

# E-commerce 2018: business. technology. society.

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## CHAPTER 6: E-COMMERCE MARKETING AND ADVERTISING

### LEARNING TRACK 6.2 CONSUMER BEHAVIOR MODELS

**C**onsumer behavior models seek to predict the wide range of decisions that consumers make on the basis of background demographic factors, and on a set of intervening, more immediate variables that shape the consumer's ultimate decisions.

Background factors are cultural, social, and psychological in nature. Firms must recognize and understand the behavioral significance of these background factors and adjust their marketing efforts accordingly. **Culture** is the broadest factor in consumer behavior because it shapes basic human values, wants, perceptions, and behaviors. Culture creates basic expectations that consumers bring to the marketplace, such as what should be bought in different markets, how things should be bought, and how things should be paid for. Generally, culture affects an entire nation, and takes on major significance in international marketing. For instance, an American-style e-commerce site that sells cooking spices might have difficulty in an Asian culture such as China or Japan, where food and spice shopping takes place at local neighborhood markets, large food stores do not exist, and shoppers tend to pick out and smell each spice before purchasing it.

Within nations, subcultures are extremely important in consumer behavior. **Subcultures** are subsets of cultures that form around major social differences such as ethnicity, age, lifestyle, and geography. In the United States, ethnicity plays a very large role in consumer behavior. In 2016, there were an estimated 46 million African Americans with an annual purchasing power of around \$1.2 trillion, about 58 million Hispanics with a total annual purchasing power of also about \$1.4 trillion, and around 20 million Asian Americans with a total purchasing power of about \$890 billion. Each of these ethnic groups represents a significant market segment that firms can target. For instance, Toyota was one of the first automotive manufacturers to use the Internet to target Hispanic customers. Toyota places online advertisements on Spanish-language portals such as MSN Latino, Yahoo en Español, AOL Latino, and Univision to direct Hispanic customers to its Toyota.com Spanish-language website. A number of major retailers, such as Best Buy,

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Lowe's, and Sears, have Spanish-language websites as well. Among the important social factors that shape consumer behavior are the many reference groups to which all consumers "belong," either as direct participating members, or as indirect members by affiliation, association, or aspiration. Among the more powerful intervening variables are the social networks and communities to which a person belongs and which invariably send market stimuli. In the offline face-to-face world, these groups are referred to as **direct reference groups** and include one's family, profession or occupation, religion, neighborhood, and schools. In the online world, these groups are simply referred to as online social and professional networks and communities to which consumers belong. **Indirect reference groups** include one's life-cycle stage, social class, and lifestyle group (discussed later). In the online world, an analog would be celebrity blog and news sites, commentary sites of all sorts, fashion sites, and fan sites where consumers tend to be consumers of content and identify with the content and activities at the site. Online social networks are important for understanding how viral marketing works on the Internet.

Within each of these reference groups, there are **opinion leaders** (or **viral influencers**, as they are termed by online marketers), who because of their personality, skills, or other factors, influence the behavior of others. Marketers seek out opinion leaders (so-called influentials) in their communications and promotional efforts because of their presumed influence over other people. Some have argued that these "influentials" are about 10% of any population and directly influence the other 90% in the population. For instance, many websites include testimonials submitted by successful adopters of a product or service. Generally, those giving the testimonials are portrayed as opinion leaders—"smart people in the know." At Procter & Gamble's website, for example, testimonials come from "P&G Advisors," who are consumers who take an active interest in Procter & Gamble products.

The concept of "influentials," while intuitively attractive, may not in fact describe how or why viral messages spread across the Web. A counterview is that the "Like" buttons on websites are not very powerful in influencing brand identification or sales because they spread messages from one person to another regardless of their social position in a network.

A unique kind of reference group is a **lifestyle group**, which can be defined as an integrated pattern of activities (hobbies, sports, shopping likes and dislikes, social events typically attended), interests (food, fashion, family, recreation), and opinions (social issues, business, government).

Lifestyle group classification systems—of which there are several—attempt to create a classification scheme that captures a person's whole pattern of living, consuming, and acting. The theory is that once you understand a consumer's lifestyle, or the lifestyles typical of a group of people—such as college students, for instance—then you can design products and marketing messages that appeal specifically to that lifestyle group. Lifestyle classification then becomes another method of segmenting the market.

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In addition to lifestyle classification, marketers are interested in a consumer's psychological profile. A **psychological profile** is a set of needs, drives, motivations, perceptions, and learned behaviors—including attitudes and beliefs. Marketers attempt to appeal to psychological profiles through product design, product positioning, and marketing communications. For instance, many health e-commerce sites emphasize that they help consumers achieve a sense of control over their health destiny by providing them with information about diseases and treatments. This message is a powerful appeal to the needs of a wealthy, educated, professional, and technically advanced set of online users for self-control and mastery over what might be a complex, health-threatening situation.

Marketers cannot influence demographic background factors, but they can adjust their branding, communications, and firm capabilities to appeal to demographic realities. For instance, the National Basketball Association's website, NBA.com, appeals to a variety of basketball fan subgroups from avid fans interested in specific team statistics, to fashion-conscious fans who can purchase clothing for specific NBA teams, to fans who want to auction memorabilia.