

Chapter 2

Consumers Rule

CONSUMER BEHAVIOR

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Chapter Objectives

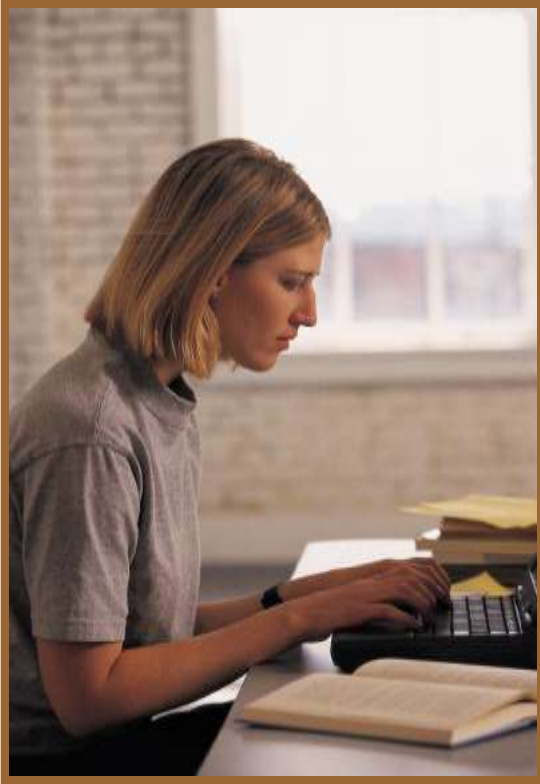
When you finish this chapter, you should understand why:

- **Consumers use products to help them define their identities in different settings.**
- **Consumer behavior is a process.**
- **Marketers need to understand the wants and needs of different consumer segments.**
- **The Web is changing consumer behavior.**

Chapter Objectives (continued)

- **Consumer behavior relates to other issues in our lives.**
- **Consumer activities can be harmful to individuals and to society.**
- **Many different types of specialists study consumer behavior.**
- **There are two major perspectives that seek to understand and study consumer behavior.**

Aspects of Consumer Behavior



- **Segmented by marketers by demographics**
- **Influenced by peer groups**
- **Exposed to competing brands seeking her loyalty**
- **Evaluates products by the appearance, taste, texture, smell**

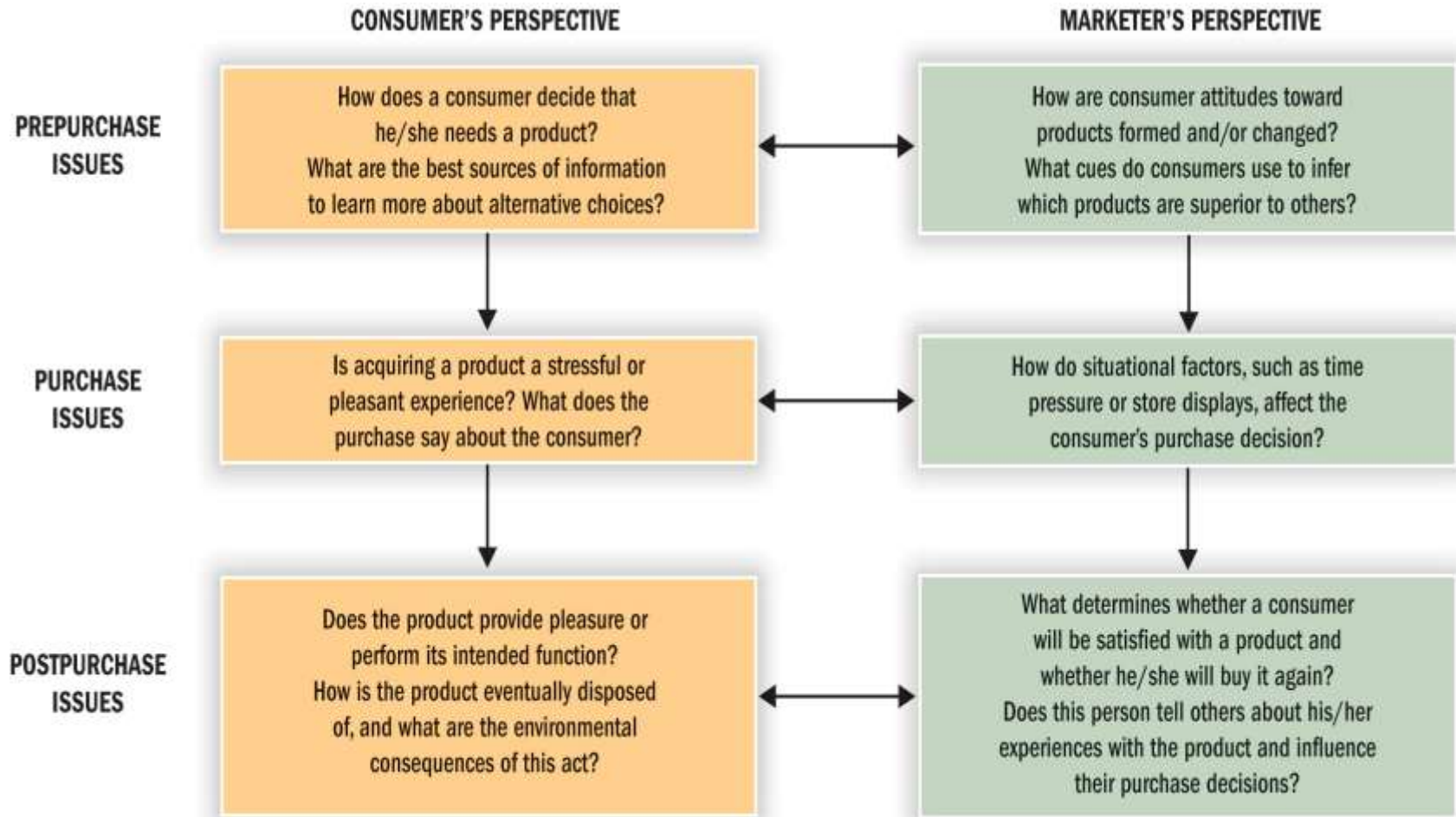
What is Consumer Behavior?

Consumer behavior: 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.



Figure 1.1

Stages in the Consumption Process



Actors in Consumer Behavior

A consumer is a person who identifies a need or desire, makes a purchase, and then disposes of the product.

- Purchaser versus user versus influencer
- Organization/group as consumer



Consumers' Impact on Marketing

Understanding consumer behavior is good business

- **Understanding people/organizations to satisfy consumers' needs**
- **Knowledge and data about customers:**
 - **Help to define the market**
 - **Identify threats/opportunities to a brand**

Segmenting Consumers: Demographics

Demographics:
statistics that measure
observable aspects of a
population, such as

- **Age**
- **Gender**
- **Family structure**
- **Social class/income**
- **Race/ethnicity**
- **Geography**



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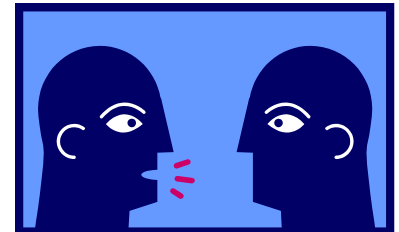
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Discussion

What are some products or services that are widely used by your social group?

- ***Do these products or services help you form bonds with your group? If yes, give examples.***
- ***Are there any product or services you would avoid because of the social group you belong to?***



Segmenting Consumers: Lifestyles

Psychographics

- The way we feel about ourselves
- The things we value
- The things we do in our spare time



Tapping into Consumer Lifestyles

- **Relationship marketing: interact with customers regularly; give them reasons to maintain a bond with the company**
- **Database marketing: tracking specific consumers' buying habits and crafting products and messages tailored precisely to people's wants**

Popular Culture

- **Music**
- **Movies**
- **Sports**
- **Books**
- **Celebrities**
- **Entertainment**

Marketers influence preferences for movie and music heroes, fashions, food, and decorating choices.

Consumer-Generated Content

- When everyday people voice their opinions about products, brands, and companies on blogs, podcasts, and social networking sites such as Facebook

News Ahoy! Tales o' th' High Seas **300+**

What be troublin' ye?

Lady Cap'n Stephanie Buchert Halloween weekend!
'bout 3 turn o' yer hourglass ago · Weigh in · Arrr, This be pleasin' to me eye.

👍 5 scallywags be enjoyin' this.

Matt Blommel What are you going as this year?
'bout one turn o' yer hourglass ago

Stephanie Buchert One of Von Frisch's honeybees. :)
12 shots o' rum ago

Matt Blommel Nice, I'm going to be McCoy, I figure I can pull him off better than Spock.
2 shots o' rum ago

Scrawl a message...

Lady Cap'n Rebecca Ortiz I definitely have the best advisor ever...she gave me UNC basketball tickets for my birthday!! :)

43 shots o' rum ago · Weigh in · Arrr, This be pleasin' to me eye.

👍 Nicole Stoll be eyein' this with pleasure.

🗨 Spy all 4 scrawlins'

Laurie Phillips Damn, that is awesome! Happy birthday!!!
33 shots o' rum ago

Nancy Ortiz Which game??

The Meaning of Consumption

- People often buy products not for what they do, but for what they mean
- Consumers can develop relationships with brands:

Self-Concept Attachment

Nostalgic Attachment

Interdependence

Love

The Global Consumer



- **The global consumer culture is one that unites people with a common devotion to**
 - **Brand name consumer goods**
 - **Movie stars**
 - **Celebrities**
 - **Leisure activities**

Virtual Brand Communities

- C2C e-commerce in addition to B2B and B2C
- “Wired” Americans spend...
 - Less time with friends/family
 - Less time shopping in stores
 - More time working at home after hours



Marketing Ethics and Public Policy

- **Business ethics: rules of conduct that guide actions in the marketplace**
- **Cultural differences in ethics:**
 - **Codes of ethics less formal in Mexico**
 - **U.S. Foreign Corrupt Practices Act prohibits use of bribery by U.S. businesspeople—no matter where they're doing business**
 - **Bribery commonly practiced in other countries**

Sample of Federal Legislation Intended to Enhance Consumers' Welfare

| Year | Act |
|------|--|
| 1951 | Fur Product Labeling Act |
| 1953 | Flammable Fabrics Act |
| 1958 | National Traffic and Safety Act |
| 1958 | Automobile Information Disclosure Act |
| 1966 | Fair Packaging and Labeling Act |
| 1966 | Child Protection Act |
| 1967 | Federal Cigarette Labeling and Advertising Act |

| Year | Act |
|------|--|
| 1968 | Truth-in-Lending Act |
| 1969 | National Environmental Policy Act |
| 1972 | Consumer Products Safety Act |
| 1975 | Consumer Goods Pricing Act |
| 1975 | Magnuson-Moss Warranty-Improvement Act |
| 1990 | Nutrition Labeling and Education Act |
| 1998 | Internet Tax Freedom Act |

Do Marketers Create Artificial Needs?

Objective of marketing: create awareness that needs exist, not to create needs

- **Need: a basic biological motive**
- **versus**
- **Want: one way that society has taught us that the need can be satisfied**

Are Advertising & Marketing Necessary?

Does advertising foster materialism?

- **Products are designed to meet existing needs;**
- **Advertising only helps to communicate their availability**

Do Marketers Promise Miracles?

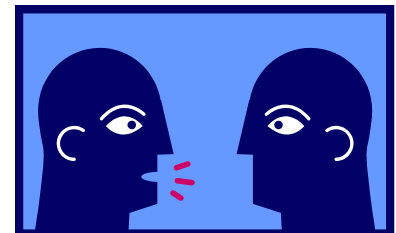
- **Advertisers simply do not know enough about people to manipulate them**



Discussion

Advertisers are often blamed for promoting a materialistic society by making their products as desirable as possible.

- ***Do you agree with this?***
 - ***If yes, is materialism a bad thing?***
 - ***If no, what are your reasons?***



Public Policy & Consumerism

Concern for the welfare of consumers

Department of Agriculture

Federal Trade Commission

Food and Drug
Administration

Securities and Exchange
Commission

Environmental Protection
Agency

Consumer Activism

- **Culture jamming is a strategy to disrupt efforts by the corporate world to dominate our cultural landscape.**

ADBUSTERS *"We're running an uncontrolled experiment on the only home we have."*
Bill Collins from Hot, Flat, and Crowded by Thomas Friedman

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We are a global network of artists, activists, writers, pranksters, students, educators and entrepreneurs who want to advance the new social activist movement of the information age. Our aim is to topple existing power structures and forge a major shift in the way we will live in the 21st century.

Consumerism & Consumer Research

- **JFK’s “Declaration of Consumer Rights” (1962)**
 - **The right to safety**
 - **The right to be informed**
 - **The right to redress**
 - **The right to choice**
- **Social Marketing**
- **Green Marketing**

The Consumer “Dark Side”

Consumer terrorism

Compulsive consumption



Addictive consumption

Consumed consumers

Illegal activities

Interdisciplinary Research Issues in Consumer Behavior

| Disciplinary Focus | Product Role |
|-------------------------------------|--|
| Experimental Psychology | Perception, learning, and memory processes |
| Clinical Psychology | Psychological adjustment |
| Microeconomics/Human Ecology | Allocation of individual or family resources |
| Social Psychology | Behavior of individuals as members of social groups |
| Sociology | Social institutions and group relationships |
| Macroeconomics | Consumers' relations with the marketplace |
| Semiotics/Literary Criticism | Verbal and visual communication of meaning |
| Demography | Measurable characteristics of a population |
| History | Societal changes over time |
| Cultural Anthropology | Society's beliefs and practices |

Figure 1.2 Disciplines in Consumer Research

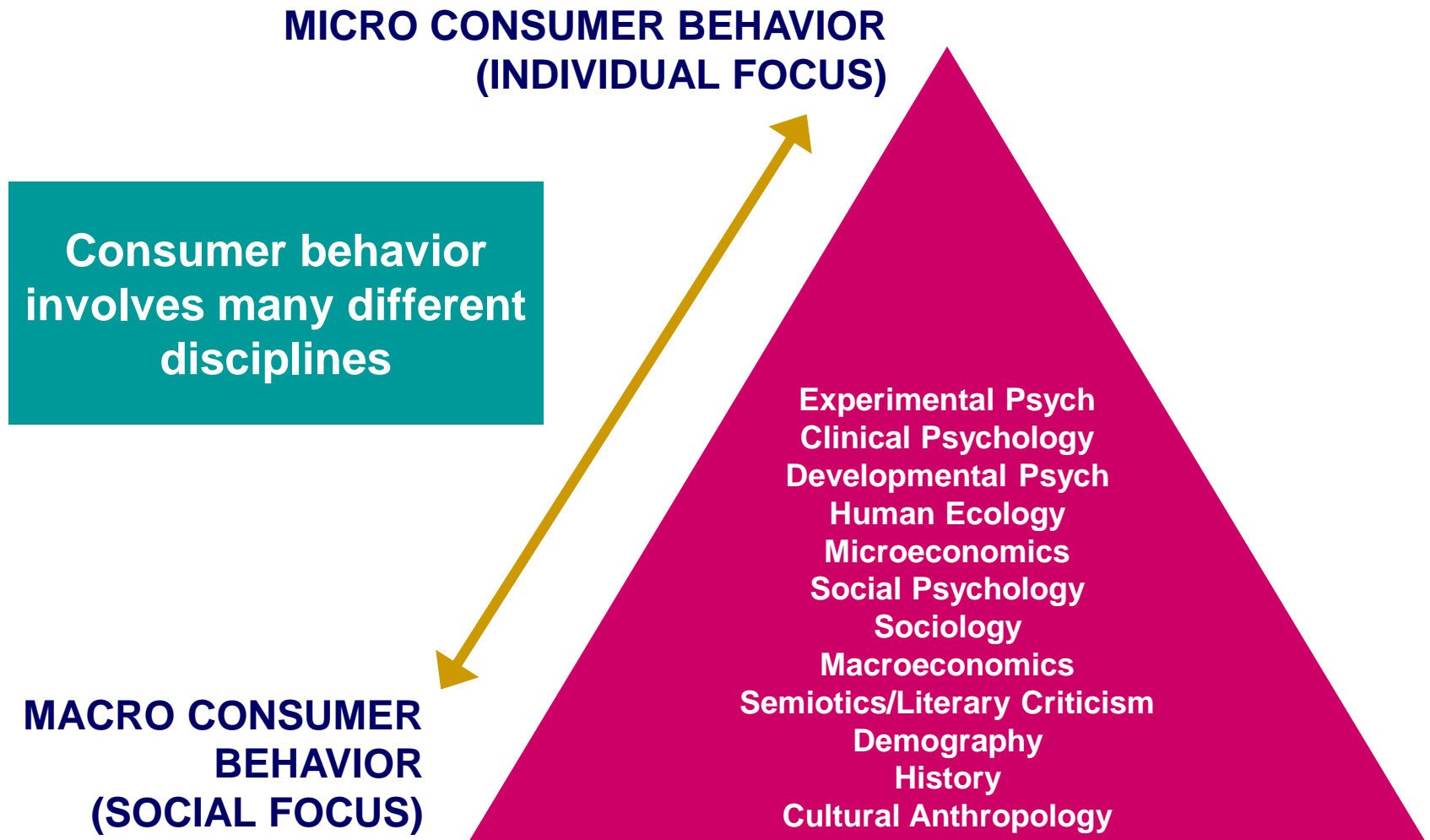


Table 1.3

Positivist versus Interpretivist Approaches

| Assumptions | Positivist Approach | Interpretivist Approach |
|-----------------------|--|--|
| Nature of reality | Objective, tangible Single | Socially constructed Multiple |
| Goal | Prediction | Understanding |
| Knowledge generated | Time free Context-independent | Time-bound Context dependent |
| View of causality | Existence of real causes | Multiple, simultaneous shaping events |
| Research relationship | Separation between researcher and subject | Interactive, cooperative with researcher being part of phenomenon under study |

Figure 1.3 Wheel of Consumer Behavior



Chapter Summary

- **Consumer behavior is a process.**
- **Consumer use products and brands to define their identity to others.**
- **Consumers from different segments have different needs and wants.**
- **Consumer activities can be harmful.**
- **Consumer behavior benefits from several fields.**
- **There are two major perspectives guiding our study of consumer behavior.**