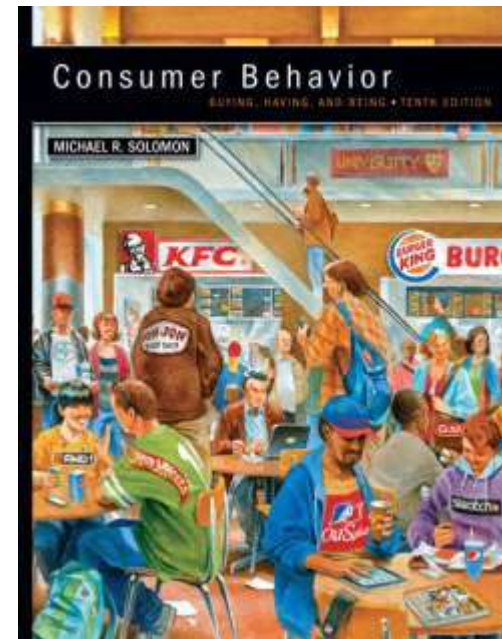


Chapter 1

Buying, Having, Being

**CONSUMER
BEHAVIOR, Test**
Michael R. Solomon



Chapter Objectives

When you finish this chapter, you should understand why:

1. Consumers use products to help them define their identities in different settings.
2. Consumer behavior is a process.
3. Marketers need to understand the wants and needs of different consumer segments.

Chapter Objectives (continued)

4. The Web is changing consumer behavior.
5. Consumer behavior relates to other issues in our lives.
6. Many different types of specialists study consumer behavior.
7. There are two major perspectives that seek to understand and study consumer behavior.

Learning Objective 1



- Consumers use products to help them define their identities in different situations
 - Marketers need to be able to understand consumer behavior and categorize them into useful segments

Consumers as Role Players

- Consumers need different products to help them play their various parts



Consumer Identity as an Aid to Marketers

- Consumers segmented by demographics and psychographics
- Consumers understood in part based on their consumption communities and reference groups
- Brands target consumers using market segmentation strategies
- Consumers may choose brands that match with their own identities

THE GREATEST TEAM YOU'VE NEVER HEARD OF

has together missed out on 13 proms, 74 birthdays, 21 Thanksgivings, and 989 boyfriends. And they don't regret it. They know why they give up these things. They know that game-changing slide tackles and goals and championships and having a second family and doing it all for each other are the rewards. They know to put team above all else. They are The Greatest Team You've Never Heard Of.



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BECAUSE IT WORKS™

From left to right: Abbie, Weight Watchers Leader, lost 40 lbs., Renee lost 35 lbs., Emily lost 54 lbs., Lindsey lost 46 lbs., Susan lost 91 lbs., Jennifer lost 83 lbs., Brian lost 27 lbs. and Angela lost 31 lbs.*

JOIN FOR FREE WeightWatchers.com
Registration fee waived. Most pay weekly meetings fee. Valid from 12/29/11 through 3/31/12 in participating areas only.

*People following the Weight Watchers plan can expect to lose 1.2 lbs per wk. Featured members lost weight on past program and/or PointsPlus.



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.



What is Consumer Behavior

Consumers	Items we Consume	Needs & Desires Satisfied
8 year old girls buying Barbie Dolls	Haircut	Hunger
75 year old grandparents buying a stroller	Root Canal	Love
Asian businessmen deciding on a company server	Peas	Status
Teenagers going to prom	McDonalds	Acceptance
Students buying books	Tax Attorney	Security
Hipsters at a club	Spotify	Respect
Graduate Business Students	Starbucks	Belonging
Advertising executive	Match.com	Family

For Reflection

- Do your consumption choices differ depending upon the role you are playing at the time?
- Give examples from your own life.
- How do your choices as a consumer differ depending upon whether you are in the role of student, child, employee, and so on?



Expanded View of Consumer Behavior



- Embraces much more than the study of what and why we buy; it also focuses on how marketers influence consumers and how consumers use the products and services marketers sell

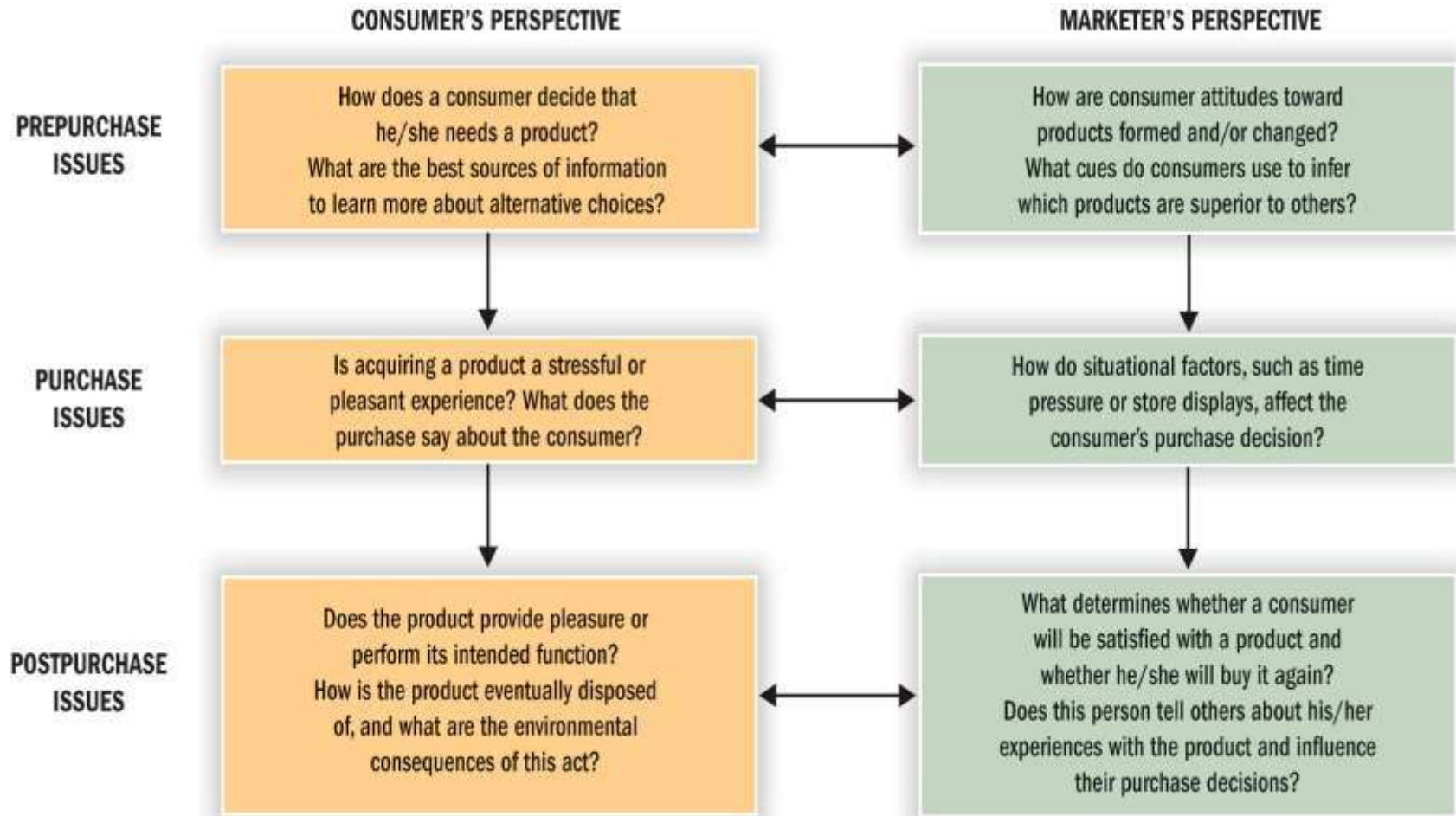
Learning Objective 2

- Consumer behavior is a process.



Figure 1.1

Stages in the Consumption Process



For Reflection

- Thinking about the three stages in the consumption process, what issues do you consider in each stage when you are making important decisions?
 - Phone
 - Jeans
 - Education

Consumers Impact on Marketing Strategy

- Understanding consumer behavior is good business.
- 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.
- Consumer response is the ultimate test of whether a marketing strategy will succeed.
- 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.



Learning Objective 3

- *Marketers need to understand the wants and needs of different consumer segments.*
- Consumers are different!
 - How do we divide them up



Segmenting Consumers: Demographics

Demographics:

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



Visa Targets by Social Class



BACK IN BLACK



Check out the Back in Black video at blackcard.com

THE WORLD'S MOST PRESTIGIOUS AND VERSATILE CREDIT CARD. LIMITED MEMBERSHIP • 24-HOUR CONCIERGE SERVICE • LUXURY GIFTS
EXCLUSIVE REWARDS PROGRAM • PATENT PENDING CARBON CARD. APPLY NOW AT BLACKCARD.COM OR CALL 866-BLACK CARD

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Relationship & Database Marketing

- **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.
- **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.

Marketing's Impact on Consumers

- Popular Culture
- What does it mean to consume
- The Global Consumer
- The Digital Native

Popular Culture

- 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.
- Product icons (e.g. Pillsbury Doughboy, Jolly Green Giant) often become central figures in popular culture.

Trends of 2012

Popular Culture

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

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

What does it mean to Consume?

- Premise that people often buy products not for what they do, but for what they mean.
- People, in general, will choose the brand that has an image (or even a personality) that is consistent with his or her underlying needs.
- 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 time.



What are Consumers Really Buying?



WELLS FARGO

When two accounts become one

Sharing expenses is a big step and Wells Fargo will help you take it. Together we'll navigate the maze of your personal finances and find solutions tailored to both of your needs. Wells Fargo has a wide range of accounts and services that help you achieve your financial goals. From flexible checking and savings accounts, loan offerings to premier investment management services, we'll work with you to help you save, plan and prepare for the future. Talk to a Wells Fargo banker today and take your big step with confidence.

wellsfargo.com/1gbt

Together we'll go far

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Consumer-Brand Relationships

- Self-concept attachment



- Nostalgic attachment



- Interdependence



- Love



For Reflection

- What kind of relationship do you have with your car?
- Do these feelings correspond to the types of relationships consumers may develop with products?
- How do these relationships affect your behavior?

The Global Consumer

- 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.
- 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.



Learning Objective 4

- The Web is changing consumer behavior.

The screenshot shows the Yelp website interface. At the top, there is a search bar with the text "Search for (e.g. local cheap dinner spots)" and a location field set to "Petaluma, CA". Below the search bar is a navigation menu with options like "Home", "About Us", "Write a Review", "Find Reviews", "Find Friends", "Messaging", "Tabs", "Events", and "Member Search".

The main content area features a banner for "San Francisco" with the text "15 Places. 15 Miles. Drive & Go Seek Sweepstakes." Below this is the profile for "MoMo's", an American restaurant. The profile includes the address "780 2nd St, San Francisco, CA 94107", phone number "(415) 227-4999", and website "http://www.sfmomos.com".

A "Make a Reservation" form is visible, with fields for "Date & Time" (set to 09/13/2012 at 11:30 am) and "Party Size" (set to 2). Below the form are details about the restaurant's hours, price range (\$), and various amenities like "Good for Kids", "Delivery", and "Outdoor Seating".

On the right side, there is a map showing the location of MoMo's. Below the map are sections for "Browse Nearby" (Restaurants, Nightlife, Shopping, Movies) and "Deals Nearby" (e.g., "\$10 for \$20 Deal: Karma Sushi").

At the bottom, there is a "Reviews (476)" section with a search bar and a "Review Highlights" section featuring a quote: "It's fun, and just awesome for before or after a game!"

The Digital Native: Living a Social Media Life

- ***Virtual brand communities*** are often brought together by their interests, which expand consumption communities beyond those available in local communities.
- **Digital natives** are consumers who grew up “wired” in a highly networked, always-on world where digital technology always existed.
- There is now **B2C e-commerce** (businesses selling to consumers) and **C2C e-commerce** (consumers selling to consumers).

The Digital Native: Living a Social Media Life

- 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.
- 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.

Social Media

- 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.

Online Communications

- **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.
- Social media is characterized by synchronous (real-time) and asynchronous interactions across social media platforms that enable a **culture of participation**.

For Reflection

- Did you know
 - If you were paid \$1 for every time an article was posted on Wikipedia, you'd earn \$156.23/hour?
 - 80% of companies use LinkedIn as their primary recruiting tool?
 - More than 1.5 billion pieces of content are shared on Facebook daily?

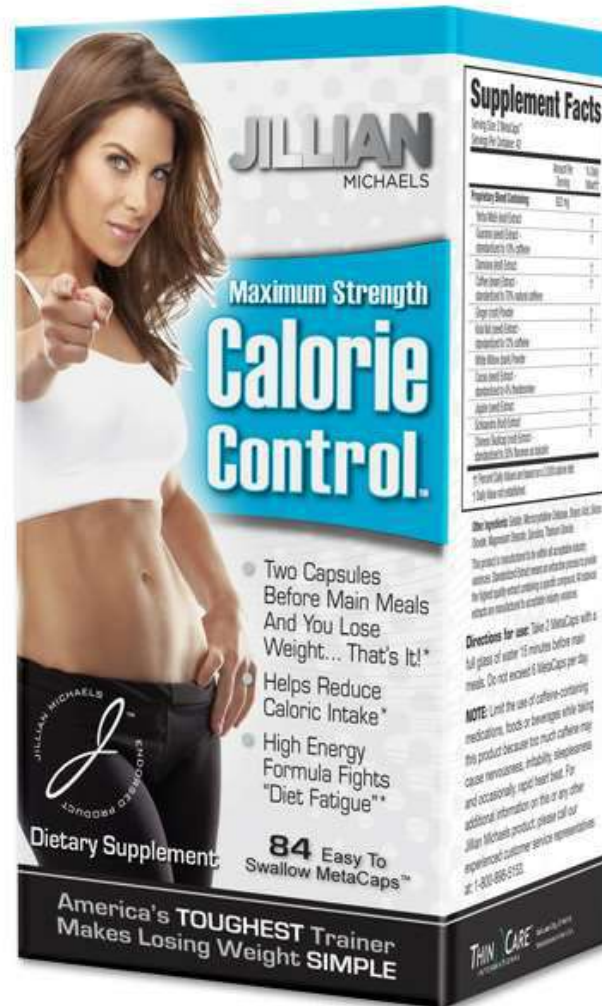
Learning Objective 5

- Our beliefs and actions as consumers strongly connect to other issues in our lives.

Marketing Ethics and Public Policy

- **Business ethics** are rules of conduct that guide actions in the marketplace
- There are cultural differences in what is considered ethical.

Jillian Michaels – Being Sued



Consumerspace

- **Consumer space** is an environment where individuals dictate to companies the types of products they want and how, when, and where, or even if, they want to learn about them
 - (a shift from ***marketer space*** where companies called the shots).

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



Calvin Klein



- Drinking Milk....



- Will Lead to...



-
- Wearing Gucci....



- Will Get You....



Are Advertising & Marketing Necessary?

Does advertising foster materialism?

- Products are designed to meet existing needs
- Advertising only helps to communicate their availability
- Viewed as an important source of consumer communication
- Reduces consumer search time



Do Marketers Promise Miracles?

- Advertisers simply do not know enough about people to manipulate them
 - 40% - 80% of new products fail



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

For Reflection

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?

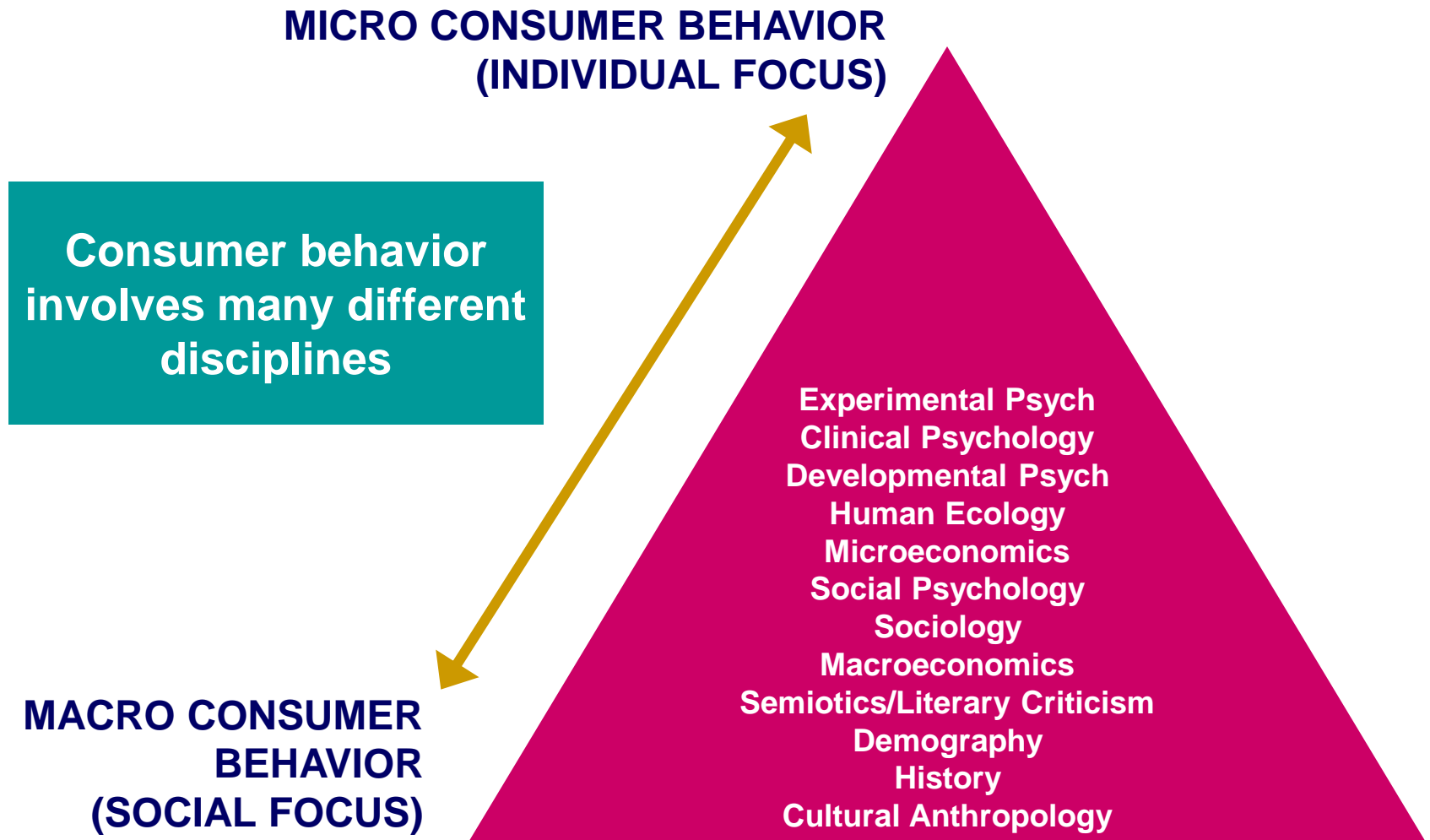


Learning Objective 6

Many specialists study consumer behavior.

Disciplinary Focus	Product Role	Example
Experimental Psychology	Perception, learning, and memory processes	How specific aspects of magazines, such as design or layout are recognized and interpreted; parts most likely to be read
Clinical Psychology	Psychological adjustment	How magazines affect readers' body images
Human Ecology	Allocation of individual or family resources	Factors influencing the amount of money a family spends on magazines
Social Psychology	Behavior of individuals as members of social groups	Ways ads affect readers' attitudes toward the products depicted; peer pressure influences
Sociology	Social institutions and group relationships	Pattern by which magazine preferences spread through a social group
Macroeconomics	Consumers' relations with the marketplace	Effects of the price of fashion magazines and expense of items during high unemployment
Demography	Measurable characteristics of a population	Effects of age, income, and marital status of magazine readers
History	Societal changes over time	Ways in which our culture depicts women has changed over time
Cultural Anthropology	Society's beliefs and practices	Ways fashion and models affect readers' definitions of masculine vs. feminine

Figure 1.2 Disciplines in Consumer Research



For Reflection

"One day it dawned on me that I was boring my husband to death."

When you're married as long as I am, you can reach a point where you start taking your husband for granted. Good old dependable Jim I used to say, and I guess that's how he was beginning to think of me, too. Good old dependable Barbara. It was horrible.

One day it dawned on me that I was boring my husband to death. It was hard for me to admit it—but it was true. It wasn't that I didn't love Jim, but often by the time he came home at night I was feeling dull, tired and drowsy. And so Jim would look at television and, for the most part, act like I wasn't even there. And I wasn't.

I decided that I had to do something. I had seen an advertisement for a tablet called Vivarin. It said that Vivarin was a non-habit forming stimulant tablet that would give me a quick lift. Last week there were a couple of evenings when I felt that I needed Vivarin. So, on those days, I took a Vivarin tablet at 5:00 p.m., just about an hour before Jim came home, and I found time to pretty up a little, too. It worked.

All of a sudden Jim was coming home to a more exciting woman, me. We talk to each

other a lot more than we have in years—like we used to when we first were married and we'd take long rides in the old car just to be together and talk. And after dinner I was wide awake enough to do a little bit more than just look at television. And the other day—it wasn't even my birthday—Jim sent me flowers with a note. The note began: "To my new wife..."



Now Men Adore Her Milky-White Skin



SHE has the loveliest face! Once muddy skin, freckles and blemishes made her actually homely, until she

learned of a delicate, dainty white cream, called Golden Peacock Bleach Creme. This new discovery brought out the hidden *natural* whiteness of her skin in three days! And now, in only ten minutes a week, this same cream keeps her skin always dazzling white.

No more redness, sallowness or freckles; blackheads and blemishes never bother her. Try a jar of Golden Peacock Bleach Creme yourself—at any drug store or department store toilet counter.

**ONLY LAST WEEK
MUDDY SKIN MADE
HER HOMELY!**

Learning Objective 7

- There are two major perspectives on consumer behavior:
 - Positivist approach
 - Interpretivist approach

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

For Reflection

- How do you think the two paradigms of consumer research affect the choices marketers make in targeting consumer segments?

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 behavior benefits from several fields.
- There are two major perspectives guiding our study of consumer behavior.