distribution, and income.
        3. Important demographic dimensions include:
           1. Age
           2. Gender
           3. Family structure
           4. Social class and income
           5. Race and ethnicity
        4. Geography and Lifestyles (a psychographic variable) are other important bases for segmenting consumers.

*Discussion Opportunity—Have students describe themselves demographically. Ask: Does this have any bearing on your purchase patterns? How could a marketer find out about you in a demographic sense? Describe one purchase occasion where a demographic dimension had an impact on your purchase decision.*

* + 1. Relationship and Database Marketing
       1. **Relationship marketing** occurs when a company makes an effort to interact with customers on a regular basis, giving customers reasons to maintain a bond with the company over time.

*Discussion Opportunity—Provide the class with an example of relationship marketing. Ask: What types of organizations can make best use of relationship marketing? Have students offer additional examples of relationship marketing.*

* + - 1. **Database marketing** involves tracking consumers’ buying habits very closely and creating products and messages tailored precisely to people’s wants and needs based on this information.

*Discussion Opportunity—Ask: How can database marketing help an organization improve its relationship marketing? What databases are you in? How did you get there?*

* 1. Marketing’s Impact on Consumers
     1. Popular Culture
        1. **Popular culture** consists of the music, movies, sports, books, celebrities, and other forms of entertainment consumed by the mass market; it is both a product of and an inspiration for marketers.
        2. Product icons (e.g. Pillsbury Doughboy, Jolly Green Giant) often become central figures in popular culture.
     2. What Does It Mean to Consume?
        1. A fundamental premise of consumer behavior is that people often buy products not for what they do, but for what they mean.
        2. People, in general, will choose the brand that has an image (or even a personality) that is consistent with his or her underlying needs.
        3. **Role theory** takes the view that much of consumer behavior resembles actions in a play. Consumers have roles and they may alter their consumption decisions depending upon the role being played at the ti

*Discussion Opportunity—Give some examples of products that might be consumed strictly for image. Have students offer examples of products that they purchase for this reason. Ask: How does the image of the product enhance your sense of self when you use or consume the product?*

* + - 1. People may have various relationships with a product:
         1. ***Self-concept attachment***—the product helps to establish the user’s identity.
         2. ***Nostalgic attachment***—the product serves as a link with a past self.
         3. ***Interdependence***—the product is a part of the user’s daily routine.
         4. ***Love***—the product elicits emotional bonds of warmth, passion, or other strong emotion.

**\*\*\*\*\* *Use Consumer Behavior Challenge #20 Here* \*\*\*\*\***

*Discussion Opportunity—Ask students to give an illustration of a product that they have a strong attachment for and explain the relationship. How did this relationship develop?*

* + 1. What Do We Need – Really?
       1. A want is a specific manifestation of a need that personal and cultural factors determine.
       2. A utilitarian need emphasizes objective, tangible attributes of products. Hedonic needs are subjective and experiential.
       3. A productivity orientation refers to a continual striving to use time constructively.
    2. How We Classify Consumer Needs
       1. Henry Murray developed a set of 20 psychogenic needs that result in specific behaviors.
       2. Some important needs for understanding consumer behavior are listed below:
          1. Need for affiliation
          2. Need for power
          3. Need for uniqueness
       3. Maslow’s hierarchy of needs implies that the order of development of needs is fixed. Figure 1.2 presents this model. The needs include physiological, safety, social, esteem, and self-actualization.
    3. The Global “Always On” Consumer
       1. A **global consumer culture** is one where people around the world are united by their common devotion to brand name consumer goods, movie stars, and musical celebrities.
       2. When companies expand overseas, it increases the pressure to understand how customers in other countries are the same or different from those in one’s own country.
    4. The Digital Native: Living a Social [Media] Life
       1. The digital revolution is one of the most significant influences on consumer behavior.
       2. Electronic marketing has increased convenience by breaking down barriers of time and location.
       3. There is now **B2C e-commerce** (businesses selling to consumers) and **C2C e- commerce** (consumers selling to consumers).
       4. ***Virtual brand communities*** are often brought together by their interests, which expand consumption communities beyond those available in local communities.

*Discussion Opportunity—Have students describe the characteristics of their virtual communities. Ask: How do these interactions shape your consumption behaviors?*

* + - 1. **Digital natives** are consumers who grew up “wired” in a highly networked, always- on world where digital technology always existed.
      2. Consumers are part of a **horizontal revolution**, where each consumer can communicate with huge numbers of people by a click on a keypad so information flows across people instead of just coming from big companies and governments.
      3. **Social media** are the online means of communication, conveyance, collaboration and cultivation among interconnected and interdependent networks of people, communities and organizations enhanced by technological capabilities and mobility.

*Discussion Opportunity—Ask students to give some examples of social media platforms they use. Have students offer examples of brands they interact with via social media. Ask: How do these interactions relate to your relationship with the brand?*

* + - 1. **User-generated content**, where everyday people film commercials, voice their opinions about products, brands and companies on blogs, podcasts and social networking sites, is part of the **Web 2.0** era, which shifted the Internet from a one- way transmission medium to a social, interactive medium.

**\*\*\*\*\* *Use Consumer Behavior Challenge #18 Here* \*\*\*\*\***

* + - 1. Social media is characterized by **synchronous** (real-time) and **asynchronous**

interactions across social media platforms that enable a **culture of participation**.

* 1. Consumer Behavior as a Field of Study
     1. Where Do We Find Consumer Researchers? Just about anywhere, we find consumers.
     2. Interdisciplinary Influences on the Study of Consumer Behavior – Many fields shape the field of consumer behavior. Table 1.1 provides an example of interdisciplinary research issues about magazine usage. Figure 1.3 lists the disciplines in consumer research.
     3. Should Consumer Research Have an Academic or an Applied Focus?

It is still a debate. Some argue in favor of an applied focus that improves the effectiveness of marketing practice. Others argue for a focus on understanding consumption for its own sake.

* + 1. Two Perspectives on Consumer Research
       1. One general way to classify consumer research is in terms of the fundamental assumptions the researchers make about what they are studying and how to study it. This set of beliefs is known as a **paradigm**. A paradigm shift may now be underway.
       2. The dominant paradigm currently is called **positivism** (or sometimes called ***modernism***). It emphasizes that human reason is supreme, and that there is a single, objective truth that can be discovered by science. Positivism encourages us to stress the function of objects, to celebrate technology, and to regard the world as a rational, ordered place with a clearly defined past, present, and future.
       3. The emerging paradigm of **interpretivism** (or ***postmodernism***) questions the previous assumptions. Proponents argue that there is too much emphasis on science and technology in our society, and that this ordered, rational view of consumers denies the complex social and cultural world in which we live. Others say positivism puts too much emphasis on material well-being, and that this logical outlook is dominated by an ideology that stresses the homogeneous views of a culture dominated by white males.
       4. Interpretivists instead stress the importance of symbolic, subjective experience and the idea that meaning is in the mind of the person because we live a world composed of a **pastiche**, or mixture of images.

*Discussion Opportunity—Ask students to consider whether they are more of a “positivist” or an “interpretist.” Do not allow them to take the easy way out by saying “both.” All are to some extent.*

II. Taking It from Here: The Plan of the Book

The plan is simple—it goes from micro to macro. Each chapter provides a “snapshot” of consumers, but the lens used to take each picture gets successively wider.

# End-of-Chapter Support Material

**SUMMARY OF SPECIAL FEATURE BOXES**

1. Marketing Opportunity

BMW’s engineers and designers know they have to understand how drivers’ needs will change in the future. It developed electric car models and a car-sharing service.

1. Marketing Pitfall

When disaster strikes, it can be an opportunity or a pitfall for marketers. American Apparel offended shoppers with its tweet about shopping during Hurricane Sandy but Duracell offered free batteries and won loyalty.

1. Marketing Opportunity

Real life can create marketing opportunity as in the growth of spring break travel to Florida after the release of the book, Where the Boys Are.

1. CB Ast I See It: Stefano Putoni-Erasmus, University of Rotterdam

Globalization is influencing consumer behavior by impacting diversity. There are two opposing trends in how globalization influences diversity. Globalization can lead to diversity within a country; however, it also leads to a decrease in diversity between countries. Globalization both increases and decreases diversity.

1. Net Profit

User-generated content like the Mentos and Diet Coke videos is an important aspect of the Web

* 1. era.

1. CB As I See It: Craig Thompson, University of Wisconsin-Madison

Consumers make choices on a daily basis, based on the evaluation of the respective attributes offered by each alternative. These choices help to present a desired self-image to others around them. Political consumerism is the theory that individuals attempt to change the social conditions that constrain everyday actions. Political consumerism is where consumers seek to consciously resist structural constraints through alternative consumption practices.

# REVIEW QUESTIONS

1-1. Provide a definition of consumer behavior.

*It is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires.*

(1 minute, Chapter Objective 1, AACSB: Application of Knowledge

1-2. What are demographics? Give three examples of demographic characteristics.

*Demographics are statistics that measure observable aspects of a population, such as birthrate, age distribution, and income.*

(1.5 minutes, Chapter Objective 2, AACSB: Application of Knowledge)

1-3. What are consumption communities? Give three examples of consumption communities.

*Consumption communities is a term that is used to describe consumption related to online environments where members share opinions and recommendations about products. These environments include social networking sites and blogs as well as other websites. These are environments that have become new market places. The communities consist of groups of people who share the same interest, particularly in terms of consumption of a brand or product. Bonds formed by members can greatly influence the consumption of other members, where members might experience pressure to buy this that will meet the group’s approval, out of fear of rejection or embarrassment caused by not confirming to the group’s conception of what is “in” or “out”. Examples can include Apple users, X box players or BMW owners.*

(2 minutes, Chapter Objective 1, AACSB: Reflective Thinking, Course Learning Outcome 1)

1-4. What is role theory, and how does it help us to understand consumer behavior?

*The perspective of role theory takes the view that much of consumer behavior resembles actions in a play. As in a play, each consumer has lines, props, and costumes necessary to put on a good performance. Because people act out many different roles, they sometimes alter their consumption decisions depending on the particular “play” they are in at the time. The criteria they use to evaluate products and services in one of their roles may be quite different from those used in another role.*

(1.5 minutes, Chapter Objective 2, AACSB: Reflective Thinking)

1-5. How would you define a consumer?

*A consumer is defined as a person who that identifies a need or desire, makes a purchase, and then disposes of the product during the three stages of the consumption process. Consumers can be individuals, groups or organizations.*

(2 minutes, Chapter Objective 1, AACSB: Reflective Thinking, Course Learning Outcome 1)

1-6. Why do some marketers embrace the concept of relationship marketing?

*Marketers embrace the concept of relationship marketing to establish and maintain relationships between the brand and its customers that will last a lifetime. It enables marketers to listen to people in their markets like never before. These relationships and insights are vital during bad economic times, when the customer will be inclined to purchase products and services from the company as people tend to rely on “good friends” when times are tough.*

(3 minutes, Chapter Objective 2, AACSB: Reflective Thinking, Course Learning Outcome 2)

1-7. How practical and useful is database marketing for most businesses?

*As the chapter suggests, customer behavior is captured in many different ways. It provides a vast bank of potentially valuable information. In different regions of the world, the level of sophistication in capturing this data is likely to vary to a very large extent. The data capture systems rely on some form of monitoring through the use of loyalty cards, bank cards, mobile phone signals, and the collection of data from sales via complex tills. In some countries, this level of monitoring and capture of data has not yet developed to the extent that U.S. businesses have incorporated it into their decision-making processes.*

*(1 minute, Chapter Objective 5, AACSB: Information Technology, Course Learning Outcome 1)*

1-8. Identify the three stages of the consumption process.

*The three stages of the consumption process are: prepurchase, purchase, and postpurchase. It is important to bear in mind that these processes are approached in different ways by the consumer and the marketer. While the consumer is concerned with the experience and the gratification they receive during the process, the marketer is concerned with ensuring that the process is smooth, pleasurable, and likely to be repeated.*

(1 minute, Chapter Objective 3, AACSB: Reflective Thinking, Course Learning Outcome 1)

1-9. Have traditional patterns of consumption been radically changed by globalization</emphasis>?

*Some countries still retain elements of traditional consumption patterns, but these are disappearing with successive generations influenced by global trends. Globalization of markets has taken place on a rapid scale. It is still contested whether marketing can sell to the world with a single style of message. Students will note that culture, according to Hofstede, infers the collective programming of the mind. Others disagree, such as Walter (1995) who argues that culture cannot ever become globalized as there is no real convergence in culture. Global brands exist, but the way in which they are marketed in different territories reflects the fact that they need to operate in unique ways for that market.*

(1 minute, Chapter Objective 3, AACSB: Diverse and Multicultural Work Environments, Course Learning Outcomes 1 and 17)

1-10. How could interdisciplinary research in consumer behavior explain the profile of a national newspaper or television news channel?

*Students should look at Table 1.1 as a guide to see the issues that such an approach will reveal. The key areas to consider will be: environmental psychology, clinical psychology, macroeconomics/ human ecology, social psychology, sociology, semiotics, demography, and cultural anthropology. Many of the issues suggested in the table with have a relevance to the national newspaper or television channel in research terms.*

(1.5 minutes, Chapter Objective 5, AACSB: Application of Knowledge, Course Learning Outcome 1)

1-11. Name two different disciplines that study consumer behavior. How would their approaches to the same issue differ?

*Two disciplines that study consumer behavior are psychology and sociology. Psychologists study consumer behavior from a mental / brain information processing perspective while sociologists study consumer behavior from a group behavior perspective.*

(1.5 minutes, Chapter Objective 6, AACSB: Application of Knowledge)

1-12. This chapter states “people often buy products not for what they do but for what they mean. “ Explain the meaning of this statement and provide an example.

*Role theory suggest that when people act out different roles in their lives, they also alter their consumption decisions depending of the particular” play” or “role” they are in at the time. These roles might include “up-and-coming executive,” “geek,” “hipster” or “big man on campus.” Products help users establish their identity in these roles, provide nostalgic attachments, offer interdependence and elicit emotional bonds such as love. One example of this is Peeps candy. These marshmallow products have no nutritional value but have a group of devotees that use Peeps in decorations, slide shows, and sculptures. The Peeps brand has created nostalgic attachment as this brand has an image or personality consistent with the underlying needs of the consumer.*

(5 minutes, Chapter Objective 4, AACSB: Reflective Thinking)

# 1-13. What are the major differences between the positivist and interpretivist paradigms in consumer research?

# *A positivist approach to consumer behavior emphasizes that human reason is supreme and that there is a single, objective through that science can discover. This stresses functionality, technology and rationality. Interpretivism questions the assumptions of positivism. Interpretivist stress the importance of subjective experiences, and that meaning is in the mind of the individual. We develop meaning based on cultural, and there is no right or wrong answer.*

# (5 minutes, Chapter Objective 7, AACSB: Reflective Thinking)

# CONSUMER BEHAVIOR CHALLENGE

## Discussion Questions

1-14. Each country or region will have a core of products and services that are consumed. Collectively, the consumption of these infers some kind of group bond. Identify examples of these specific products and services and comment on how they help to maintain group bonds.

*This question is likely to suggest that there are preferences based on tradition and culture in most countries. The mix of products and services consumed will depend on the nature of the economy, and the availability of products (often related to issues such as seasonality etc.). The consumption of these products and services helps to identify the members of society that belong to a recognizable group with a shared set of bonds. The bonds may be traditional, cultural, or perhaps related to age.*

(5 minutes, Chapter Objective 4, AACSB: Reflective Thinking, Course Learning Outcome 1)

1-15. What aspects of consumer behavior would interest a financial planner? A university administrator? A graphic arts designer? A social worker in a government agency? A nursing instructor?

*The listing of the aspects of consumer behavior corresponding to these positions should reflect the particular aspects of each position. For example, a financial planner depends on consumers’ willingness to postpone consumption in order to save and invest money to have more later. A social worker must be concerned about people’s attitudes toward government, social work in general, and the role of government in people’s lives. What each of these positions share, and what should underlie the discussion, is their connection to the consumption process and the fact that consumers themselves will have different needs and wants associated with their consumption. Each of the listed parties would attempt to influence consumers by using a different aspect of consumption, and these differences need to be discussed and analyzed.*

(7 minutes, Chapter Objectives 3 and 6, AACSB: Application of Knowledge and Reflective Thinking)

1-16. Individuals can have different relationships with brands and products. It is suggested that an individual can have a self-concept attachment, a nostalgic attachment, interdependence, or love. Choose eight to 10 brands or products that you use and comment on whether you feel any of these attachments towards them. What do your findings tell you about the power of each brand?

*Students are likely to choose a variety of everyday brand products in their assessment of their attachment to them. The four suggested levels of attachment will certainly suggest that the individual has chosen these brands for particular reasons, some of which will be difficult to define. The comparative attachment between different products is interesting as far as marketers are concerned, the greater the attachment, the more leverage they will have on the consumer in order to encourage them to immerse themselves in more related products and developments.*

(5 minutes, Chapter Objective 2, AACSB: Ethical Understanding and Reasoning, Course Learning Outcome 1)

1-17. The chapter discussed a study that compared and contrasted people who lead “happy” lives versus those with “meaningful” lives. How does this distinction relate to the way you decide to spend your time and money? How does it relate to consumer behavior more generally?

*Students should be able to differentiate between a want and a need. The discussion should identify how meaningfulness relates to activities that express personality and impact others in a positive way. Discussion should identify those who pursue happiness over meaningfulness as being takers rather than givers, and that they are more likely to think in the present instead of the past or future. Those who pursue meaningfulness would indicate the opposite. Worry, stress, and anxiety might also be associated with those who pursue happiness.* (5 minutes, Chapter Objective 4, AACSB: Reflective thinking and application of knowledge)

1-18. Businesses using social media as a means by which they can seem relevant and present in the lives of their consumers have seen some tremendous successes. Some, however, have exposed themselves to threats they could not have imagined and have suffered huge losses in consumer perception. Yet, it seems that businesses cannot afford to ignore social media; they need to have a visible and vibrant presence. The major problems are that the businesses become the subject of discussion. In these discussions, businesses have little control, and deleting comments is seen as exercising unreasonable censorship. Do you agree or disagree with this assertion?

*As the article suggests, although there are enormous potential benefits from social media, the dangers are all too apparent. It is a question of whether the business intends to engage with their consumers on this type of platform. They do so in the knowledge that the relationship is somewhat equalized and that the consumer is able to comment and post without the business being able to control the frequency or the nature of those comments. To been seen as overly controlling, the visibility of those comments, regardless of their nature, is seen as being too controlling and manipulative.*

(7 minutes, Chapter Objective 5, AACSB: Analytic Thinking, Course Learning Outcome 1)

1-19. PricewaterhouseCoopers (PwC) carried out an extensive survey of 6 continents, 19 territories, and 19,000 online shoppers for their Total Retail 2015 survey. It revealed what many had predicted for some years, that the shift from high street retail to online retail was still gathering pace and showed few signs of slowing down.

PwC’s model to explain the continuing preference for online retail is described in terms of four retail disruptors. Their first disruptor considers the evolution of the conventional store. It is no longer the single point of sale for the business. In some respects, it is a window into the business and a form of catalog or showroom. PwC suggests that this is a natural evolution of the business model. The second and third disruptors—mobile technology and social networks—are the technological changes that have had a massive impact on retailing. Mobile technology means that purchases can be made anywhere, anytime, by anyone. Social networks are instant, real-time points of contact with consumers and are increasingly important places for reviews and feedback. At the same time, the buzz and excitement that can be generated by social media can create instant and massive demand for a product or service. The final disruptor is related to changes in the demographic make-up of society. The key 18–24 years’ age group has a much greater affinity with brands than previous generations; 43 percent follow brands online, they research brands more, and are more inclined to watch videos about brands. The PwC survey revealed that 36 percent of consumers visit retail outlets at least once a week. It is still an important contact point.

A decade ago, only 25.3 percent of consumers had ever made an online purchase. According to Dunn Humby, a global advertising company, multichannel purchasing is set to continue to change retail, with some brands seeing between 20 and 50 percent of sales through online shopping.

To what extent it is apparent that the merger of technology and culture is driving this change from conventional retailing to online shopping? Will it mean the death of traditional retailing?

*Student responses will vary. The instructor can use this discussion as an opportunity to discuss the differing levels of penetration of online shopping in different markets. Not all markets have been affected to the same degree. The retail market is continuing to change as multichannel purchases become the norm. The shift is shopping continue to have a marked impact on products and brands. This means a process of evolution for bricks and mortar retail as well as online shopping. Brands no longer have conventional marketing campaigns that seek to drive consumers into their stores or to their stockists. In many respects, the approach has become more blended in the sense that it incorporates both traditional marketing and marketing focusing on social media and technology. Consumers want flexibility and convenience, this has helped to drive online sales at the expense of retail stores.*

*Physical stores are important for consumers to see and test new products and services. Dunn Humby’s research suggests less than one in ten consumers would consider buying an important and expensive item online if it was the first time that they had purchased this type of product. U.S. shoppers consider 26% of household items as an important online category, but only 8% would consider buying a new product for the first time online. In comparison, 36% of consumers in China would be likely to buy a new household product online, their research shows.*

*There are ways that online can continue to work alongside bricks and mortar. Popular adaptations include “click and collect” (ordering online and picking up the purchase in-store) which neatly dovetails the two parts of a retailer and the retail experience.*

## Apply

1-20. National marketers will often adapt the ways in which they market and promote products and services on a geographical basis. Is this the case in your country? Discuss with a company example.

*There may be different tastes, patterns of consumption, and, of course, income levels in different parts of a country. Equally, there may be cultural, ethnic, religious, or other factors that might influence the decision-making of the marketers. Product differentiation may also be a factor in this debate. Differing levels of product or service can be created to match the needs of specific groups. Essentially providing the same benefits, the products or services are tweaked to match.*

*(5 minutes, Chapter Objectives 1 and 2, AACSB: Analytic Thinking and Reflective Thinking, Course Learning Outcome 1)*

1-21. The specific way we choose to satisfy a need depends on our unique history, learning experiences, and cultural environment. For example, two classmates may feel their stomachs rumble during a lunchtime lecture. If neither person has eaten since the night before, the strength of their respective needs (hunger) would be about the same. However, the ways each person goes about satisfying his need might be quite different. Conduct this exercise with classmates: “As you probably know, a prisoner who is sentenced to die traditionally gets to choose his or her ‘last meal’. If you had to do this (let’s hope not), describe your last meal in detail.” Compare the responses you get, especially among people from different ethnic or cultural backgrounds. What similitatires and differences emerge?

*Student reports should attempt to classify their findings based on these relationships. They should also attempt to show choices vary by cultural background.*

(5 minutes, Chapter Objectives 1 and 2, AACSB: Analytic Thinking and Reflective Thinking)

# CASE STUDY TEACHING NOTES

## Honda’s ASIMO Summary of Case

Honda’s ASIMO is a robot. He’s not available for purchase yet, but already people are ready for features like Facial Recognition Technology. FRT can do many things relevant for marketers such as estimate your general physical characteristics and interface with devices using apps like Facedeal.

## Suggestions for Presentation

It is suggested that this case be presented with the content related to technology and consumer behavior () in the chapter.

## Suggested Answers for Discussion Questions

1. What are the most likely consumer market segments for robots? Which consumer charactersitics would be important to determine these market segments? What types of roles do you envison robots playing for these consumers?

*The focus of this response should be on how to match and illustrate the benefits of ASIMO to the needs of the target audiences. The discussion can follow matching benefits sought in segmentation to the benefits offered by ASIMO.*

(5 - 7 minutes, Chapter Objectives 3 and 5, AACSB: Analytic Thinking)

1. Reflect on the value of FRT as a marketing tool. Give one example that illustrates how this technology can be most effectively used by marketers?

*FRT has value as a marketing tool as it can map out a biometric profile that is as unique as a fingerprint.*

(10 - 12 minutes, Chapter Objectives 4 and 5, AACSB: Ethical Understanding and Reasoning Abilities and Analytic Skills)

CS 1-3. Discuss the “creepiness” concerns that some consumers have about robots and FRT. How can marketers address or even overcome these issues?

*The concerns of consumers are likely to vary. This discussion could enter into the realm of wants versus needs and privacy issues.*

*(10-12 minutes, Chapter Objectives 4 and 5, AACSB: Ethical Understanding and Reasoning Abilities and Analytical Skills)*

# Additional Support Material

**STUDENT PROJECTS**

## Individual Projects

1. Ask students about their involvement with social networking sites and/or blogs. Ask them to explain why they are using them. What benefits do they derive from them? Who are the target audiences for their information? Have them explain their concerns about privacy, if any.

*Student responses about their involvement with social networking sites and blogs will vary, and can be used to generate discussion about how consumers influence one another through electronically mediated communications, to remind the class about the concepts(e.g. digital natives, virtual communities) and to connect how the web and the horizontal revolution are changing consumer behavior to students’ personal experiences.*

(7 minutes, Chapter Objective 5, AACSB: Reflective Thinking)

1. This assignment can really be fun for the class and the presenter. Have a student wear or bring to class a recent clothes purchase. Have them explain how his or her purchase decision was influenced by different economic, social, cultural, and/or psychological variables.

*The individual responses to this activity will be as varied as the personalities of the students in your class, but it is a good opportunity to remind students about how consumers often consume products because of what they mean, not because of what they do. This assignment can also work well as a collage, where students use images of products to tell rest of the class about them (and may include products they currently use or aspire to use in the future). This project can also lead to the discussion of the connection of the products to the student’s self-concept/identity and provide the student with the opportunity to explore the economic, social, cultural and/or psychological variables that make the product desirable.*

(5 minutes, Chapter Objective 2, AACSB: Reflective Thinking

1. This activity can be done as an extension to or independent of assignment number 2. Have students explain why they chose the clothes they are wearing to class. Probe on this one. Was there any implied symbolism? Do all students seem to be dressed in a similar fashion? Why does this occur? Can marketers learn from this? Do marketers strategically contribute to this?

*This activity is likely to generate some discussion about how consumers use clothing to identify themselves as part of a group (or distinguish themselves as not part of a group). You can give students the opportunity to make the connection between group influences and marketers’ attempts to segment their target audiences. You may also direct students to consider the role of popular culture in their clothing choices. This activity provides an opportunity remind students about the concept of economics of information, and to ask them how advertising and/or product placements contributed to their senses of style.*

(5 minutes, Chapter Objectives 2 and 3, AACSB: Reflective Thinking and Analytic Skills)

1. Assign students to identify at least five instances where a specific marketing tactic employed by an organization (for profit or non-profit) has had an impact on popular culture. Examples may include such things as an actual product, product icon, promotional campaign, celebrity endorsers, corporate sponsorship, product placement, or others. This impact may be short term (the public temporarily adopting catch-phrases such as Donald Trump’s “You’re fired!” or Budweiser’s “Whaaaaazup!”) or long term (the influence of anti-smoking campaigns in reducing the number of smokers).

*This activity provides students with the opportunity to recognize that just as marketers adapt to changing consumer needs, which reflect the influence of movies, music, sports, books, celebrities, etc., marketers also influence popular culture through products,* *advertisements, product placements, and celebrity giveaways. Student examples may also be tied to the influence of popular culture on rituals (e.g. Sweet Sixteen parties, weddings, etc.) and social issues.*

(5 minutes, Chapter Objective 3, AACSB: Reflective Thinking)

1. Have students identify examples of consumer-product relationships in society or in their own lives. The text identifies four specific types: self-concept attachment, nostalgic attachment, interdependence, and love. Have students come up with an example of each of these.

*Students should describe one example of each of the following relationships:*

* + *Self-concept attachment: The product helps to establish the user’s identity.*
  + *Nostalgic attachment: The product serves as a link with a past self.*
  + *Interdependence: The product is a part of the user’s daily routine.*
  + *Love: The product elicits emotional bonds of warmth, passion, or other strong emotion.*

*This project will help students differentiate between the four types and relate each to their own personal experiences.*

(5 minutes, Chapter Objective 2, AACSB: Reflective Thinking

1. Ask students to consider their own consumption practices over the past decade. Have them list the ways that online consumption activities have replaced or modified their real- world consumption activities.

*This activity asks students to reflect on their personal experiences with the web and how those experiences affected offline consumption activities. It is a good opportunity to remind students about the availability of niche products, virtual communities, consumer recommendations, and C2C commerce. It may also provide an opportunity to ask students about how their online consumption activities are tracked/monitored by marketers, and what value they receive in exchange for the loss of privacy.*

(10 minutes, Chapter Objective 5, AACSB: Reflective Thinking

## Group Projects

1. Have groups select a product of interest (e.g., a car, mp3 player, vacation spot, movie, sporting event, etc.). Have each person in the group make a list of what they consider to be the product’s main attributes (both physical and psychological). Compare and contrast the attributes listed by the women and by the men to see how they may vary. Next, if there are any age or ethnic differences within the group, see if differences appear. Based on these differences formulate strategies for appealing to the various subgroups within your group.

*The project gives students the opportunity to see whether preferences differ across demographic variables that marketers use to segment customers. The responses will vary depending on the product and the students. You can also ask students to consider how individual lifestyles affect the attributes of interest, which may help explain similarities* *across ethnic and age groups. Students are likely to think about the media they will use to appeal to different subgroups Encourage them to think retail distribution, the messages they will use to communicate with their target audiences, the price, and the characteristics/features of the product they will use to appeal to the different subgroups. This will demonstrate how knowledge of consumer needs and wants relates to market strategy.*

(15-20 minutes, Chapter Objective 2, AACSB: Application of Knowledge and Communication Abilities)

1. Have groups collect information on at least three companies that have recently expanded into countries where they have not previously marketed their products. What kind of success/failure have they met with? Has each had any kind of impact on the society or culture entered?

*The responses and reasons for success/failure will vary. This project can be used to reinforce the effects of culture and group influences on consumer behavior, the demand to have a thorough understanding of consumer behavior of your target audience, and can be related to the question of whether marketers create needs.*

(15-20 minutes, Chapter Objective 3, AACSB: Diverse and Multicultural Work Environments and Reflective Thinking

1. Have groups of students find an example of a recent product, service, or program that was a failure. *Business Week, U.S.A. Today,* the *Wall Street Journal, Fortune, Forbes* or some other marketing publications are excellent sources. Have students explain to the class how knowledge of consumer behavior, or the lack of it, could have contributed to the success or failure of the effort.

*Similar to #2, the responses and reasons for failure will vary. The project should reinforce the idea that marketers need to have a thorough understanding of consumer behavior of their target audiences to understand how to meet their needs and wants. It can be related to the question of whether marketers create needs. Look for students to “diagnose” the reasons for failure in a way that goes beyond the surface clues in the article. It may be a good opportunity for students to explore other sources at the same time to look for additional clues (e.g. Census data, economic indicators, Lifestyle Analyst, profiles of competitors, etc.).*

(15-20 minutes, Chapter Objective 2, AACSB: Application of Knowledge)

# eLAB

## Individual Assignments

1. Visit [**www.facebook.com,**](http://www.facebook.com/)[**www.myspace.com,**](http://www.myspace.com/)or [**www.orkut.com**](http://www.orkut.com/)and determine to whom they are trying to appeal. Are these sites appealing to the same target audience or to different segments? If the audience is the same, what is each site doing differently to market themselves? If the audience is different, who are they? Are their privacy policies raising any concerns for you?

*This activity is similar to Group Activity #4, and provides students with an opportunity to think about market segmentation, positioning an offering based on the target audience’s needs, and privacy concerns on the Internet. Look for students to demonstrate understanding of market segmentation, why it is used, how it is used, and the trade-offs associated with collecting information about consumers.*

(10-15 minutes, Chapter Objective 2, AACSB: Reflective Thinking)

1. Go to [**www.rockstargames.com.**](http://www.rockstargames.com/)Click on the link for “games.” Select three different video games marketed by this company. Discuss both sides of an ethical debate for each. *This activity provides students with an opportunity to think not only think about what they consider right and wrong, but also to analyze the issue from the opposite perspective. Encourage students to try to support the debate from each side, rather than making one side obviously weaker so their preferred side is a clear winner. It is good practice for building arguments and thinking critically about issues.*

(20 minutes, Chapter Objective 3, AACSB: Ethical Understanding and Reasoning Abilities)

1. Go to [**www.aarp.org**.](http://www.aarp.org/) The American Association of Retired Persons is one of the largest lobbying and citizen action groups going today. Projections indicate that, as our nation ages, this organization will only get larger and more influential. After visiting this website, list five ways the organization is trying to influence corporate attitudes toward the older consuming public. What type of networks is the organization trying to build? How would database information from this group be useful to a marketer?

*This activity provides students with an opportunity to get more familiar with the needs of a large and important demographic segment and shows an example of how one group is taking action to address those needs. It also provides an opportunity to revisit the concept of database marketing and why it is useful to marketers.*

(10-15 minutes, Chapter Objective 2, AACSB: Application of Knowledge)

1. Go to [**www.netsmartz.org**.](http://www.netsmartz.org/) This youth-oriented website presents issues and potential products to teens. If you were the marketing manager for a new bottled water product that was seeking a national youth audience, plan a strategy for your new product introduction using this website as one of your primary promotional springboards. List what you would do, why you would do it, and what results you might expect. What does a website such as this teach you about consumer behavior?

*Netsmartz.org is run by the National Center for Missing and Exploited Children and has different areas dedicated to parents, educators, law enforcement, teens, tweens and kids. Look for students to identify how they would position the product and utilize the selected portion(s) of the website that reaches their target audience. This project provides an opportunity to explore the differences between the person who buys the product, the person who consumes the product, and the person who influences the purchase.*

(10-15 minutes, Chapter Objectives 2 and 5, AACSB: Application of Knowledge and Reflective Thinking)

1. Go to [**www.moveon.org**.](http://www.moveon.org/) What is the main variable that this site uses to segment the American public? What is the resulting segment to which this site is attempting to appeal? Extensively, describe this segment in terms of demographic and psychographic variables. What issues seem to be raised on this site? If you were an advertiser, would it be a good idea to sponsor a message on this site? Explain.

*Moveon.org is a civic action group that segments the American public based on political ideals. Opinions are one of the facets of psychographic segmentation (activities, interests, opinions). The website notes the organization is a non-partisan effort to give the public a voice in policymaking. However, the separate PAC by the same name raises money to support Democrat candidates. Unlike other political action groups, its donors tend to give small donations via the web. Students may make inferences about the demographics and psychographics of the group’s audience based on the issues raised on the website, and the group’s use of the web as a primary communication vehicle. Student opinions of whether it would be a good idea to sponsor a message on the site may depend on these inferences, but students may also point out that site sponsorship by corporate interests contradicts the group’s mission to reduce corporate America’s influence over Washington. An advertiser for a social initiative may not be as susceptible to this challenge.*

(15 minutes, Chapter Objective 3, AACSB: Application of Knowledge and Reflective Thinking)

1. Visit [**www.alesyabags.com**](http://www.alesyabags.com/)and identify the factors used to segment the company’s target audience. How does the company use social media to engage its target audience? Given what you know about the target audience, do you feel Alesya Bags’ use of social media is effective or ineffective? Explain why.

*Students should identify the company segments the target audience based on gender, age, occupation, income, and lifestyle. Students should also recognize the role of social media in the target segments’ lives and the role of engagement via social media tools in developing a lifestyle brand.*

(10-15 minutes, Chapter Objective 2, AACSB: Reflective Thinking)

## Group Assignment

Go to [**www.casino.com**.](http://www.casino.com/) Take some time as a group to become familiar with the various sections of this site. What are the ways that this site has been designed to encourage new users to sign up, and existing users to increase their level of online gambling? Is this website encouraging addictive consumption (where consumer addiction is defined as physiological and/or psychological dependency on products or services)? Is this unethical? After having completed this portion of the assignment, visit [**www.ballygaming.com**.](http://www.ballygaming.com/) What is the product being sold by this company? In what ways could this company be contributing to unethical behaviors?

*Casino.com is likely to raise varied responses based on student opinions of gambling as entertainment and gambling as a societal threat. There may be different opinions within the group. This conversation can be tied back to the question of whether marketers create needs and can introduce a discussion about marketer responsibility for consumer addiction to gambling.*

(20-25 minutes, Chapter Objective 3, AACSB: Application of Knowledge and Reflective Thinking)