

# Consumer Behaviour

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# Consumer Behaviour

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Indian Subcontinent Adaptation

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3. **Consumer Perception:** Perceptual Selection, Perceptual Organization, Perceptual Interpretation: Stereotyping, Consumer Imagery, Perceived Quality, Perceived Risk
4. **Consumer Learning:** The Elements of Consumer Learning, Classical Conditioning, Instrumental Conditioning, Observational Learning, Information Processing, Cognitive Learning, Consumer Involvement and Hemispheric Lateralization, Outcomes and Measures of Consumer Learning
5. **Consumer Attitude Formation and Change:** Attitudes and Their Formation, The Tri-component Attitude Model, Multi-attribute Attitude Models, Changing the Motivational Functions of Attitudes, The Elaboration Likelihood Model, Cognitive Dissonance and Resolving Conflicting Attitudes, Assigning Causality and Attribution Theory
6. **Persuading Consumers:** The Communication Process, Broadcasting versus Narrowcasting, Designing Persuasive Messages, Persuasive Advertising Appeals, Measures of Message Effectiveness
7. **Reference Groups and Word-of-Mouth:** Source Credibility and Reference Groups, Credibility of Spokespersons, Endorsers, and Other Formal Sources, Word-of-Mouth and Opinion Leadership, Strategic Applications of Word-of-Mouth, Diffusion of Innovations: Segmenting by Adopter Categories
8. **The Family and Its Social Standing:** The Family as a Socialization Agent, Family Decision-making and Consumption-related Roles, The Family Life Cycle, Nontraditional Families and Non-family Households, Social Standing and Consumer Behavior, Measuring Social Class, Social Classes' Characteristics and Consumer Behavior, Geo-demography and Social Class
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# 1

# Technology-Driven Consumer Behavior

## Learning Objectives

- 1 To understand the evolution of the marketing concept, the most prominent tools used to implement marketing strategies, the relationship between value and customer retention, and the objectives of socially responsible marketing.
- 2 To understand how the Internet and related technologies improve marketing transactions by adding value that benefits both marketers and customers.
- 3 To understand the interrelationships among customer value, satisfaction, and retention, and technology's revolutionary role in designing effective retention measures and strategies.
- 4 To understand consumer behavior as an interdisciplinary area, consumer decision-making, and the structure of this book.

**M**ARKETING is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society. **Consumer behavior** is the study of consumers' actions during searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. The core of marketing is identifying unfulfilled needs and delivering products and services that satisfy these needs. Consumer behavior explains how individuals make decisions to spend their available resources (i.e., time, money, effort) on goods that marketers offer for sale. The study of consumer behavior describes what products and brands consumers buy, why they buy them, when they buy them, where they buy them, how often they buy them, how often they use them, how they evaluate them after the purchase, and whether or not they buy them repeatedly.

People buy cars because they need personal transportation. However, the types of cars people buy are determined not by needs alone, but also by how cars express their owners' characteristics. Therefore, car marketers differentiate their products by how specific car brands and models appeal to buyers' psychology.

Egotism and power are pervasive psychological needs, and marketers often appeal to them in advertisements. The Scion ad in Figure 1.1 invites potential buyers to "Take On the Machine." Toyota positioned Scion as a car for drivers who like to face challenges, and feel powerful and in control of their environment. Positioning is conveying the product's benefits and image to potential (or existing) customers, so that the product stands out distinctly in their minds and is not viewed as a "me too" item. Positioning is an essential component of marketing and explained fully in Chapters 2 and 4.



### Notes

FIGURE 1.1 Scion: “Take On The Machine”

First, this chapter describes the evolution of the marketing concept, marketing strategies for satisfying consumers’ needs, and socially responsible marketing. Secondly, it describes how the Internet and new technologies can improve marketing transactions and benefit marketers and consumers alike. Afterwards, we explain the interrelationships among customer value, satisfaction, and retention, and using technology to design more effective retention strategies. Lastly, we describe consumer behavior as an interdisciplinary subject, how consumers make purchase decisions, and the structure of this book.

## The Marketing Concept

Marketing and consumer behavior stem from the **marketing concept**, which maintains that the essence of marketing consists of satisfying consumers’ needs, creating value, and retaining customers. It maintains that companies must produce only those goods that they have already determined that consumers would buy.

The **production concept**, a business approach conceived by Henry Ford, maintains that consumers are mostly interested in product availability at low prices; its implicit marketing objectives are cheap, efficient production and intensive distribution. This approach makes sense when consumers are more interested in obtaining the product than they are in specific features, and will buy what’s available rather than wait for what they really want. Before the 20th century, only wealthy consumers could afford automobiles, because cars were assembled individually and it took considerable time and expense to produce each vehicle. Early in the 20th century, Henry Ford became consumed with the idea of producing cars that average Americans could afford. In 1908, Ford began selling the sturdy and reliable Model T for \$850—an inexpensive price for that day. Soon he found out that he could not meet the overwhelming consumer demand for his cars, so in 1913 he introduced the assembly line. The new production method enabled Ford to produce good-quality cars more quickly and much less expensively. In 1916, Ford sold Model Ts for \$360 and sold more than 100 times as many cars as he did in 1908. In only eight years, Americans got the product that led to our nation’s extensive system of highways and the emergence of suburbs and large shopping malls.

Henry Ford’s near-monopoly of the car industry did not last. In 1923, as the automobile market was rapidly growing thanks to Ford’s mass production, Alfred P. Sloan became president and chairman of General Motors. He inherited a company that was built through takeovers of small car companies that had been producing ill-assorted models unguided by clear business objectives. Sloan reorganized the company and in 1924 articulated the company’s product strategy as “a car for every purse and purpose.” While Ford continued to produce the Model T until 1927 and stubbornly held onto the production concept, GM offered a variety of affordable mass-produced models, from the aristocratic Cadillac to the proletarian Chevrolet. In addition, Sloan stated: “The best way to serve the customer is the way the customer wants to be served.”\* About 30 years before the birth of the marketing concept, Alfred Sloan understood the core elements of marketing: all consumers are *not* alike and firms must identify and cater to different customer groups (or segments) and provide solid customer service. Although Ford was the industry’s pioneer and considered unsurpassed, within several years GM took over a large portion of Ford’s market share and became America’s largest car company.

### Learning Objective

- To understand the evolution of the marketing concept, the most prominent tools used to implement marketing strategies, the relationship between value and customer retention, and the objectives of socially responsible marketing.

### Notes

**Notes**

As more and more companies studied customers' needs and offered products that satisfied them well, companies began offering more and more versions, models, and features, often indiscriminately. They were guided by the **product concept**, which assumes that consumers will buy the product that offers them the highest quality, the best performance, and the most features. A product orientation leads the company to strive constantly to improve the quality of its product and to add new features if they are technically feasible, without finding out first whether consumers really want these features. A product orientation often leads to **marketing myopia**, that is, a focus on the product rather than on the needs it presumes to satisfy.

Marketing myopia occurs when companies ignore crucial changes in the marketplace and look "in the mirror rather than through the window." For example, in the 1980s, Apple bundled its software and hardware together and ignored customers who wanted to buy them separately. Apple sold its software, which was better than other operating systems, only when installed on its own, expensive computers. In contrast, Microsoft licensed DOS (disk operating system)—the less efficient and harder-to-operate software—to any manufacturer that wanted to install it on its computers. Most consumers bought the less expensive, DOS-operated computers, and for many years Apple was an insignificant player in the industry. Apple focused on its product and lost sight of the fact that consumers wanted to buy hardware and software separately.

Evolving from the production concept and the product concept, the **selling concept** maintains that marketers' primary focus is selling the products that they have decided to produce. The assumption of the selling concept is that consumers are unlikely to buy the product unless they are aggressively persuaded to do so—mostly through the "hard sell" approach. This approach does not consider customer satisfaction, because consumers who are aggressively induced to buy products they do not want or need, or products of low quality, will not buy them again. Unhappy buyers often communicate their dissatisfactions with the product through negative word-of-mouth that dissuades potential consumers from making similar purchases.

Implementing the marketing concept requires sellers to use consumer research, market segmentation, a combination of the product, price, place, and promotion strategies, provide value and result in long-term customer satisfaction and retention.

## Consumer Research

Consumers are complex individuals, subject to a variety of psychological and social needs, and the needs and priorities of different consumer segments differ dramatically. To design products and marketing strategies that fulfill consumer needs, marketers must study consumers' consumption behavior in depth. The term **consumer research** refers to the process and tools used to study consumer behavior (see Chapter 16). Consumer research is a form of **market research**, a process that links the consumer, customer, and public to the marketer through information in order to identify marketing opportunities and problems, evaluate marketing actions, and judge the performance of marketing strategies. The market research process outlines the information required, designs the method for collecting information, manages the data collection process, analyzes the results, and communicates the findings to marketers.

## Market Segmentation, Targeting, and Positioning

The focus of the marketing concept is satisfying consumer needs. At the same time, recognizing the high degree of diversity among us, consumer researchers seek to identify the many similarities that exist among the peoples of the world. For example, we all have the same kinds of biological needs, no matter where we are born: the needs for food and nourishment, for water, for air, and for shelter from the environment's elements. We also develop or acquire needs after we are born, which are shaped by the environment and culture in which we live, our education, and our experiences. The interesting thing about acquired needs is that many people share the same ones. This commonality of need or interest constitutes a market segment, which enables the marketer to target consumers with specifically designed products and/or promotional appeals that satisfy the needs of that segment. The marketer must also adapt the image of its product (i.e., "position" it), so that each market segment perceives the product as better fulfilling its specific needs than competitive products. The three elements of this strategic framework are market segmentation, targeting, and positioning.

Market segmentation, targeting, and positioning are the foundation of turning consumers into customers. **Market segmentation** is the process of dividing a market into subsets of consumers with common needs or characteristics. It consists of defining or identifying groups with shared needs that are different from those shared by other groups. **Targeting** means selecting the segments that the company views as prospective customers and pursuing them. **Positioning**

is the process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds. The image must differentiate the company's offering from competing ones and communicate to the target audience that the particular product or service fulfills their needs better than competing offerings do. Successful positioning focuses on communicating the *benefits* that the product provides. Because there are many similar products in almost any marketplace, an effective positioning strategy must communicate the product's *distinct* benefit(s). In fact, most new products (including new forms of existing products, such as new flavors and sizes) fail to capture significant market shares and are discontinued because consumers perceive them as "me-too" products lacking a unique image or benefit.

How can consumer behavior enable marketers to understand the consumers at the lower end of the socio-economic spectrum? In the Indian context, Horlicks Asha, a milk food that costs half the price of the existing offerings, was tested in Andhra Pradesh. Coca Cola sold powdered beverage Vitingo at ₹2.50 in Orissa. Pepsi Co. was working on a beverage and snack priced between ₹1 and 5 for people who suffer from inadequate nutrition.

Lower-income value explorers may be slum dwellers (about seven crores of the population) who have a household income of ₹72,000 per year (approx.). They constitute a significant segment of consumers for low-priced or packaged fast moving consumer goods (FMCG) products.

Hence, marketers need to think how consumer behavior principles can be applied to these contexts and how these principles are different in terms of their application from other contexts.

## Notes

### The Marketing Mix

The **marketing mix (four Ps)** consists of four elements:

- 1. Product or service:** The features, designs, brands, and packaging offered, along with post-purchase benefits such as warranties and return policies.
- 2. Price:** The list price, including discounts, allowances, and payment methods.
- 3. Place:** The distribution of the product or service through stores and other outlets.
- 4. Promotion:** The advertising, sales promotion, public relations, and sales efforts designed to build awareness of and demand for the product or service.

#### Box 1.1 Consumer Behavior as the "Back Office" of a Brand's Success

*Ek Tha Tiger*, a movie shot in foreign locales with a star-studded cast, earned ₹300 crores at the box office. On the other hand, *Kahaani*, a low-budget film shot in the by-lanes of Kolkata, earned ₹104 crores in 50 days. Although belonging to different genres, these movies were successful because the movie makers had recognized the presence of the right segments and that had triggered certain attitudinal elements among them. Renault Duster and Audi 3 may have had the right marketing mix, elements, and segmentation, but perceptual aspects that interpret pricing and value were also at work. P&G lost at least US\$ 50 million when its innovative fruits and vegetables cleaner (spray and solution variants) failed because the habits of the consumers could not be changed. Also, dealers were reluctant to stock the product (attitude creation) as consumers would think that they were selling bad fruits and vegetables that required a cleaner.

### Socially Responsible Marketing

The marketing concept—fulfilling the needs of target audiences—is somewhat shortsighted. Some products that satisfy customer needs are harmful to individuals and society and others cause environmental deterioration. Studying consumer behavior results in an understanding of why and how consumers make purchase decisions, so critics are concerned that an in-depth understanding of consumer behavior can enable unethical marketers to exploit human vulnerabilities in the marketplace and engage in other unethical marketing practices to achieve business objectives.

Because all companies prosper when society prospers, marketers would be better off if they integrated social responsibility into their marketing strategies. All marketing must balance the needs of society with the needs of the individual and the organization. The **societal marketing concept** requires marketers to fulfill the needs of the target audience in ways that improve, preserve, and enhance society's well-being while simultaneously meeting their business objectives. Regrettably, some marketers ignore laws and market potentially harmful products.

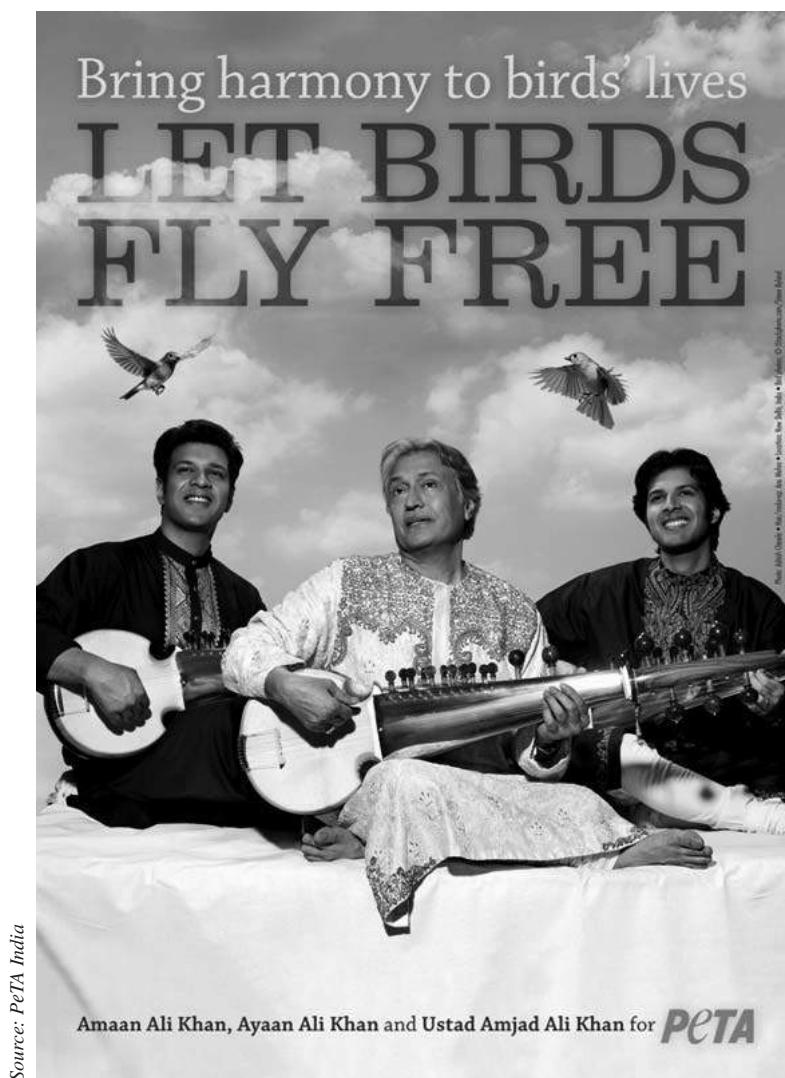
**Notes**

The societal marketing concept maintains that companies would be better off in a stronger, healthier society and that marketers that incorporate ethical behavior and social responsibility attract and maintain loyal consumer support over the long term. Accordingly, fast-food restaurants should develop foods that contain less fat and starch and more nutrients; marketers should not advertise foods to young people in ways that encourage overeating, or use professional athletes in liquor or tobacco advertisements because celebrities so often serve as role models for the young. An advertising campaign featuring unreasonably slim females with pale faces and withdrawn expressions must be reconsidered because of its potential to increase eating disorders among young women. Of course, eliminating such practices altogether is unreasonable, but curtailing them is not.

Many companies have incorporated social goals into their mission statements and believe that marketing ethics and social responsibility are important components of organizational effectiveness. They recognize that socially responsible activities improve their image among consumers, stockholders, the financial community, and other relevant publics, and that ethical and socially responsible practices are simply good business, resulting not only in a favorable image but ultimately in increased sales. The converse is also true: Perceptions of a company's lack of social responsibility or unethical marketing strategies negatively affect consumer purchase decisions. For instance, McDonald's became the target of television commercials blaming it for heart disease. In the commercial, produced by the nonprofit Physicians Committee for Responsible Medicine, a woman weeps over a dead man lying in a morgue. In his hand is a hamburger. At the end, the golden arches appear over his feet, followed by the words, "I was lovin' it," a twist on McDonald's longtime ad slogan, "I'm lovin' it." A voiceover says, "High cholesterol, high blood pressure, heart attacks. Tonight, make it vegetarian."

A division of Warner Music Group that operates online fan clubs for pop-music stars was forced to pay \$1 million to settle charges that it illegally collected personal information from the sites' child users. The Federal Trade Commission charged the company with violating the Children's Online Privacy Protection Act—a law that forbids websites from collecting personal information from users under 13 years of age without parental consent. According to the charges, more than 100,000 users' information was gathered illegally through websites for fans of four pop stars. The four websites "attracted a significant number of children under age 13," according to the lawsuit, and "failed" to meet the requirements established by the children's privacy law. When Google first revealed in 2010 that cars it was using to map streets were also sweeping up sensitive personal information from wireless home networks, it called the data collection a mistake. Subsequently, federal regulators charged that Google had "deliberately impeded and delayed" an investigation into the data collection and ordered a \$25,000 fine on the search giant.

There are also many not-for-profit advocacy groups whose mission is to advance causes that are ethically and morally right. Among many others, such causes include animal rights, fighting childhood obesity and overeating, supporting sober and nondistracted driving, fighting drug abuse and deadly diseases, and encouraging environmentally sound practices (see Chapter 15). Figure 1.2 shows an ad by a not-for-profit entity, People for the Ethical Treatment of Animals (PeTA). It features celebrities and urges us to share the world with animals and not mistreat them. By doing so, we will protect and improve the natural environment.



## Technology Enriches the Exchange Between Consumers and Marketers

Say you are in a strange city and need a hotel for the night. You pull out your smartphone, search for hotels on Google, and find a nearby one listed at the top of the rankings, with a little phone icon that says, “Call.” You tap it, reach the hotel, and ask for a room. And just like that, Google made money. That icon was a so-called “click-to-call ad,” and the hotel paid Google for it when you called. Technology has revolutionized the marketing mix, as well as segmentation, targeting, positioning, and customer retention. When consumers use their computers, mobile phones, electronic readers, tablets, and other electronic gadgets, they provide marketers with the kind of information that enables companies to target them immeasurably more effectively than during the pre-Internet days. Thus, online technologies create a “value exchange.” Marketers provide value to consumers in the form of information that turns shoppers into sophisticated customers, including opportunities to customize products easily, entertainment content, and much more. While online, consumers provide value to marketers by “revealing themselves,” which enables companies to market their products more efficiently and precisely. In other words, consumers “pay” for the Internet’s seemingly free content by providing virtually unlimited information about themselves to marketers, who gather, analyze, and use it to target buyers.

Advertisers are offering more and more original content online because viewers are now so accustomed to watching programs on devices like mobile phones and tablets that the lines between traditional television and Internet video have become blurred. Advertisers are also shifting dollars from traditional display advertising to sites like Facebook that can deliver huge audiences. Many advertisers say they worry that with so much new content being thrown at the market on so many different platforms, audiences for individual shows will become even more fragmented and microscopic than they already are.

Surfing online allows consumers to locate the best prices for products or services, bid on various marketing offerings, bypass distribution outlets and middlemen, and shop for goods around the globe and around the clock. They can also compare the features of various product models and engage in social networking with consumers who share the same interests, providing and receiving information about their purchases. Online communications created sophisticated and discerning consumers, who are hard to attract, satisfy, and retain. More than ever before, marketers must customize their products, add value to the physical product or the core of a service, provide the right benefits to the right consumer segments, and position their products effectively. Technology also enables marketers to refine their strategies because they can readily customize their offerings and promotional messages, offer more effective pricing and shorter distribution channels, and build long-term relationships with customers. Marketers that use rapidly advancing technologies to track consumers can identify opportunities for creating new offerings, and improve and extend existing products and services. They can gather comprehensive consumer information by tracking consumers online, requiring prospective buyers to register at their websites, and combining this knowledge with demographic and lifestyle data gathered offline (see Chapter 2).

The following example illustrates a value exchange. At Amazon, buyers can find books instantly, read sample pages and reviews posted by other readers, and begin reading purchased books within minutes after placing their orders (as opposed to going to a physical store, picking up a heavy paper copy, standing in line to pay, and then carrying the book.) Simultaneously, when consumers visit Amazon’s website, the company records every aspect of their visits, including the books they looked at, the sample pages and reviews they clicked on, and the time spent on each activity. This enables Amazon to build long-term relationships with customers by developing customized book recommendations that shoppers view upon returning to Amazon’s website. Amazon also participates in “information exchange networks” that enable marketers to place ads that “follow” consumers into other websites featuring products that consumers have examined or purchased previously (see Chapter 8).

### Consumers Have Embraced Technology

Although many assume that only young consumers visit websites and shop online and “reveal themselves” to marketers, it is not so. The Internet has drastically improved consumers’ access to the information they need when they buy products for the first time.

#### Learning Objective

- 2 To understand how the Internet and related technologies improve marketing transactions by adding value that benefits both marketers and customers.

#### Notes

## Application 1: Importance of Digital Marketing and Branding in India

When it comes to information that is associated with product decisions, 90% of consumers trust sources of information from known contacts. 70% trust consumers' online posts; 14% trust company's advertising. 80% of consumers search online for product decisions in a week. Brand-related conversations are on the increase in the online media. User-generated content is rapidly getting created. Consumer engagement and integrity are the two factors that consumers consider to trust a brand.

5.3 trillion ads are shown online each year, 400 million tweets are sent daily, 144,000 hours of YouTube video are uploaded daily, and 4.75 billion pieces of content are shared on Facebook every day.

These pieces of research provide an indication of how digital marketing and word of mouth will change the buying context and may also experience an exponential growth in the emerging markets.

## Application 2: Consumer Behavior in a Dynamic and Digital World

Google is an example of how well a product can adapt itself to consumer behavior over time and in a changing environment. People look up anything and everything on Google, one of which is entertainment that has a profound impact on consumers. Google + is all about groups (reference groups in a virtual domain) and You Tube, also from Google, has created a revolution in viral marketing. Google's Android runs millions of apps, Google Chrome offers easy download of softwares, and Google Apps online store can create several applications that are associated with entertainment. Google has evolved itself from a search engine to one that provides diverse services through several platforms and offerings. Consumer behavior had played a significant role in its process of adaption.

SAP is another such instance. The company, mostly associated with business to business (B2B) marketing, has moved into the consumer space with its applications like SUP that can run on Android, iOS, Blackberry, and Recall Plus that consumers can download and use. Intel, with its Atom and Medfield offerings used in consumer computing and mobile applications, is another example of B2B companies that are moving into the consumer space. Consumer behavior in today's context needs to be understood even by B2B marketers. Mobile phones, retailing, and gaming can also be brought together. An interesting example is Mojostreet game from the world of digital marketing. It is a game that is based on the board game Monopoly and has 5.5 million geo-tagged locations in India. Players discover cities, recommend it to others, and the game can be downloaded. It can be used with Facebook accounts and mobile apps. The game has a collaborative association with 150 brands across India at 1300 locations providing loyalty rewards.

Social media and gaming (digital marketing), reference groups, brand associations, association of fun and youth, and retail loyalty (instrumental learning) are some of the concepts that can be associated with Mojostreet's offering. Vstart.mobi is a company that created an innovative pricing model for mobile ads between free downloads of apps that depended on ads and apps that were priced.

### Notes

or replace them. Simultaneously, the Internet enables marketers to gather true behavioral data about consumers because they can observe shopping behavior. Before the Internet, marketers gathered behavioral data by relying primarily on buyers' self reports, which often reflected what consumers wanted the marketers to think about them rather than consumers' *actual* buying patterns. For instance, car manufacturers that enable consumers to design their cars online from the "ground up" can quickly determine which colors, features, and accessories are most popular. They can also find out which combinations of features and car attributes are the most desirable and add models with such configurations.

When consumers compare products online, they look at the features and attributes of various models and brands side-by-side. For example, when comparing digital cameras, the most prominent evaluative attributes include the lens, screen, megapixels, light sensor, weight, and photo editing capabilities. Most websites of companies selling comparable brands offer visitors the opportunity to compare models and brands within a single screen, and offer one-click access to more detailed technical information. By observing consumers' comparisons, marketers can identify their direct competitors and the product attributes that consumers consider the most important. Figure 1.3 depicts a comparison of three electronic readers that resemble the options available to customers online for comparing brands of the same products.

	NOVO	DELONEX	TOME
Size	3.9" × 4.8	3.5" × 4.9	4.0" × 4.1
Weight	7.8 ounces	7.5 ounces	8.6 ounces
Touch Screen	Some models	No	All models
Screen Pixels	600 × 800	758 × 1024	1200 × 1600
Memory	8 GB	16 GB	16 to 64 GB
Battery Life	Up to 8 hours	Up to 11 hours	Up to 12.5 hours
Bookstore	Amazon	Amazon	Amazon and Sony
3G Phone	Available with selected providers	Available with selected providers	Available with all U.S. providers
Overseas Capacity	Yes (roaming charges apply)	No	No
Content Storage	Free <i>CloudNovo</i> storage for Novo content	Free DeLonex <i>Sky</i> for DeLonex content	Free storage for content and address book, calendar, and bookmarks
Price	\$199	\$279	\$359

**FIGURE 1.3** Comparing E-book Readers

### Box 1.2 Creating Attitudes Using Digital Marketing

In the times to come mobile applications or *apps* are likely to gain popularity over mobile advertising. The advantage of *apps* is that a brand can create applications that are in line with the proposition of the brand. For example, Red Bull associates itself with the belief of "high energy" through caffeine and other ingredients. Its association with extreme adventure sports has strengthened over the years. Hence, consumers associate the cognitive belief of providing high energy and the affective (emotional) aspects of the thrill of adventures (even the experience of seeing such visuals) with the brand. Keeping in line with these conceptions, Red Bull launched its gaming app, Kart Fighter.

Similarly, a brand like Café Coffee Day (CCD)—known for its associations with friendly groups, associations, and hangouts—is likely to strengthen such associations with the mobile application, *Four Squares* that provides the locations of restaurants and the presence of friends within a locality. Coca-Cola's "happiness" proposition can be strengthened by applications that provide happiness through group contests and togetherness. The fundamental difference between the traditional approach of advertising or marketing communication and the contemporary usage of mobile applications is the involvement levels associated with the usage of the mobile applications by consumers. In the traditional process, the brand's overall associations (or schemas as it is referred to by concepts associated with consumer learning) are created by advertising imagery by repeated exposure and usage of a specific brand. The mobile application approach creates a ritual and repetitive process by which the brand becomes a part of the cycle associated with consumer usage of the app. The conative (or the action-related part of the attitude) associated with "intention to buy the brand" can be converted into "intention to use the app" of the brand. Such an approach adds to the behavioral loyalty associated with the brand.

## Interactive and Novel Communication Channels

Traditional advertising is a one-way process in which the marketer pays large sums of money to reach large numbers of potential buyers via mass media, and can assess whether its promotional messages were effective only after the fact, by looking at sales and post-purchase marketing research studies. In contrast, electronic communications enable a two-way interactive exchange in which consumers instantly react to marketers' messages by, say, clicking on links within websites or leaving them quickly. Thus, marketers can gauge the effectiveness of their promotional messages instantly, instead of relying on delayed feedback (see Chapter 7). In addition,

**Notes**

many U.S. homes now have TV cable boxes that enable two-way communications between consumers and broadcasters. Many cable companies are experimenting with technologies that allow consumers to select only the commercials they like to see by using their remote controls. Another example of interactivity is the supermarket scanners that keep track of households' purchases and instantly provide personalized coupons at the checkout counter.

Another facet of interactivity is promotional messages that are designed largely by the customers themselves. Audi posted three versions of its ad on YouTubeAudi.com and let consumers select which ending should air; Ford Motor's Lincoln brand started a Twitter campaign that asked people to tweet their most memorable road-trip stories. As another example, a Samsung television ad mocking Apple's iPhone incorporated consumer comments from Twitter into its pitch. The spot shows people talking about different features of the new iPhone as they wait in line for an Apple store to open. One of the customers says, "I heard that you have to have an adapter to use the dock on the new one."\* Another young man chimes in, "Yeah, yeah, but they make the coolest adapters." According to Samsung, this ad was based on hundreds of tweets complaining about or poking fun at specific features of the iPhone 5, such as the need for an adapter if a person wants to use the phone with older speakers, chargers, or other accessories.

Technological innovations sometimes force marketers to alter long-established marketing strategies. Consumers can now skip ads using advanced time-shifting and recording devices. Marketers responded by embedding promotional messages directly into TV shows.

**Cross-screen marketing** consists of tracking and targeting users across their computers, mobile phones, and tablets. New software enables marketers to try to figure out when a mobile user is the same person as a desktop user. The new technology enables advertisers to "push" ads to mobile phones based on the interests people expressed while surfing the Internet.

Advertising across media platforms is essential. A Nielsen study showed that about 84% of smartphone owners and 86% of tablet owners said they used their mobile device while watching TV at least once during a 30-day period. Nearly half of those tablet owners visited a social networking while watching TV. Therefore, during a broadcast of the MTV Video Music Awards, a well-known rapper appeared in a commercial for Pepsi. At exactly the same time, anyone looking at MTV's website or an MTV mobile application saw interactive ads for the soda maker. Such simultaneous commercial blanketing is aimed at capturing the attention of consumers who watch television while surfing the Web or tweeting.

Digital Marketing tools like YouTube, Twitter, mobile phones, mobile phone applications, and blogs do not offer a concrete strategy to brand managers, if used in isolation. They need to be used in tandem with several consumer behavior concepts to ensure the enrichment of a brand's equity. The following are specific questions that need to be taken into consideration when digital marketing is employed by a brand manager:

- How would a specific strategy of digital marketing fit in with a brand's equity?
- What are the objectives to be achieved by using the digital aspect of marketing?
- How would the chosen digital marketing strategy be in tune with the overall marketing communication associated with the brand?
- How would the digital marketing strategy, along with other forms of a brand's marketing communication, enhance the equity of the brand and the usage of Integrated Marketing Communication or IMC?

For example, Bournville chocolate from Cadbury used digital marketing campaign "Not too sweet" (social media) to target a segment in the age group of 19–30 years (objective). It may be noted that the "bitter chocolate eating culture" is not a part of traditional Indian eating culture and the new segment (youngsters in this age group) is into social media. Hence, social media may be a good choice to enhance the brand's equity. The chosen digital strategy is in line with the earlier television campaigns of the brand that positioned Bournville as "something to be earned" because youngsters reward themselves with several things, as observed by their spending culture.

There are other instances where television campaigns mention about the superiority of the brand's ingredients (attributes of the brand). Finally, the brand's equity was boosted both because of its association with attributes as well as its association with social media. This association is powerful from the viewpoint of "Word of Mouth (WOM)" and for diffusing a positive attitude about the brand among its target segment (feelings, associations, and judgments in Kevin Lane Keller's brand equity model). Bournville's objective of creating an attitude about the brand – among the target segment – was achieved through a proposition ("earned reward"), the attributes of the brand (superiority of the ingredients used), and the brand's association with the target segment through a synergy of traditional and digital media.

Digital marketing, in conjunction with consumer behavior, can be used to enhance brand equity in the following ways:

### Notes

1. Creating strong brand associations (power of classical conditioning).
2. Creating favorable attitudes.
3. Creating an overall perception of the brand (Gestalt effect).
4. Using group behavior to identify like-minded groups (reference group aspects leading to WOM).
5. Using the power of self-concepts (personality).
6. Capturing new segments (Bournville).

Reference groups are those groups that influence the attitudes, values, and behavior of a consumer. Reference groups are perhaps the most important source of aspiration and social interaction for an individual consumer. With social media exploding in the form of Facebook, Twitter, and YouTube, the visual impact of reference groups along with their opinions form an important aspect of WOM and the impact of visuals (IOV). While there have been attempts to quantify WOM, it is not clear from the academic literature how IOV can be quantified.

Watches, apparels, mobiles, and two-wheelers develop brands that may be an extension of a consumer's personality. Most of these brands contribute to one's self-concept and these aspects have an impact on how an individual associates himself or herself with a respective reference group. A brand like Park Avenue or Allen Solly has a virtual mirror that can provide several choices from the brand and digital marketing (mobile-based) can even enable the consumer to get a quick feedback from his or her friends (the respective reference group) about those choices.

In the days to come, prospective brand managers will be expected to use digital marketing to promote low-involvement (relative to the categories and brands discussed in the previous paragraph) brands or categories.

Racold is a well-known brand name in water heaters. The brand had launched a TV campaign (based on lifestyle research that revealed that Indians feel that taking bath is a ritual that they have to go through) that showed teachers and umpires feeling refreshed and "reborn" after a hot bath every morning.

Racold has an Android application to locate the nearest service centre. They are employing digital marketing initiatives to make use of the potential in India as well as to diffuse its well-known name among consumers.

While reference groups are important for socially-visible categories, there needs to be a conceptual approach to make use of social media for categories that may not have social presence or have a high degree of involvement among consumers. For example, the category of antiseptic lotion may have a low degree of involvement, but it can experience a high degree of situational relevance and that can be captured on Facebook or Flickr or Pinterest. Most professionals would do an extended decision making search on social media when they search for real estate avenues. Racold, for instance, needs to capture appropriate segments and make its product a part of the real estate brand. (The brand also works with builders in the B2B space that may be of interest to its target segments.) Such situational relevance will enable the brand to reach out to several reference groups on the social media. Also, social media will enable the brand to get visually-linked to a high-involvement category like real estate.

Sunsilk shampoo had used the website [www.gangofgirls.com](http://www.gangofgirls.com) to build a community of girls (target segment) to exchange tips on hair styling and also interact with the company's hair care specialists.

#### Box 1.3 The "Digital Intent"

Attitudes include a component called conative aspect that is associated with the intent to buy or the action-based aspect of consumer behavior. With the availability of hardware and software in smart phones, brands like BMW and Mercedes-Benz are using the iPad to enhance the conative component.

Mercedes-Benz has an iPad application called iSales that enables the consumer to visualize and customize a car in a visual domain before they order it. BMW also has an iPad application called the Mobile Car Configurator for a similar purpose. It has launched a mobile show room that attempts to capture consumers in emerging cities like Agra, Jamshedpur, Nashik, and Patna.

**Notes**

## Customizing Products and Promotional Messages

Oakley is the world's primary seller of high-end sunglasses. For both men and women, the company offers numerous models designed for a variety of lifestyles and sports, and even Asian-fit glasses. Most of Oakley's sunglasses can be customized. Consumers can select frame colors (often in polished or nonpolished forms), choose from among several lens shapes and colors, select different colors for the ear socks and the Oakley icon, and even have their initials elegantly and discreetly etched on the lenses. In addition, they can choose between nonpolarized and polarized (glare-reducing) lenses. Oakley also offers several models of backpacks where consumers can choose the item's primary and contrast colors, as well as the colors of trim, logo, and zipper tape. At Nike's website, buyers can choose among many models of sneakers in different price ranges, customize the selected shoe using several colors and features (e.g., some models even allow buyers to choose the colors of the Nike swoosh and the laces), and put a personal ID on each shoe. Researchers pointed out that customization requires that customers clearly understand their preferences and express them, and also be involved with the product. This indicates that "high involvement" products (i.e., infrequently purchased and pricey items) represent the best prospects for customization.

Companies can also customize promotional messages. For example, an online drugstore may vary the initial display that returning buyers see when they revisit its website. Buyers whose past purchases indicated that they tend to buy national brands will see a display arranged by brand. Past purchasers who bought mostly products that were on sale or generic brands will see a display categorized by price and discounted products.

## Better Prices and Distribution

The Internet allows consumers to compare prices more effectively than ever before. For example, when consumers browse at department stores, they often use their mobile phones to check out the prices of comparable products in other stores. This has forced stores such as Target and Best Buy to match the online prices of rival retailers. Some stores and brands are creating new personal touches that feature gadgets rather than a doting sales staff. One makeup marketer installed in-store touch-screen televisions to demonstrate the perfect smoky eye, something that was once the exclusive domain of makeup artists. Another store enables shoppers to use a touchpad to personalize the lighting and music in dressing rooms (there is also a button in case they need help). As more books are going electronic, Apple unveiled a new version of its iBooks digital bookstore that would reduce the prices of high school textbooks by almost 90%.

Marketers long ago recognized that consumers research expensive products such as electronics online. However, in trying to find the best deals, more shoppers are now going online to research groceries, personal grooming items, and household maintenance products before buying them in physical stores. In turn, marketers have begun to use advanced technologies, such as smartphone apps, to target shoppers in stores.

In addition to better pricing, distribution strategies are also improving. Combating failed package delivery—a prominent problem of online retailers—Amazon has installed large metal cabinets, named Amazon Lockers, in grocery, convenience stores, and drugstores, that function like virtual doormen, accepting packages for later pickup.

Realizing that, sooner than later, electronic systems will replace cash and credit cards, several retailers have been developing mobile-payments systems to compete with similar products from Google and cell phone companies. A "shopping bible" for women—the magazine *Lucky*—has introduced a service that saves women the cost and time of driving; a shopping site called myLuckyMag.com directs readers to buy clothing and accessories directly from more than a dozen retailers. Many online merchants now offer an "automatic recurring shipment" feature, which appeals to shoppers who like to order habitually needed products, like paper goods and personal care products, online.

The Web also enables marketers to improve customer service inexpensively. A waiter at a restaurant in New York City had trouble remembering all the ingredients of the intricate menu's item. He snapped pictures of the dishes, developed a system to categorize information, designed a set of icons specifying everything from potential allergens to temperature choices, and constructed a website available to the restaurant's servers. Soon, other restaurants subscribed to this service in order to train staff, do online scheduling, and provide internal discussion forums.

Grocers like Safeway and Kroger are offering individualized prices based on shoppers' behaviors that could encourage them to spend more. Their pricing encourages a buyer to purchase a bigger box of Tide and bologna if the retailer's data suggests that the shopper has a large family, and expensive bologna if the data indicate that the shopper is not greatly price-conscious. As another example, a 24-pack of Brand X bottled water costs \$2.71 for Ms. A but \$3.69 for Ms.

B. Ms. A's loyalty data indicates that she likes Brand X products, but not its bottled water. The store encourages Ms. A to put another Brand X product into her grocery cart, with the hope that she will keep buying it, whereas Ms. B is unlikely even to try Brand X bottled water. Some stores have a mobile app that allows shoppers to scan products. When they do, the store identifies them through their frequent shopper number or phone number, and knows where in the store they are. Special e-coupons are created on the spot. Thus, if someone is in the baby aisle and they just scanned diapers, the store presents them at that point with a coupon for a baby formula or baby food, based on the presumed age of their baby and what food the baby might be ready for.

## Customer Value, Satisfaction, and Retention

**Customer value** is the ratio between customers' perceived benefits (economic, functional, and psychological) and the resources (monetary, time, effort, psychological) they use to obtain those benefits. For example, diners at an exclusive French restaurant in New York City, where a meal with beverages may cost up to \$300 per person, expect unique and delicious food, impeccable service, and beautiful decor. When diners receive what they had expected, they leave the restaurant feeling that the experience was worth the money and other resources expended (such as a month-long wait for a reservation). Other diners may go with expectations so high that they leave the restaurant disappointed. In contrast, billions of customers visit thousands of McDonald's restaurants across the globe and purchase standard, inexpensive meals from servers systematically trained by the McDonald's Corporation to deliver the company's four core standards: *quality, service, cleanliness, and value*. Customers flock to McDonald's outlets repeatedly because the restaurants are uniform, customers know what to expect, and customers feel that they are getting value for the resources they expend.

**Customer satisfaction** refers to customers' perceptions of the performance of the product or service in relation to their expectations. As noted earlier, customers have drastically different expectations of an expensive French restaurant and a McDonald's, although both are part of the restaurant industry. A customer whose experience falls below expectations (e.g., a limited wine list at an expensive restaurant or cold fries served at a McDonald's) will be dissatisfied. Diners whose experiences match expectations will be satisfied. Customers whose expectations are exceeded (e.g., by small samples of delicious food "from the Chef" served between courses at the expensive restaurant, or a well-designed play area for children at a McDonald's outlet) will be very satisfied or even delighted.

## Customer Retention

**Customer retention** involves turning individual consumer transactions into long-term customer relationships by making it in the best interests of customers to stay with the company rather than switch to another firm. It is more expensive to win new customers than to retain existing ones, for several reasons:

1. Loyal customers buy more products and constitute a ready-made market for new models of existing products as well as new ones, and also represent an opportunity for cross-selling. Long-term customers are more likely to purchase ancillary products and high-margin supplemental products.
2. Long-term customers who are thoroughly familiar with the company's products are an important asset when new products and services are developed and tested.
3. Loyal customers are less price-sensitive and pay less attention to competitors' advertising. Thus, they make it harder for competitors to enter markets.
4. Servicing existing customers, who are familiar with the firm's offerings and processes, is cheaper. It is expensive to "train" new customers and get them acquainted with a seller's processes and policies. The cost of acquisition occurs only at the beginning of a relationship, so the longer the relationship, the lower the amortized cost.
5. Loyal customers spread positive word-of-mouth and refer other customers.
6. Marketing efforts aimed at attracting new customers are expensive; indeed, in saturated markets, it may be impossible to find new customers. Low customer turnover is correlated with higher profits.
7. Increased customer retention and loyalty make the employees' jobs easier and more satisfying. In turn, happy employees feed back into higher customer satisfaction by providing good service and customer support systems.

### Learning Objective

- 3 To understand the interrelationships among customer value, satisfaction, and retention, and technology's revolutionary role in designing effective retention measures and strategies.

### Notes

**Notes**

## Technology and Customer Relationships

Technologies often enhance customer relationships and retention by engaging consumers with brands. Procter and Gamble is the world's larger manufacturer of beauty and grooming (e.g., fragrances, mouthwash, toothpaste, feminine care) and household care products (e.g., household cleaning, laundry detergents, over-the-counter drugs, and disposable diapers). For every brand, the company's website includes suggestions on how to use the product more effectively. For example, for shampoo, the company provides a "scalp care handbook." For its Gillette shaving blades, the website offers comprehensive advice about facial care and proper shaving. For its detergents, P&G advises consumers how to wash white and colors, which temperature is best for which types of fabrics, and how to handle stains on different materials. Amazon.com sends personalized e-mails to previous buyers announcing newly published books that reflect their interests and are based on past purchases. Nature Valley—the granola bar brand—uses technology inspired by Google Street View. A website called Nature Valley Trail View uses cameras showing hikers, in nearly real time, in the Grand Canyon and other national parks. There is no sales pitch on the site and only a small Nature Valley logo appears on the screen. The marketer's objective is to feature lifestyles that its customers care about, engage them with the brand, and build brand awareness and loyalty.

The opportunities for technology-enabled added value are virtually limitless. Professors can enhance classroom teaching with online networks and tools that enable students to read current and beyond-the-text material and practice and complete assignments from any location and at any time. Online newspapers customized to personal preferences include links to previous articles about consumers' favorite topics and send them e-mails about breaking stories. The most revolutionary example of technology-enabled value added to physical products are Apple's iTunes and its large software selection for editing and posting content online.

Researchers have identified two interrelated forms of customer engagement with marketers: **Emotional bonds** represent a customer's high level of personal commitment and attachment to the company. **Transactional bonds** are the mechanics and structures that facilitate exchanges between consumers and sellers. Savvy marketers always strive to build emotional bonds with customers. Technology, mostly in the form of social media, is the most innovative and versatile tool for engaging customers with companies emotionally and far beyond the selling act.

### Box 1.4 Mere Exposure Effect and Digital Marketing

There is research indication that mere exposure to stimuli (or brands) will make the brands likeable in the perceptual field of consumers. Digital media has opened up a revolutionary dimension with regard to this mere exposure effect. Instagram, a photo sharing site, has 140 million followers who have shared 16 billion photos! From across the world, every day, the site receives 45 million pictures. Brands are using digital marketing to be present amidst consumers to make the fullest use of mere exposure effect. Levi's invited consumers to submit their photos for a contest that would give them an opportunity to be a part of their campaign. Nike's "PHOTOID" allowed consumers (Nike has 2.1 million people on its Instagram profile) to personalize sneakers using pictures sent by consumers to social media channels. Red Bull called on consumers to upload their opinion on what they thought of its new line of Editions flavor.

As brands get innovative to sustain their presence on the social media, they are likely to create more intense associations with the brand at the sub-conscious level of a consumer's mind. Red Label tea, along with two celebrities, used mobile media for a contest that attracted over two and a half million people. Wheel detergent gained three million unique engagements with callers when it had used the cell phone for a promotional initiative. Google, after Android's one billion activation mark, announced that its next operating system will be named KitKat in a co-branding initiative with Nestle. 50 million special edition chocolates of the KitKat brand were made to announce this decision in 19 countries.

**Social media** include means of interaction among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media use mobile and Web-based technologies to create highly interactive platforms through which

individuals and communities share, co-create, discuss, and modify user-generated content. Here are several examples of using social media to engage customers emotionally: Millions of customers take pictures with their cameras and cellphones and post them on shared websites, such as Facebook and Instagram. Because people are spending less and less time looking at magazine ads and TV commercials, marketers came up with “lifestyle advertising,” that is, adopting the look and feel of the images consumers find most compelling—the ones they shoot themselves. Some fashion brands created digital ads based on pictures posted by consumers. The Web home pages of several clothing companies now feature real women, rather than professional models, wearing their fashions, and one designer published print magazine ads composed of Instagram photos.

In addition to engaging customers with marketers, social media have transformed market research. Many companies can easily collect input about customers’ preferences—sometimes without actively questioning consumers. Writers of TV series monitor discussion groups devoted to making critical and humorous observations about broadcasted episodes and rewrite future storylines based on viewers’ comments. Similarly, marketers began testing expensive commercials by featuring them in social media first. Before a recent Super Bowl, marketers asked consumers to play a part in creating or choosing the big-game commercials for that year. A car company started a Twitter campaign that asked people to tweet their most memorable road-trip stories.

In the pre-Internet days, Frito-Lay would have used focus groups, surveys, and depth interviews (see Chapter 16) to develop a new potato chip flavor. Instead, the company invited visitors to the new Lay’s Facebook app to suggest new flavors and click an “I’d Eat That” button to register their preferences. Some of the results showed that beer-battered onion-ring flavor was popular in California and Ohio, while a churros flavor was a hit in New York. Frito-Lay planned to produce only three of the flavors from its contest, but gave a \$1 million prize to the creator of one of those flavors. Frito-Lay has run the contest overseas and discovered chip flavors like hot and spicy crab in Thailand and pickled cucumber in Serbia. When Wal-Mart wanted to know whether to sell lollipop-shaped cake makers, it studied Twitter chatter. Walmart found that cake pops—small bites of cake on lollipop sticks—were becoming popular and people were talking a lot about them. Estée Lauder’s MAC Cosmetics brand asked social media users to vote on which discontinued shades to bring back. The stuffed-animal brand Squishable solicited Facebook feedback before settling on the final version of a new toy. Samuel Adams asked users to vote on yeast, color, and other qualities to create a new beer.

## Notes

### Application 1: Social Media and Consumer Behavior

Has the emergence of social media changed consumer behavior? If yes, in what direction? Are the concepts relevant in the era of social media and digital branding? These are some of the basic questions that need to be addressed before students go through the consumer behavior concepts. While social media has had a profound impact on how consumers behave towards brands and the market place, the appreciation for the basics of consumer behavior have only become stronger. In this digital era, social media is a tool through which consumers interact and the decades old concept of reference groups has come alive in consumer behavior. This is an example of how classic concepts need to be combined with contemporary changes in the environment when consumer behavior concepts are being considered.

Content co-creation with the involvement of the consumer may work for brands like Nike or BMW but may not work for all brands. Kingfisher beer may bring consumers together on a social (digital) platform through a comic theme or Miller High Life may create a sensational theme on the web with television ads to attract consumers but similar approaches may not work for all brands. A brand like Coca-Cola needs to follow an approach that is different from the one associated with Fastrack when it comes to synergizing online digital platforms with conventional communication practices. Web or the social media, mobiles, and the convergence of technology can attract the fashionable youth who is willing to spend money on brands that enhance his or her self-concepts and/or group behavior. The concepts remain the same as they were in the erstwhile years; it is the context in which they are applied that has changed. This combination of concepts and contexts has created unique challenges in the environment.

*Lonely Maa* from Cadbury had the story of elders suffering from loneliness, Hair&Care campaign featured an upcoming singer on YouTube, and Shoppers Stop campaigns on the YouTube (each having a theme on gifting, loyalty) are some of the examples of how Indian brands have used the online media.

## Application 2: Personality and Digital Media

Self-Concept is part of a consumer's personality. There is no academic literature required to illustrate the importance of brands that contribute to the self-concept of consumers. We need to only look at the brands in malls and the advertising that supports these brands – soaps, lotions, creams, deodorants, perfumes, cosmetic surgeries, beauty treatments, hair coloring, organic offerings, and diamond studded dentures to name a few categories. Dove soap had earlier changed the concept of "glamorous beauty" (associated with models and celebrities) into "Real Beauty" (that every woman should feel good about her beauty). It launched a digital campaign that had "self- concept" as its theme. The "Real Beauty Sketch" campaign that was popular on the YouTube showed a lady describing her own appearance to someone who sketches her description. It also had someone known to her describe about the lady's appearance and this visualization was also sketched. The campaign suggested that others' self- concept (the sketched-out version of what the person known to the lady had described about her) was much superior to the lady's sketch that she had described (actual self-concept). Dove is available today in 80 countries, the brand is worth between three to four billion dollars, and the "Real Beauty Sketch" ad has attracted about 55 million viewers within two months of its launch. With the presence of complex diversity across consumers, there are several ways in which digital marketing initiatives can be used in conjunction with personality concepts.

### Notes

#### Emotional Bonds versus Transaction-Based Relationships

The objective of discerning customers' emotional and transactional motives when buying from a company is to understand the drivers of customer satisfaction, which lead to customer retention and long-term relationships. As consumers buy more and more online, it has become important to understand what makes them satisfied during electronic transactions. Studies have identified the following determinants of customer satisfaction with online websites and merchants:

1. **Adaptation:** The merchant's purchase recommendations match one's needs; one is enabled to order products that are tailor-made; personalized advertisements and promotions; feeling like a unique and valued customer.
2. **Interactivity:** Ability to view merchandise offerings from different perspectives; search tool that enables one to quickly locate products; having tools that make comparisons easy; useful information.
3. **Nurturing:** Receiving reminders about making purchases; providing relevant information for one's purchases; acknowledgment of appreciating one's business; making an effort to increase business with the customer; cultivating a relationship with the customer.
4. **Commitment:** Delivering goods on time; responding to problems encountered; customer-friendly return policies; taking good care of customers.
5. **Network:** Customers sharing experiences about their product purchases on the merchant's website; useful network for sharing experiences; shoppers benefit from the community of prospects and customers sponsored by the merchant.
6. **Assortment:** Merchant provides "one-stop shopping" for most online purchases; site satisfies shopping needs; merchant carries wide assortment and selection of products.
7. **Transaction ease:** Merchant's website can be navigated intuitively; a first-time buyer is able to make a purchase without much help; site is user-friendly and enables quick transactions.
8. **Engagement:** The merchant's site design is attractive; enjoyable shopping at the site; feel that the site is inviting; feel comfortable shopping at the site.
9. **Loyalty:** Seldom consider switching to another merchant; usually click on the merchant's site whenever needing to make a purchase; like to navigate the site; one's favorite merchant to do business with.
10. **Inertia:** Unless becoming very dissatisfied, changing to a new merchant would not be worth the bother; finding it difficult to stop shopping at the site; feeling that the cost in time, money, and effort to change merchants is high.
11. **Trust:** Counting on the merchant to complete purchase transactions successfully; trusting the site's performance; feeling that the merchant is reliable and honest.

Some of these determinants are driven primarily by emotions (e.g., engagement and nurturing), whereas others are factors stemming from the mechanics of the transaction (e.g., assortment and transaction ease). One study developed a four-way categorization of transaction-based and emotional bond-based customers' relationships with marketers. Table 1.1 applies this framework to Amazon's customers.

**TABLE 1.1** Transaction-Based and Emotional Bond-Based Customer Relationships

FANS	LOYAL CUSTOMERS
<p><i>High bonds and high purchase levels.</i> Buyers and sellers cooperate and make adjustments, expecting to share the benefits of future transactions. High level of commitment. If Amazon is out of a product, fans are willing to wait till the product is in stock. Fans recommend the merchant: “I go to Amazon first, always.” “They have my business.” “Their customer support policies are the best I have encountered.” “Their prices are always at least as good as those of other merchants selling the same merchandise.” “I use one of my credit cards only for my Amazon purchases.”</p> <p><i>High bonds but modest purchase levels.</i> The expectations of these customers have been exceeded and they are satisfied, but they are not heavy buyers, in general. “I don’t buy these products often, but when I do, I go to Amazon first. They are great.” Marketers should try to make these customers advocates for the store and send them purchase incentives.</p>	<p><i>Frequent purchasers, but without high bonds.</i> “Amazon is OK. I shop there frequently, but always check prices elsewhere first.” They stay with Amazon because of calculative commitment. They may have an Amazon credit card that gives them purchase points and no annual fees. Thus, switching costs or lack of alternative suppliers lock them in. They stay loyal not because they are emotionally attached, but for purely rational reasons. They are unlikely to recommend a seller on their own. Amazon should induce them to become committed emotionally.</p> <p><i>Low bonds and infrequent purchasers.</i> They are price-sensitive and prone to deals offered by competitors. They regard the product as a commodity and will buy from the seller offering the lowest price. They switch sellers from transaction to transaction. Amazon must ensure that they are satisfied and contact them to ask if they are. Some may become loyal or delighted customers, and eventually fans.</p>
<p>Emotional bonds with loyal customers may sometimes backfire, especially when social media are involved. Seventh Generation faced plunging reviews from its most loyal customers after introducing a new version of its baby wipes—thicker and moister—and discontinuing the older product. A flood of negative reviews on Amazon lowered the wipes’ Amazon star rating from 5 to 2.5 stars in mere weeks. In response, the company then offered both the new and old versions of its Free &amp; Clear baby wipes online. The company also sent out boxes of the old wipes with handwritten notes of apology and refunds to disappointed consumers, and e-mailed customers announcing that the old wipes were becoming available again.</p>	

**Notes**

## Customer Loyalty and Satisfaction

Customers who are highly satisfied or delighted keep purchasing the same products and brands, provide positive and encouraging word-of-mouth to others, and often become “customers for life.” In contrast, those who are less satisfied or feel neutral either switch to a competitor immediately, or wait until another marketer offers them a somewhat lower price and then switch. In addition, highly dissatisfied customers spread negative and often exaggerated word-of-mouth.

A widely quoted study that linked levels of customer satisfaction with customer behavior identified several types of customers:

1. **The Loyalists** are completely satisfied customers who keep purchasing. The *apostles* are loyal customers whose experiences with the company exceeded their expectations and who provide very positive word-of-mouth about the company to others. Companies should strive to create apostles and design strategies to do so.
2. **The Defectors** feel neutral or merely satisfied with the company and are likely to switch to another company that offers them a lower price. Companies must raise defectors’ satisfaction levels and turn them into loyalists.
3. **The Terrorists** are customers who have had negative experiences with the company and spread negative word-of-mouth. Companies must take measures to get rid of terrorists.
4. **The Hostages** are unhappy customers who stay with the company because of a monopolistic environment or low prices; they are difficult and costly to deal with because of their frequent complaints. Companies should fire hostages, possibly by denying their frequent complaints.
5. **The Mercenaries** are very satisfied customers who have no real loyalty to the company and may defect because of a lower price elsewhere or on impulse, defying the satisfaction-loyalty rationale. Companies should study these customers and find ways to strengthen the bond between satisfaction and loyalty.

## Customer Loyalty and Profitability

Classifying customers according to profitability involves tracking the revenues obtained from individual customers and then categorizing them into tiers.

**Notes**

Marketers must recognize that all customers are not equal. Sophisticated marketers build *selective* relationships with customers, based on where customers *rank* in terms of profitability, rather than merely “striving to retain customers.” A customer retention–savvy company closely monitors its customers’ consumption volume and patterns, establishes tiers of customers according to their profitability levels, and develops distinct strategies for each group of customers. For example, some stockbrokers program their phones to recognize the phone numbers of high-volume traders to ensure that those calls receive priority. In providing technical support on the phone, customers who have purchased and registered several of a company’s products should receive expedited handling. Many New York City restaurants log data on important guests in their computers. One restaurant knows that a well-known food critique prefers his soup served in a cup and enjoys iced tea with cranberry juice in a large glass over lots of ice, a famous rapper likes white Burgundy, and one weekly diner wants only the ends of a loaf in his breadbasket. Restaurant also archive where diners like to sit, when they celebrate special occasions, and whether they prefer their butter soft or hard, Pepsi over Coca-Cola, or sparkling over still water. In contrast, a bank’s less profitable customers who, say, make little use of their credit cards or maintain only the minimum balance needed to receive free checking should *not* have penalties waived for bounced checks or late payments. Some companies also identify customer groups that are unlikely to purchase more even if pursued aggressively; such customers are often discouraged from staying with the company, or even “fired” as customers. For example, pay-TV providers became more selective about the customers they want to keep, because of rising programming costs, and focus more on holding onto the subscribers who generate the most revenue and profit, even if that means letting less valuable customers go. Because the pay-TV market is saturated, providers have to rely on raising prices or selling extra services to increase revenue. Thus, lower-end customers who are not taking such services as digital video recorders and broadband became unattractive to retain.

Figure 1.4 depicts a hypothetical classification of an airline’s customers along levels of profitability. The figures in the left column show how much money the airline makes per mile in each of its four service classes. The top row represents the number of miles travelled by a given customer. The twelve cells represent the airline’s revenue from a given customer based on the amount of miles the customer travelled and the class in which he or she sat. The *diamond* is a customer who travelled at least 250,000 miles in first class in one year, which amounts to \$1 million of revenue. The *emeralds* are customers who travel in first class, but not as frequently as the *diamonds*, or customers who travel very frequently in business class. The diamonds and emeralds are the airline’s most profitable segments. Airlines provide such travellers with free transportation to the airport, hospitality agents that welcome and check them in, and hosts that usher them into VIP waiting lounges. The diamonds and emeralds receive personal and attentive service during the flight, priority and assistance during luggage collection, and prearranged transportation to their ultimate destinations.

Savvy marketers must also carefully plan customer “demotions.” For example, a diamond or an emerald who is some miles short of keeping his or her status at the end of a given year technically must be “demoted” to a lower level, because flight miles are computed annually. However, from a consumer psychology standpoint, people may feel that they did not receive a fair chance to prove themselves as valuable customers within such a limited time frame. Researchers have suggested that minimizing the risk of driving away valuable customers outweighs the additional costs of extending elevated status for another year or two. Companies should enable customers, across all loyalty levels, to maintain their status actively instead of simply having to accept the company’s decision. For example, some airlines offer customers who are about to be demoted the opportunity to purchase the revenues (e.g., flight miles) that are “missing” to maintain their elevated status.

The *sapphires* are also a profitable segment, because they fly frequently and in business class. They should receive upgrades to first class as often as possible, but not the extra pampering awarded to the diamonds and emeralds. The *elite* and *select* segments are heavy fliers, mostly in premium economy. The airline should allow them to experience what it is like to fly in business class whenever possible (the beginning of Chapter 2 describes the four in-flight classes at Qantas).

**Miles Travelled Annually and Matching Revenues**

Airplane’s Class and Matching Revenues Per Mile	At least 250,000 miles	At least 150,000 miles	At least 100,000 miles
<b>First Class (\$ 4 per mile)</b>	\$ 1,000,000 <b>DIAMOND</b>	\$ 600,000 <b>EMERALD</b>	\$ 400,000 <b>EMERALD</b>
<b>Business Class (\$ 2 per mile)</b>	\$ 500,000 <b>EMERALD</b>	\$ 300,000 <b>SAPPHIRE</b>	\$ 200,000 <b>SAPPHIRE</b>
<b>Premium Economy (\$ 0.6 per mile)</b>	\$ 150,000 <b>ELITE</b>	\$ 90,000 <b>SELECT</b>	\$ 60,000 <b>SELECT</b>
<b>Economy (\$ 0.3 per mile)</b>	\$ 75,000 <b>SELECT</b>	\$ 45,000	\$ 30,000

**FIGURE 1.4** An Airline’s Profitability Tiers

## Measures of Customer Retention

Companies must develop measures to assess their customer retention strategies, and researchers have recommended the following retention measurement methods:

- 1. Customer Valuation:** Value customers and categorize them according to their financial and strategic worth so that the company can decide where to invest for deeper relationships and determine which relationships should be served differently or even terminated.
- 2. Retention Rates:** The percentage of customers at the beginning of the year who are still customers by the end of the year. According to studies, an increase in retention rate from 80% to 90% is associated with a doubling of the average life of a customer relationship from 5 to 10 years. Companies can use this ratio to make comparisons between products, between market segments, and over time.
- 3. Analyzing Defections:** Look for the root causes, not mere symptoms. This involves probing for details when talking to former customers, an analysis of customers' complaints, and benchmarking against competitors' defection rates.

Companies should develop and implement corrective plans stemming from the results of such measurements. Retention strategies could involve actions to improve employee practices, greater top-management endorsement regarding the value of customers and employees, adjustments to the company's reward and recognition systems, and the use of "recovery teams" to eliminate the causes of defections. Companies can also erect barriers to customer switching. They can bundle products by combining several products or services into one package and offering them at a single price. They can also cross-sell (e.g., sell related products to current customers), use cross-promotions (e.g., give discounts or other promotional incentives to purchasers of related products), provide incentives for frequent purchases, and impose termination costs (e.g., penalties for paying off mortgages early).

### Notes

## Consumer Behavior is Interdisciplinary

Consumer behavior stems from four disciplines. **Psychology** is the study of the human mind and the mental factors that affect behavior (i.e., needs, personality traits, perception, learned experiences, and attitudes). **Sociology** is the study of the development, structure, functioning, and problems of human society (the most prominent social groups are family, peers, and social class). **Anthropology** compares human societies' culture and development (e.g., cultural values and subcultures). **Communication** is the process of imparting or exchanging information personally or through media channels and using persuasive strategies.

### Learning Objective

- 4 To understand consumer behavior as an interdisciplinary area, consumer decision-making, and the structure of this book.

### Notes

## Consumer Decision-Making

The process of consumer decision-making, featured in Figure 1.5, includes the input, process, and output stages of decision-making.

The *input stage* of consumer decision-making includes two influencing factors: the firm's marketing efforts (i.e., the product, its price and promotion, and where it is sold) and sociocultural influences (i.e., family, friends, neighbors, social class, and cultural and subcultural entities). This stage also includes the methods by which information from firms and sociocultural sources is transmitted to consumers.

The *process stage* focuses on how consumers make decisions. The psychological factors (i.e., motivation, perception, learning, personality, and attitudes) affect how the external inputs from the input stage influence the consumer's recognition of a need, pre-purchase search for information, and evaluation of alternatives. The experience gained through evaluation of alternatives, in turn, becomes a part of the consumer's psychological factors through the process of learning.

The *output stage* consists of two post-decision activities: purchase behavior and post-purchase evaluation.

## Indian Cultural Canvas and Its Linkages to Brands

In any market, consumer behavior occurs against the backdrop of culture. Individual psychological factors like perception, learning or attitudes have strong linkages with culture or the subculture that is identified in a social context. Despite the radical changes in lifestyles and preferences

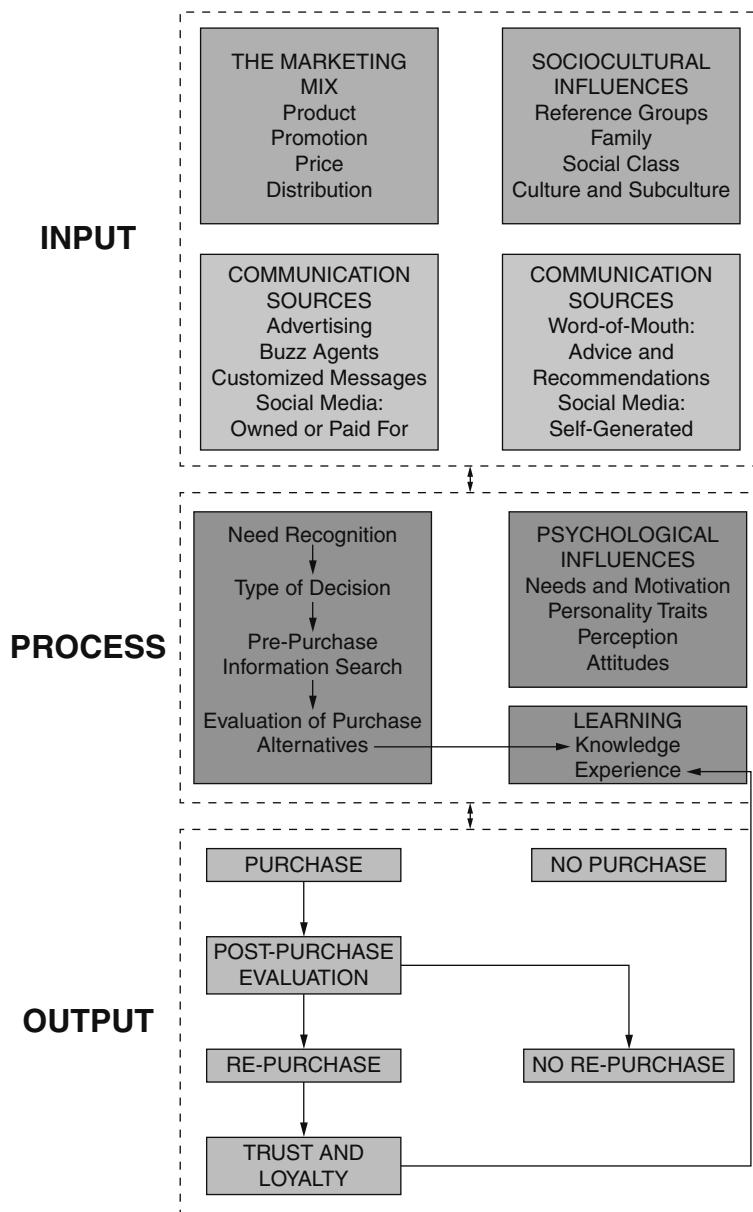


FIGURE 1.5 A Model of Consumer Decision-Making

**Notes****Unique Marketing Challenges in the Indian Context**

For multinational companies with several product categories and price points, the challenge is to market their offerings to several segments of consumers at different socio-economic levels. The poor households earn below ₹1.5 lakhs per annum and form 21% of total households in the country; the emerging middle class households earn between ₹1.5–3 lakhs per annum form around 42% of the households; middle income households that form 23% of the total households earn between ₹3–8.5 lakhs per annum, and the upper middle income households earning over ₹8.5 lakhs per annum form about 14% of the households. This categorization of households is important in terms of its implications on luxury brands, regional brands, and unorganized offerings. Those that are not branded and are sold at a price is significantly lower than branded ones and these offerings may also include “look alike” duplicates of branded offerings. For instance, aspiration-based prestige and luxury brands will have to concentrate on specific geographical markets where the appropriate income groups are present and these may not be restricted only to major cities. The small scale industries need to perhaps concentrate on households that have an income of less than ₹1.5 lakhs per annum. Brand extensions need to be carefully analyzed to ensure that differentiation of offerings are perceived by consumers (for example, how would a brand like Britannia that has offerings at various price points handle its

of Indian consumers over the last few decades, the following examples reflect the deep rooted influence of culture:

- Fast food brands like MTR (a Bangalore-based brand) and Ashirwad (ITC) have offerings that are directed towards traditional preparations in urban markets.
- Ujala, a liquid offering that adds a blue tinge to white clothes, is a successful brand catering to the cultural habit that consumers have followed for decades.
- Fortune, a brand of edible oil, used a “Mother and son” advertising theme in which the mother cooks and carries home-made food for her son who is working in the navy. Mother and child bonding is a strong cultural link adopted in Indian ads because India is a country where family ties, as a part of the social structure, are stronger than it is in most parts of the world. Himalaya brand of medicines and personal care offerings have their origin in traditional remedies that are still popular in some parts of the country.
- Mills and Boons, legendary romantic novels that originated in the United Kingdom a century back, had an Indian author, Astha Atray, and featured Indian models on the cover of his book. The publishers of this series have a database of 1300 writers worldwide. From the viewpoint of consumer behavior, such initiatives are taken by brands (several FMCGs have adopted such an approach) to get associated with the local culture.
- Kurkure, from PepsiCo, closely resembles traditional snacks that can be found in several parts of the country.
- Parachute Advansed introduced “Hot Oil” variant as consumer insights suggested that consumers prefer to use hot hair oils. Heating oil, either for hair application or body application, is a cultural practice in some parts of the country.

extensions and sub-brands in categories of biscuits, bread, butter, and oats ). Interestingly, the heartlands of India, with 400 towns and a population of 100 million Indians, consume 20% of the country's fast moving consumer goods, and there are only four lakh individuals with assets worth a million dollars or more.

### Notes

### Multinational Brands, Indian Values, and Subculture

Nivea, the German brand, had devised an India-centric strategy for its whitening deodorant. Facing stiff competition from several established brands like Axe and Pond's, the brand created a "sleeveless zone" at Mantri Mall in Bangalore. They planned an event, advertised it widely to ensure the target segment of women turned up for the event, get into the "zone", and socialize with a fun-filled agenda. Wearing sleeveless apparel is largely not a part of the Indian women's dressing habit (though such a style has been on the rise but not to the extent of diffusing among the larger cross section of women). The brand recognized that Indian cultural values may not be conducive for a major launch that highlights sleeveless dressing. But it made a very good attempt to connect with the target segment by creating a subculture of "openness" (in this case, being open towards dressing in a manner that is not a part of the mainstream culture). Schwartz model on culture has the dimension that has a continuum of "tradition–openness". Nivea's attempt to create a subculture in this context fits in with the small percentage of consumers open to trying out different styles. The example, with its conceptual fit, illustrates how multinational brands can make an attempt to bring in cultural values that may not be a part of the Indian context.

Quaker Oats has created a sub segment that is interested in health and fitness and would perhaps, like to substitute the traditional Indian breakfast with the more nutritious oats (the brand's proposition). Cultural practices and values are perhaps the strongest with regard to food in any culture.

### The Structure of This Book

Part I provides an overview of marketing and consumer behavior and the components of strategic marketing. Chapter 1 explains consumer behavior as an interdisciplinary framework centered on people's consumption-related activities. It describes the evolution of marketing, prominent marketing strategies, and marketers' social responsibilities. The chapter also describes the impact of technology and the interrelationships among customer value, satisfaction, and retention. It concludes with a model of consumer decision-making and an overview of this book. Chapter 2 discusses the process of market segmentation, including the demographic, sociocultural, and psychographic bases for segmenting markets. It also explores the criteria for selecting target markets, behavioral targeting, and differentiating offerings among competitors.

Part II describes the consumer as an individual and explains the psychological factors that affect consumer behavior. Chapter 3 discusses how individuals are motivated and the impact of individual personality characteristics on consumer behavior. Chapter 4 explores consumer perception, which is how individuals select, organize, and interpret the stimuli that they are exposed to. In other word, how the way we view the world around us affects our shopping patterns. Chapter 5 explains how we learn, through applying past experiences and behavior to future purchase decisions. Chapter 6 explores how attitudes, which are cognitions and evaluations of objects, influence buying behavior.

Part III addresses the communication and persuasion process along its components: sender, message, media, receiver, and feedback. Feedback alerts the sender as to whether the intended message was, in fact, received. Chapter 7 introduces the elements of the communication process and explains how to overcome the barriers to effective communications. It then discusses the differences between the traditional broadcasting model of communications, which is rooted in mass traditional media, and the narrowcasting model, which originated in new media such as online advertising and social media. Thereafter, the chapter focuses on the message: Its structure, the persuasive appeal used, and measurements of its effectiveness. Chapter 8 explores the communication channels and the transition from print and broadcast media to social media and mobile advertising. The discussion describes targeting consumers by using different media, and the role of prominent online advertising tools such as Google and Facebook. We then address marketing via social media and mobile advertising, and conclude with discussing the electronic evolution of traditional media. Two sources of communications influence people's purchases: Messages from marketers and information from the consumers' peers, family, word-of-mouth, and their social and cultural groups.

**Notes**

Chapter 9 begins with an examination of the credibility of information sources and the groups that consumers use as frames of reference. It continues by describing the characteristics of people, known as opinion leaders, who often influence their peers' buying decisions. We conclude by presenting the dynamics and strategic uses of word-of-mouth, with an emphasis on electronic-word-of-mouth.

Part IV examines consumers in their social and cultural settings. Sociology is the study of the development, structure, and functioning of a society (the most prominent social groups are family, peers, and social class). Anthropology compares human societies' culture and development (e.g., cultural values and subcultures). Chapter 10 examines the family as a consumption unit and its standing within the social class structure. It also explores the characteristics and consumption patterns of various social classes. Chapter 11 describes culture and how it is expressed through values, rituals, and customs. It further describes how to measure cultural values and concludes with a presentation of Americans' core values as illustrated by ads and buying priorities. Chapter 12 describes cultural groups, known as subcultures, that share certain beliefs, values, and customs and exist within a larger society. Membership in a subculture can stem from a person's ethnicity, religion, geographic location, age, and/or gender. Chapter 13 explores cross-cultural analysis, which is a key strategic component for companies pursuing markets in countries other than the United States. It also describes how to assess marketing opportunities abroad and whether or not to customize products and promotions in global markets.

Part V consists of three chapters. Chapter 14 discusses the consumer decision-making process and shows how marketers' strategies and the psychological and sociocultural factors covered in Parts II, III, & IV are linked together. The chapter also describes how consumers react to innovative products and the process by which new products are adopted by individuals and societies. Chapter 15 explores marketers' social responsibility and ethically questionable practices such as exploitative targeting, and covert, manipulative and deceptive marketing. The chapter also examines abuses of consumers' privacy and concludes with a discussion on marketing socially desirable causes and behaviors. Chapter 16 describes the methodology of consumer research, including the distinctions between qualitative and quantitative research design.

## Summary

**Learning Objective 1:** To understand the evolution of the marketing concept, the most prominent tools used to implement marketing strategies, the relationship between value and customer retention, and the objectives of socially responsible marketing.

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society. Consumer behavior consists of consumers' actions taken while searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. Consumer behavior influences how marketers can communicate and deliver products that offer value to customers and society and explains how individuals make decisions to spend their available resources on products and services. Marketing and consumer behavior stem from the marketing concept, which maintains that the essence of marketing consists of satisfying consumers' needs, creating value, and retaining customers. Companies must produce only those goods they have already determined that consumers will buy. Marketing myopia is a focus on the product rather than on the needs that the product presumes to satisfy. The marketing mix (also known as the Four Ps) consists of product, price, place (distribution), and promotion. Market segmentation, targeting,

and positioning are the foundation of turning consumers into customers. Market segmentation is the process of dividing a market into subsets of consumers who share common needs or characteristics. Targeting means selecting the segments that the company views as prospective customers and pursuing them. Positioning is the process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds. The societal marketing concept requires marketers to fulfill the needs of their target markets in ways that improve, preserve, and enhance society's well-being and simultaneously meet their business objectives.

**Learning Objective 2:** To understand how the Internet and related technologies improve marketing transactions by adding value that benefits both marketers and customers.

Technology has revolutionized the marketing mix, segmentation, targeting, positioning, and customer retention. When consumers use their computers, mobile phones, electronic readers, tablets, and other electronic devices, they provide marketers with the kind of information that enables companies to target them immeasurably more effectively than during the pre-Internet days. Online technologies create a "value exchange": Marketers provide value to consumers in the form of information,

opportunities to customize products easily, entertainment content, and much more. While online, consumers provide value to marketers by “revealing themselves,” thereby enabling companies to market their products more efficiently and precisely. Surfing online allows consumers to locate the best prices for products or services, bid on various offerings, bypass distribution outlets and middlemen, and shop for goods around the globe and around the clock. Online communication abilities have created sophisticated and discerning consumers, who are hard to attract, satisfy, and retain. More than ever before, marketers must customize their products, add value to the physical product or the core of a service, provide the right benefits to the right consumer segments, and position their products effectively. Technology also enables marketers to refine their strategies because they can readily customize their offerings and promotional messages, offer more effective pricing and shorter distribution channels, and build long-term relationships with customers. By using rapidly advancing technologies to track consumers, marketers can identify opportunities for creating new offerings, as well as improving and extending existing products and services. They can gather comprehensive consumer information by tracking consumers online, requiring prospective buyers to register at their websites, and combining this knowledge with demographic and lifestyle data gathered offline.

**Learning Objective 3:** To understand the interrelationships among customer value, satisfaction, and retention, and technology's revolutionary role in designing effective retention measures and strategies.

Customer value is the ratio between customers' perceived benefits and the resources they use to obtain those benefits. Customer satisfaction is customers' perceptions of the performance of the product or service in relation to their expectations. Customer retention involves turning individual consumer transactions into long-term customer relationships by making it in the best interests of customers to stay with the company rather than switch to another firm. It is more expensive to win new customers than to retain existing ones. Technologies allow marketers to retain more customers, and collect highly sophisticated data about shoppers' preferences and post-purchase evaluations. Consumers who are highly satisfied or delighted

keep buying the same products and brands, provide positive word-of-mouth to others, and often become “customers for life.” Those who are less satisfied or feel neutral either switch to a competitor immediately or wait until another marketer offers them a somewhat lower price and then switch. Dissatisfied customers spread negative and often exaggerated word-of-mouth. Internal marketing is marketing the organization to its personnel.

**Learning Objective 4:** To understand consumer behavior as an interdisciplinary area, consumer decision-making, and the structure of this book.

Consumer behavior stems from four disciplines: Psychology is the study of the human mind and the mental factors that affect behavior. Sociology is the study of the development, structure, functioning, and problems of human society. Anthropology compares human societies' culture and development. Communication is the process of imparting or exchanging information.

The process of consumer decision-making consists of the input, process, and output stages. The input stage includes two influencing factors: the firm's marketing efforts and sociocultural influences. This stage also includes the methods by which information from firms and sociocultural sources is transmitted to consumers. The process stage focuses on how consumers make decisions. Psychological factors affect how the external inputs influence the consumer's recognition of a need, pre-purchase search for information, and evaluation of alternatives. The output stage consists of two post-decision activities: Purchase behavior and post-purchase evaluation.

This book includes five parts. Part I provides an overview of marketing and consumer behavior and the components of strategic marketing. Part II describes the consumer as an individual and explains the psychological factors that affect consumer behavior. Part III addresses the communication and persuasion process, the revolutionary impact of new media, and the roles of reference groups, opinion leaders, and word-of-mouth. Part IV examines consumers in their social and cultural settings. Part V includes discussions of the consumer decision-making process, consumers' reactions to innovative products, marketers' social responsibility and ethically questionable practices, and the methodology of consumer research.

## Review and Discussion Questions

- 1.1. Describe the interrelationship between consumer behavior and the marketing concept.
- 1.2. A company is introducing a new E-book reader. Suggest segmentation, targeting and positioning strategies for the new product.
- 1.3. Define the societal marketing concept and discuss the importance of integrating marketing ethics into a company's philosophy and operations.
- 1.4. Describe how technology enhances the exchange between marketers and consumers.
- 1.5. It is often said that consumers receive “free” content online. Is this true? Why or why not?
- 1.6. Discuss the interrelationships among customer expectations and satisfaction, perceived value, and customer retention. Why is customer retention essential?
- 1.7. How can marketers use technology to improve customer retention and enhance their bonds with customers?
- 1.8. Discuss the role of the social and behavioral sciences in developing the consumer decision-making model.

## Hands-on Assignments

- 1.9.** Locate two websites that you visit regularly and discuss how they can (and probably do) track your behavior and enable marketers to target you more effectively.
- 1.10.** Locate two examples (one advertisement and one article) depicting practices that are consistent with the societal marketing concept and two examples of business practices that contradict or ignore this concept. Explain your choices.
- 1.11.** Locate two examples of technological innovations designed to enhance customer retention and discuss them.

## Key Terms

- anthropology *19*
- communication *19*
- consumer behavior *2*
- consumer research *4*
- cross-screen marketing *10*
- customer retention *13*
- customer satisfaction *13*
- customer value *13*
- emotional bonds *14*
- internal marketing *23*
- market research *4*
- market segmentation *4*
- marketing *2*
- marketing concept *3*
- marketing mix (four Ps) *5*
- marketing myopia *4*
- positioning *4*
- product concept *4*
- production concept *3*
- psychology *19*
- selling concept *4*
- social media *14*
- societal marketing concept *5*
- sociology *19*
- targeting *4*
- transactional bonds *14*

## Notes

## Multiple-choice Questions

- 1-1.** Which marketing technique consists of tracking and targeting users across their computers, mobile phones, and tablets?
- A.** Cross-screen
  - B.** Traditional
  - C.** Cause
  - D.** Relationship
- 1-2.** Production Concept is a business approach conceived by:
- A.** Henry Ford
  - B.** Ernest Rutherford
  - C.** Alfred P. Sloan
  - D.** John R. Brinkley
- 1-3.** The ratio between customers' perceived benefits and the resources they use to obtain those benefits is:
- A.** Customer benefits
  - B.** Customer satisfaction
  - C.** Customer value
  - D.** Customer relationship
- 1-4.** Customer satisfaction refers to customers' perceptions:
- A.** of the performance of the company or service in relation to the other company
  - B.** of the product in relation to the other products in the market
  - C.** relating to the past performance of the company's product or its service
  - D.** of the performance of the product or service in relation to their expectations
- 1-5.** The Mercenaries are:
- A.** Unhappy customers who stay with the company because of a monopolistic environment
  - B.** Customers who have had negative experiences with the company and spread negative word-of-mouth.
  - C.** Customers who feel neutral or merely satisfied with the company and are likely to switch to another company that offers them a lower price.
  - D.** Very satisfied customers who have no real loyalty to the company and may defect because of a lower price elsewhere or on impulse, defying the satisfaction-loyalty rationale
- 1-6.** Customer valuation, retention rates, analyzing defections are measurement methods for:
- A.** Customer awareness
  - B.** Customer retention
  - C.** Customer satisfaction
  - D.** Customer evaluation
- 1-7.** Receiving reminders about making purchases; providing relevant information for one's purchases; acknowledgement of appreciating one's business; cultivating a relationship with the customer means?
- A.** Adaptation
  - B.** Assortment
  - C.** Commitment
  - D.** Nurturing
- 1-8.** Consumer behaviour stems from which of the below four disciplines?
- A.** Communication, technology, methodology, physiology
  - B.** Psychology, Sociology, Anthropology, Communication
  - C.** Anthropology, etymology, technology, cryptology
  - D.** Ideology, Sociology, theology, ethology
- 1-9.** Which concept requires marketers to fulfil the needs of their target markets in ways that improve, preserve and enhance society's well-being and simultaneously meet their business objectives?
- A.** Production
  - B.** Product
  - C.** societal marketing
  - D.** Selling
- 1-10.** Marketing myopia is a focus on:
- A.** The customer needs rather than on the product
  - B.** The needs that the product presumes to satisfy rather than on the product
  - C.** The pricing of the product
  - D.** The product rather than on the needs that the product presumes to satisfy

**Answer Keys:** 1-1. A 1-2. A 1-3. C 1-4. D 1-5. D 1-6. B 1-7. D 1-8. B 1-9. C 1-10. D

## Notes

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# 2

## Consumer Motivation and Personality

### Learning Objectives

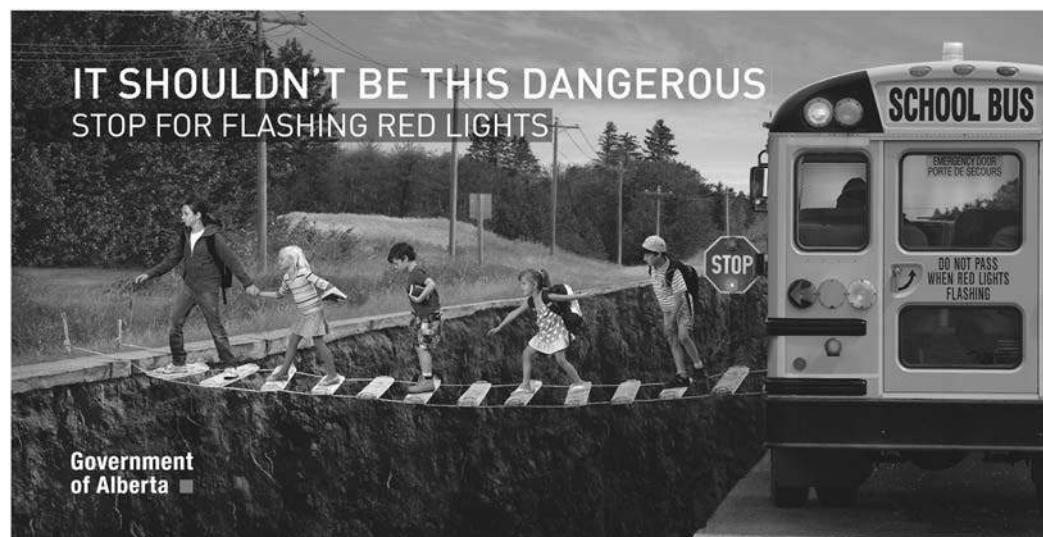
- 1 To understand the dynamics of motives, needs, and goals and how they shape consumer behavior.
- 2 To understand motivation theories and their applications to consumer behavior.
- 3 To understand how to identify and measure motives.
- 4 To understand the scope of personality and theories of its development.
- 5 To understand how innovativeness and other personality traits influence consumer behavior.
- 6 To understand the personification of products and brands and its strategic applications.
- 7 To understand self-image and its impact on consumer behavior.

**M**otivation is the driving force that impels people to act. It represents the reasons one has for acting or behaving in a particular way. **Needs** are circumstances or things that are wanted or required, and they direct the motivational forces.

Human beings' most basic needs are biological and fulfilling them sustains physical existence and safety. For example, when parents send their kids to school they expect a physically safe environment. The ad in Figure 2.1 targets drivers by showing parents' concerns for their children's safety when the youngsters get off a school bus. The slogan "It shouldn't be this dangerous" urges drivers to stop when they see flashing lights and ensure that kids get home safely.

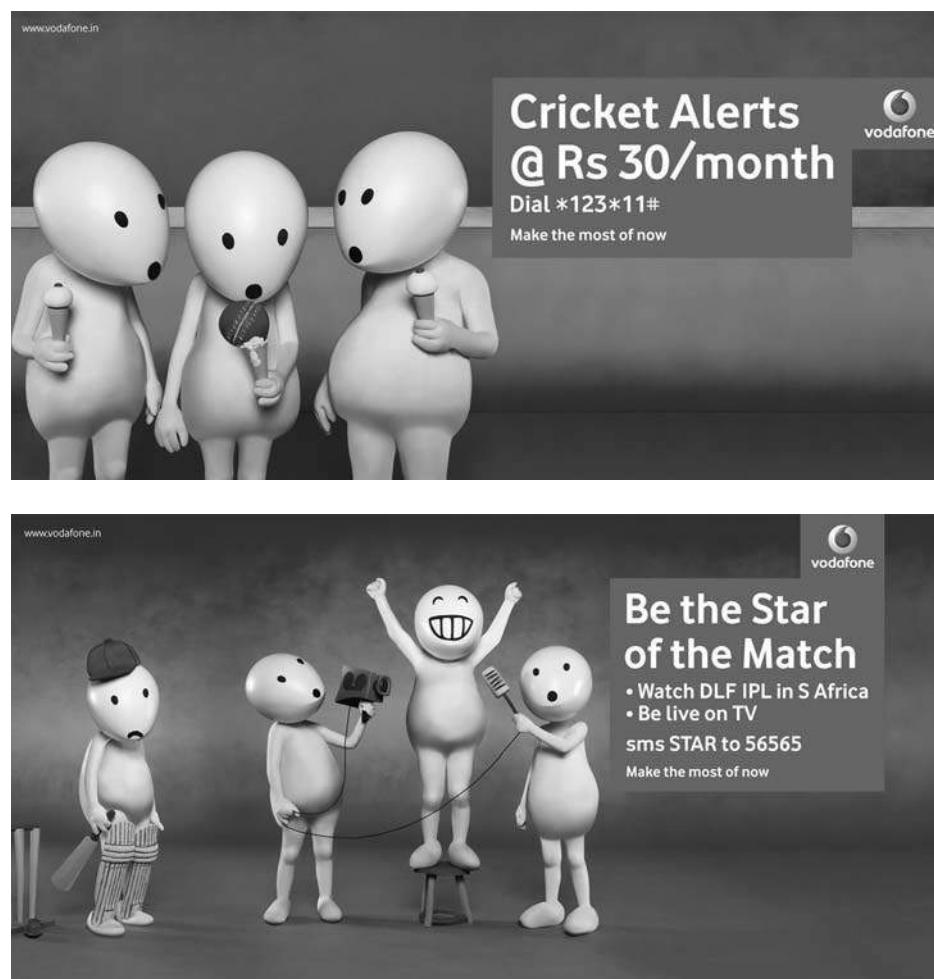
**Personality** consists of the inner psychological characteristics that both determine and reflect how we think and act, which together form an individual's distinctive character. Consumers often purchase products and brands because advertisers have given them "personalities" that differentiate them from competing offerings. Brand **personification** occurs when consumers attribute human traits or characteristics to a brand. A "brand personality" provides an emotional identity for a brand, which produces sentiments and feelings toward it among consumers. For example, consumers often view certain brands as "exciting," "sophisticated," or "warm."

Brand personification is a form of **anthropomorphism**, which refers to attributing human characteristics to something that is not human. For example, Figure 2.2 features Zoo-Zoo characters, introduced by Vodafone, to reflect anthropomorphism in the Indian context.



Source: Government of Alberta. Used with permission.

FIGURE 2.1 An Appeal Directed at Safety Needs



Source: Vodafone

FIGURE 2.2 Brand Personification

## Application 1: The Power of Virtual/digital Brand Personality

Brands like Volvo, MTV, and clothing retailer Hennes & Mauritz have entered the market with virtual goods. With Facebook and other social marketing websites making their presence felt overwhelmingly, the brands are working on various ways to connect with consumers. Creating awareness, excitement, and even strengthening associations by contemporary images are some of the objectives of these brands. Volvo introduced its virtual goods on the iPhone application, My Town, with a game where players having to check auto dealerships to buy Volvo products. Hennes & Mauritz also used My Town to get consumers interested in its offerings. MTV used virtual goods to boost the viewership of its Video Music Awards. It used Facebook's Mall World to provide virtual replicas of several fashion accessories used by celebrities.

Are brands attempting to build virtual self-concepts revolving around consumers? Such brand strategies raises interesting questions on virtual brand personality – should there be such a concept? If so, what would be the convergence with a brand's offline brand personality with its online personality? Would consumer segments be interested in trying out different virtual selves and how could marketers get an idea about them? For instance, a brand like TVS Scooty has used celebrities to convey the self-concept of independence and self-reliance. It may find that youngsters who are in the target segment may like to experience a different kind of "self" on the virtual domain and hence, the challenge for the brand is to balance actual and virtual brand personality. A brand like Axe can be associated with several aspects of the Freudian theory. It may want to develop an extension of such a personality on the virtual domain. A combination of virtual self, consumers' desire to experiment (perhaps with regard to their unconscious desires), and the need for the marketer to respect cultural sensitivity in the Indian context can open up new conceptual challenges for the marketers.

Mercedes in India is perceived as a sporty, innovative, aesthetic, and dynamic brand.<sup>2</sup> The brand sponsors golf tournaments, wine tasting sessions, and events with fashion designers to reinforce such associations.

## Application 2: Values, Traits, and Brands

Self-concept, together with values, will be useful to marketers in the Indian market. Given the diversity of segments and psychographics associated with such segments, self-concept and values can provide several insights into brands. A conservative lady belonging to a traditional family may buy gold jewelry both as an investment and to impress others about her status when she attends functions like weddings (Indian weddings are typically associated with such jewelry). A middle-class working woman may buy jewelry to identify with her group of colleagues at the office who had also bought branded jewelry and may prefer a brand like Gold Plus. A working woman holding an executive rank may prefer a brand like Tanishq to express her sense of uniqueness. A lady buying a brand like Tiffany, who is further higher in terms of economic status, may like to be seen with the brand in a social gathering as a symbol of her wealth. The four consumers associated with the different brands of jewelry have a self-concept that is associated with the value of accomplishment. (In this context, accomplishment is reflected through the possession of the respective brand). It is also interesting to note that a consumer's value of accomplishment is driven by a specific personality trait. In the case of the first consumer, it is the trait of affiliation and self-esteem; in the case of the second consumer, it may be affiliation and self-esteem through identification within the group; in the case of the third consumer, it is the trait of individuality (autonomy) and in the fourth case, and it is the trait of exhibitionism along with self-esteem. Values and traits combine to form an important part of one's self-concept. The other variants of the self-concept so formed (like actual self-concept or social self-concept or ideal self-concept) depend on such combinations of values and traits. The same set of traits may be present across different target segments and the same set of traits or related traits may surface with regard to different contexts (contexts portrayed with regard to the four consumers). Brand associations need to take into consideration several aspects of concepts associated with personality.

This chapter begins with a discussion of consumers' needs and motivation and then describes how consumers' personalities influence their buying behavior.

## The Dynamics of Motivation

Motivation drives consumers to buy and is triggered by psychological tension caused by unfulfilled needs. Individuals strive both consciously and subconsciously to reduce this tension through selecting goals and subsequent behavior that they anticipate will fulfill their needs and thus relieve them of the tension they feel. Whether gratification is actually achieved depends on the course of action pursued. Personality characteristics guide the goals that people set and the courses of action they take to attain these goals.

The foundation of marketing is identifying and satisfying needs. Marketers do not create needs, although in many instances they strive to make consumers more keenly aware of unfelt or dormant needs. Savvy companies define their business in terms of the consumer needs they satisfy rather than the products they produce and sell. Because consumers' basic needs do not change, but the products that satisfy them do, a corporate focus on developing products that will satisfy consumers' needs ensures that the company stays in the forefront of the search for new and effective solutions. By doing so, such companies are likely to survive and grow despite strong competition or adverse economic conditions. In contrast, companies that define themselves in terms of the products they make may suffer or even go out of business when their products are replaced by competitive offerings that better satisfy consumers' needs.

For example, Procter and Gamble defines its business as "providing branded products and services of quality and value that improve the lives of the world's consumers"—a need-focused definition—rather than stating that the company sells products such as detergents, shampoos, diapers, household cleaners, and dozens of other items (i.e., a product-oriented approach). Similarly, the mission of the Ritz Carlton Hotels and Resorts is not to provide rooms for overnight stays, but "the genuine care and comfort of guests," through providing customers an experience that "enlivens the senses, instills well-being, and fulfills even the unexpressed needs and wishes" of guests. The diagram in Figure 2.3 illustrates the process of motivation.

### Needs

There are two types of human needs: **Physiological needs** are innate (biogenic, primary) and fulfilling them sustains biological existence. They include the need for food, water, air, protection of the body from the outside environment (i.e., clothing and shelter), and sex.

**Psychological needs** are learned from our parents, social environment, and interactions with others. Among many others, they include the needs for self-esteem, prestige, affection, power, and achievement.

Both types of needs affect our buying decisions. For example, all individuals need shelter from the elements and therefore buy homes. However, the kind of homes they buy is the result of psychological, learned needs. A young Indian executive who is buying an iPhone will satisfy his physiological need (perhaps to quickly order some fast food through the Zomato app) as well as satisfy his psychological need of connecting with his group of friends.

### Learning Objective

- To understand the dynamics of motives, needs, and goals and how they shape consumer behavior.

### Notes

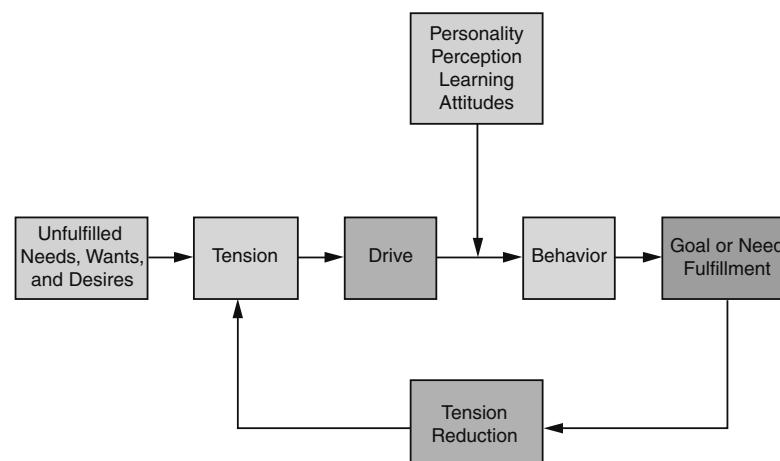


FIGURE 2.3 The Motivation Process

**Notes**

## Goals

**Goals** are the sought-after results of motivated behavior, and all human behavior is goal oriented. There are two types of goals: **Generic goals** are outcomes that consumers seek in order to satisfy physiological and psychological needs. **Product-specific goals** are outcomes that consumers seek by using a given product or service. For example, when a student tells his parents that he wants to become an entrepreneur, he expresses a generic goal. If he says he wants to earn an MBA from Stanford, he expresses a product-specific goal. A consumer wanting an alternative (perhaps a service offered by a laundry or a washing machine) to satisfy his or her needs of convenience associated with cleaning clothes. In a situation where traditional house maids are becoming scarce in Indian metros, this is a generic goal; the consumer wanting to buy a brand of washing machine is a product-specific goal.

As consumption became technology-driven, marketers have become keenly interested in the motivations of bloggers and individuals who post comments online. Such individuals influence other consumers, because people perceive both positive and negative reviews from other consumers as more credible information than advertisements. In fact, many bloggers shape the views of thousands of consumers, and many have documented their influence by following the number of responses that they get to their postings and tweets (see Chapter 9). Marketers would be delighted to have any—even the smallest—degree of influence over online writers whose essays and comments focus on products and consumption, because understanding the motivations of the writers often enables marketers to influence what is being written. One study identified three motivations for blogging: (1) self-expression; (2) documenting one's life (i.e., keeping a diary); and (3) identifying other influential bloggers. Table 2.1 summarizes the motivations of consumers who share information on Facebook.

## Need Arousal

Most of an individual's needs are dormant much of the time. The arousal of any need at a specific moment in time may be caused by biological stimuli, emotional or cognitive processes, or stimuli in the outside environment. A drop in blood sugar level or stomach contractions will trigger awareness of a hunger need. A decrease in body temperature will induce shivering, which makes the individual aware of the need for warmth. Most of these physiological cues are

**TABLE 2.1 Motivations of Facebook Users**

**INFORMATION SHARING**

- To provide information
- To share information that might be useful to others
- To share news

**CONVENIENCE AND ENTERTAINMENT**

- Because it's enjoyable
- Because it's an easy way to stay in touch with people
- Because I just like to use it

**PASSING TIME**

- Because I'm bored
- Because I have nothing better to do
- Because everyone else is doing it

**INTERPERSONAL UTILITY**

- To meet people with similar backgrounds
- To meet people with same interests as mine

**CONTROL**

- Because I want someone to do something for me
- To tell others what to do

**PROMOTING WORK**

- To promote the organization I work for
- To promote my personal work

involuntary, but they arouse needs that cause uncomfortable tensions until they are satisfied. For example, a person who is cold may turn up the heat in his bedroom and make a mental note to buy a warm sweater to wear around the house.

In cognitive arousal, random thoughts can lead to a cognitive awareness of a need to act. For instance, a greeting card company's ad might remind a viewer that her grandchild's birthday is next week, and that it is time to run out and purchase a gift and a birthday card, and be ready for the birthday party. Many promotional messages are cues designed to arouse consumer needs. Without these cues, consumers' needs may remain dormant. Thus, creative marketing messages arouse needs by stimulating a psychological desire or imbalance in consumers' minds. The goal then becomes to act on the desire, and reduce the felt imbalance by buying products.

### Notes

## Selecting Goals

Usually, consumers set purchase-related goals that satisfy more than one need. We buy clothing for protection and for a certain degree of modesty; in addition, our clothing fulfills a wide range of personal and social needs, such as acceptance by others. People with different needs may seek fulfillment by selecting the same goal, and people with the same needs may seek fulfillment via different goals. For example, two people driven by the need for achievement might seek fulfillment in different ways. One may seek advancement and recognition through a professional career, whereas the other may choose to run marathons.

For any given need, there are many different and appropriate goals. The goals that individuals select depend on those individuals' personal experiences and knowledge, physical capacity, prevailing cultural norms and values, and the goal's accessibility in the individuals' physical and social environments. For example, a young woman may wish to get a deep, even tan and may envision spending time in the sun as a way to achieve her goal. However, if her dermatologist advises her to avoid direct exposure to the sun, she may settle for a self-tanning cosmetics instead. The goal object has to be both socially acceptable and physically accessible. If cosmetic companies did not offer effective alternatives to tanning in the sun, our young woman would either have to ignore the advice of her dermatologist or select a substitute goal, such as fair (but undamaged) youthful-looking skin.

The motivation to select goals can be either positive or negative. We may feel a driving force *toward* some object or condition or a driving force *away* from some object or condition. For example, a person may be encouraged to start exercising in order to avoid health problems (i.e., a negative outcome) or in order to look more attractive and dynamic (i.e., a positive outcome). Positive outcomes that we seek are called **approach objects**; negative outcomes that we want to prevent are called **avoidance objects**. For instance, a college is an approach object to a high school graduate who is motivated by the desire for higher education. Another person knows that his parents would criticize him if he does not go to college, so he goes to college to avoid being criticized. Both individuals have the same goal—college education—but are motivated to adopt that goal in opposite ways.

### Box 2.1 Goal Selection and Brands in an Emerging Market

With installment system almost a widely-offered provision across several categories of products and services, different categories and brands compete for a share of the wallet of the Indian consumer. Brands need to ensure that the consumers are attracted to both the product category and the respective brand. This is because Indian consumers have a "Product ladder" in their mindset rather than a "Brand ladder". Consumers may not be able to buy all the categories they wish to (approach objects); the cultural habit of saving becomes a barrier for some of these categories. Insurance companies and brands position themselves towards child welfare schemes; milk additives like Horlicks and Bournvita position themselves on health (the consumer may have the choice of a milk additive or fruits or a nutritive food supplement for his/her children, but he may not be able to afford every category). A middle-class working couple will face the dilemma of either buying a two-wheeler for commuting or saving for their children's further education (both are approach objects and the categories may not directly compete with one another). A consumer who is at the bottom rung of the strata and generally uses unbranded offerings may have a cycle for his indulgence (buy a pack of cream biscuit in a sachet, and then buy a sachet of branded tea in his next purchasing cycle instead of the biscuit). Such a situation presents unique challenges to brands.

Students may refer to the last chapter on "Consumer Research" to have an idea about the concept of laddering that links brand features to benefits and then to the values of consumers. A study in the Indian context is provided in the chapter specified.

**Notes**

## Needs and Goals Are Interdependent

Needs and goals are interdependent; neither exists without the other. However, people are often not as aware of their needs as they are of their goals. For example, a teenager may not consciously be aware of his social needs, but may join a number of chat groups online to meet new friends. Similarly, people are aware that they need to buy certain items, but may have different goals when they go shopping. One study contrasted the shopping motivations of pairs of mothers and daughters and discovered that daughters go to malls for recreational or social shopping, whereas their mothers tend to be more purposeful in their shopping. Another study identified several factors that motivate people to go shopping:

1. Seeking out specific goods, such as going to a supermarket to buy foods or a hardware store to purchase needed tools or materials.
2. Recreational shopping occurs when consumers do not have an urgent product need in mind, but go shopping for the personal enjoyment of shopping.
3. Activity-specific shopping, which includes such motivations as sensory stimulation, gift shopping, and bargain hunting.
4. Demand-specific shopping, in which consumers are motivated by such factors as service convenience, store atmosphere, assortment innovations, and assortment uniqueness.

## Needs Are Never Fully Satisfied

Human needs are never fully or permanently satisfied. As individuals attain their goals, they develop new ones. If they do not attain their goals, they continue to strive for old goals or they develop substitute goals. For example, a person may partially satisfy a need for power by working as an administrative assistant to a local politician, but this vicarious taste of power may not sufficiently satisfy her need; thus, she may strive to work for a state legislator or even to run for political office herself. In this instance, temporary goal achievement does not adequately satisfy the need for power, and the individual strives ever harder to satisfy that need more fully.

## New Needs Emerge as Old Ones Are Satisfied

Some motivational theorists believe that a hierarchy of needs exists and that new, higher-order needs emerge as lower-order needs are fulfilled. For example, a man whose basic physiological needs (e.g., food, housing, etc.) are fairly well satisfied may turn his efforts toward achieving acceptance among his neighbors by joining their political clubs. Once he is confident that he has achieved acceptance, he then may seek recognition by giving lavish parties or building a larger house.

## Success and Failure Influence Goals

Individuals who achieve their goals usually set new and higher goals for themselves. They raise their aspirations because success in reaching lower, earlier goals makes them more confident of their ability to reach higher goals. Conversely, those who do not reach their goals sometimes lower their aspirations. For example, a college senior who is not accepted into medical school may try instead to become a dentist.

The effects of success and failure on goal selection have strategic implications for marketers. Goals should be reasonably attainable and advertisements should not promise more than can be delivered; instead, they should only promise what the product is able to live up to. Furthermore, products and services are often evaluated by the size and direction of the gap between consumer expectations and objective performance. Thus, even a good product will not be repurchased if it fails to live up to unrealistic expectations created by ads that overpromise. Similarly, consumers often regard mediocre products with greater satisfaction than is really warranted if the products' performance exceeds their expectations.

When people cannot attain their primary goals, they often set "substitute goals." Although the substitute goal may not be as satisfactory as the primary goal, it may be sufficient to dispel uncomfortable tension. Continued deprivation of a primary goal may result in the substitute goal assuming primary-goal status. For example, a woman who has stopped drinking whole milk because she is dieting may actually begin to prefer skim milk. A man who cannot afford a BMW may convince himself that a new, sporty, and less expensive Japanese car has an image he prefers.

## Frustration and Defense Mechanisms

**Frustration** is the feeling that results from failure to achieve a goal, and **defense mechanisms** are cognitive and behavioral ways to handle frustration. At one time or another, everyone has

experienced the frustration that comes from the inability to attain a goal. The barrier that prevents attainment of a goal may be personal (e.g., limited physical or financial resources) or an obstacle in the physical or social environment (e.g., a storm that causes the postponement of a long-awaited vacation). Regardless of the cause, individuals react differently to frustrating situations. Some people manage to cope by finding their way around the obstacle or, if that fails, by selecting a substitute goal. Others are less adaptive and may regard their inability to achieve a goal as a personal failure. Such people are likely to adopt a defense mechanism to protect their egos from feelings of inadequacy.

People cope with frustrations differently. For example, two young women yearn for European vacations that they cannot afford. The coping woman may select a less expensive vacation trip to Disneyland or a national park. The other woman, who cannot readily cope with frustration, may react with anger toward her boss for not paying her enough money to afford the vacation she desires, or she may persuade herself that Europe is unseasonably and uncomfortably warm this year. These latter two possibilities are examples, respectively, of **aggression** and **rationalization**, defense mechanisms that people sometimes adopt to protect their egos from feelings of failure when they do not attain their goals. Other defense mechanisms include **regression**, **withdrawal**, **projection**, **daydreaming**, **identification**, and **repression**. These defense mechanisms are described in Table 2.2. This list of defense mechanisms is far from exhaustive, because individuals tend to develop their own ways of redefining frustrating situations to protect their self-esteem from the anxieties that result from experiencing failure. Marketers often consider this fact in their selection of advertising appeals and construct advertisements that portray a person resolving a particular frustration through use of the advertised product.

In a country where there is a high magnitude of disparity between “haves” and “have-nots”, brands in the Indian context need to explore possible ways of using defense mechanisms in the brand’s strategy. Consumers at all levels of socio-economic planes have aspirations and desires. The fulfillment of such desires may not be accomplished due to affordability reasons and many of these desires may require an act of indulgence (for example, indulging in luxury brands at a shopping mall to gratify one’s self-esteem needs). The environment is dynamic and new needs keep emerging as brands introduce new offerings. A brand like Nike may be interested in sponsoring a sports camp for underprivileged kids to cater to their “Aggression” and in the process be associated with a social cause. The ads of some brands of detergents and kitchen appliances portray feelings of frustration through actors who grapple with their situational problems. They are addressing “Identification” aspect of defense mechanism. CRY (a non-profit organization) and initiatives of Proctor &Gamble on cause-based marketing (consumer would contribute to a social cause by buying a brand) may be associated with “Repression” (an individual not being able to contribute to social progress though he or she would very much like to). Fair &Lovely, Pond’s, and TVS Pleasure have ads that may trigger “Daydreaming” that leads the consumer towards these brands. A new brand of edible oil may portray the defense mechanism of “Projection” by reflecting that most edible oils may interfere with tasty food and that she should try the new brand. Similarly, a cooking appliance like rice cooker or an induction cooker brand may use “Rationalization” aspect by projecting that the working woman may not have adequate time due to the limitations of the usual gas stove that needs to be supplemented by the brand. A brand of entertainment service (theatre or a music company that organizes events) can use “Withdrawal” by appealing to consumers to relax from their high-pressure professional goals by choosing the membership of the service.

### Notes

**TABLE 2.2 Defense Mechanisms**

DEFENSE MECHANISM	DESCRIPTION AND ILLUSTRATIONS
<b>Aggression</b>	In response to frustration, individuals may resort to aggressive behavior in attempting to protect their self-esteem. The tennis pro who slams his tennis racket to the ground when disappointed with his game or the baseball player who physically intimidates an umpire for his call are examples of such conduct. So are consumer boycotts of companies or stores.
<b>Rationalization</b>	People sometimes resolve frustration by inventing plausible reasons for being unable to attain their goals (e.g., not having enough time to practice) or deciding that the goal is not really worth pursuing (e.g., how important is it to achieve a high bowling score?).
<b>Regression</b>	An individual may react to a frustrating situation with childish or immature behavior. A shopper attending a bargain sale, for example, may fight over merchandise and even rip a garment that another shopper will not relinquish rather than allow the other person to have it.

(Continued)

**TABLE 2.2** (Continued)

DEFENSE MECHANISM	DESCRIPTION AND ILLUSTRATIONS
<b>Withdrawal</b>	Frustration may be resolved by simply withdrawing from the situation. For instance, a person who has difficulty achieving officer status in an organization may decide he can use his time more constructively in other activities and simply quit that organization.
<b>Projection</b>	An individual may redefine a frustrating situation by projecting blame for his or her own failures and abilities on other objects or persons. Thus, the golfer who misses a stroke may blame his golf clubs or his caddy.
<b>Daydreaming</b>	Daydreaming, or fantasizing, enables the individual to attain imaginary gratification of unfulfilled needs. A person who is shy and lonely, for example, may daydream about a romantic love affair.
<b>Identification</b>	People resolve feelings of frustration by subconsciously identifying with other persons or situations that they consider relevant. For example, slice-of-life commercials often portray a stereotypical situation in which an individual experiences a frustration and then overcomes the problem by using the advertised product. If the viewer can identify with the frustrating situation, he or she may very likely adopt the proposed solution and buy the product advertised.
<b>Repression</b>	Another way that individuals avoid the tension arising from frustration is by repressing the unsatisfied need. Thus, individuals may “force” the need out of their conscious awareness. Sometimes repressed needs manifest themselves indirectly. The wife who is unable to bear children may teach school or work in a library; her husband may do volunteer work in a boys’ club. The manifestation of repressed needs in a socially acceptable form is called <i>sublimation</i> , another type of defense mechanism.

The advertising appeals need to be formulated taking into account the psychographic motivations of the target segment. As lifestyles become more complex, defense mechanism will be used by marketers in the years to come.

### Learning Objective

- 2 To understand motivation theories and their applications to consumer behavior.

### Notes

## Systems of Needs

Over the years, several psychologists have developed lists of human needs, but there is no single, comprehensive, and commonly accepted list. Although there is little disagreement about physiological needs, there are distinct differences of opinion about defining and categorizing needs with nonphysical origins, that is, psychological (or psychogenic) needs.

### Murray's List of Psychogenic Needs

In 1938, the pioneering psychologist Henry Murray prepared an extensive list of psychogenic needs, which represented the first systematic approach to the understanding of non-biological human needs. Murray believed that although each need is important in and of itself, needs can be interrelated, can support other needs, and can conflict with other needs. For example, the need for dominance may conflict with the need for affiliation when overly controlling behavior drives away friends, family, and spouses. Murray also believed that environmental circumstances strongly influence how psychogenic needs are displayed in behavior. For example, studies have indicated that people with a high need for achievement tend to select more challenging tasks. Also, people with high needs for affiliation are part of large social groups, spend more time in social interaction, and feel lonely when faced with little social contact.

Murray organized his needs into five groups: *ambition, materialistic, power, affection, and information* needs. Later on, the psychologist Allen Edwards developed a self-administered *personality inventory* that became one of the most widely used tools in the study of personality traits. Table 2.3 lists the definition and illustrative characteristics of several needs researched by Murray and Edwards that are most relevant to consumer behavior.

### Maslow's Hierarchy of Needs

Psychologist Abraham Maslow formulated a theory of human motivation based on the notion that there is a hierarchy of human needs. **Maslow's hierarchy of needs** consists of five levels of human needs, which rank in order of importance from lower-level (biogenetic) needs to higher-level (psychogenic) needs. The theory states that individuals seek to satisfy lower-level needs

**TABLE 2.3** Psychogenic Needs Applicable to Consumer Behavior

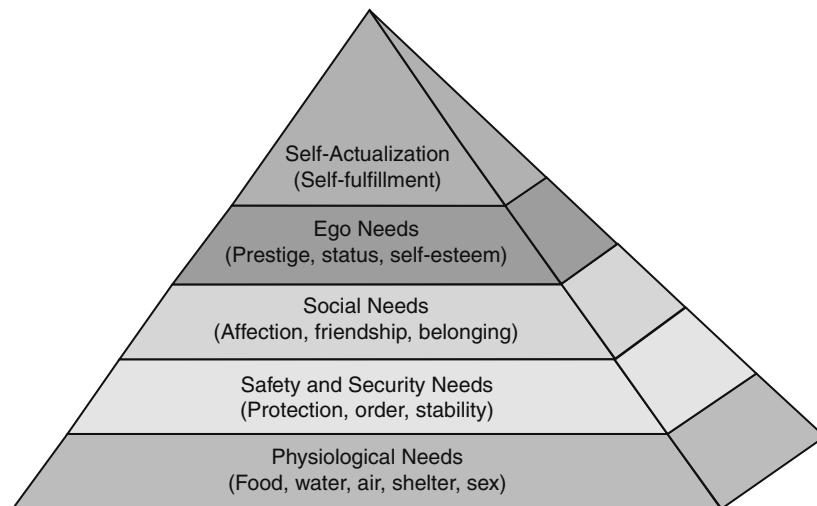
NEED	ILLUSTRATIVE CHARACTERISTICS	PROMOTIONAL APPLICATIONS
Achievement: accomplish tasks, succeed, and overcome obstacles.	Do the best and work hard in any undertaking. Be able to do things better than others.	Messages that encourage and illustrate success (e.g., advertising education).
Exhibition: shock or thrill others and be the center of attention.	Tell amusing jokes at parties. Say things that others regard as witty and clever.	Messages showing attention from others when they notice one's possessions (e.g., expensive cars).
Affiliation: spend time, form strong friendships and attachments with others.	Be loyal to and share things with friends. Help friends in trouble. Be confided in by others and told about their troubles.	Messages showing people enjoying themselves in large groups (e.g., vacations, shopping situations).
Power/Dominance: control, influence, and lead others.	Seek leadership in groups. Supervise and direct the actions of others.	Messages showing actual or symbolic dominance (e.g., being a chief executive; owning a powerful car).
Change: seek new experiences and avoid routine.	Doing new and differ like eating in new restaurants, going on trips, and avoiding conventional situations.	Messages stressing novelty, uniqueness, and breaking with routines (e.g., adventure travel and active vacations).
Order: keeping things neat and organized.	Planning and organizing the details in any undertaking. Setting definite times for activities.	Promoting devices that save space and keep things firmly in place (e.g., dividers and organizers for closets, drawers, and garages).

before higher-level needs. The lowest level of unsatisfied needs motivates a person's behavior. When that need is fairly well satisfied, the individual is motivated to fulfill a need in the next level of the hierarchy. When that need is satisfied, the need in the next level is one's primary motivator, and so on. However, if a person experiences renewed deprivation regarding a formerly met lower-level need, that need becomes the dominant factor in the person's motivation, even if only temporarily. For example, if a person who is well off and trying to satisfy his ego needs loses his job, he reverts or "goes back" to trying to satisfy his security needs; if he gets a new job that pays well, thus satisfying security needs, he will once again "move" to a higher level in the hierarchy.

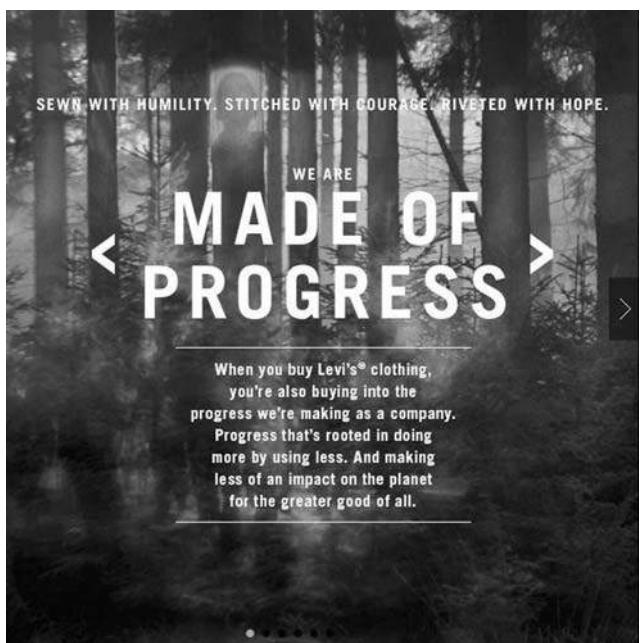
Figure 2.4 presents a diagram of Maslow's hierarchy of needs. For clarity, the levels appear as mutually exclusive. According to the theory, however, there is some overlap among the levels, as no need is ever completely satisfied. Thus, to some extent, all levels of need below the level that is currently dominant continue to motivate behavior. Nevertheless, the prime motivator—the major driving force within the individual—is the lowest level of need that remains largely unsatisfied.

### Physiological Needs

Maslow maintained that **physiological needs** are the first and most basic level of human needs. These primary needs, which are required to sustain biological life, include food, water, air, shelter, clothing, and sex—all biogenic needs. According to Maslow, physiological needs are dominant when they are chronically unsatisfied: "For the man who is extremely hungry, no other interest exists but food. He dreams food, he remembers food, he thinks about food, he emotes only about food, he perceives only food, and he wants only food."

**FIGURE 2.4** Maslow's Hierarchy of Needs

### Notes



**FIGURE 2.5** Use of Maslow's Concept to Connect with Hipsters

### Notes

1. **Inwardly directed ego needs** reflect an individual's need for self-acceptance, self-esteem, success, independence, and personal satisfaction.
2. **Outwardly directed ego needs** include the needs for prestige, reputation, status, and recognition from others.

### Need for Self-Actualization

According to Maslow, once people sufficiently satisfy their ego needs, they move to the fifth level. The **self-actualization need** refers to an individual's desire to fulfill his or her potential—to become everything that he or she is capable of becoming. For example, an artist may need to express herself on canvas; a research scientist may strive to find a new drug that eradicates cancer. Advertising an organization as one that "lets you do great things," or enables you to "be all you can be," appeals to the need for self-actualization.

### Evaluation of Maslow's Theory

Maslow's theory states that higher-order needs become the driving force behind human behavior as lower-level needs are satisfied. The theory says, in effect, that dissatisfaction, not satisfaction, motivates behavior. The need hierarchy has received wide acceptance in many social disciplines because it appears to reflect the assumed or inferred motivations of many people in American society. The five levels of needs are sufficiently generic to encompass most individual needs. The major problem with the theory is that it cannot be tested empirically; there is no way to measure precisely how satisfied one level of need must be before the next higher need becomes operative. The need hierarchy is very closely bound to the American culture (i.e., it appears to be both culture- and time-bound). In non-Western countries, the needs specified by Maslow are ranked differently. Indeed, research indicated that in some countries, safety, love, and belonging are at the apex of the needs pyramid.

### Marketing Applications of Maslow's Theory

Despite its limitations, Maslow's hierarchy has been a highly useful framework for marketers. Maslow's needs hierarchy is readily adaptable to market segmentation and the development of advertising and other marketing communications appeals, because there are consumer goods designed to satisfy each of the need levels, and because most needs are shared by large segments of consumers. For example, individuals buy health foods, medicines, and low-fat products to satisfy physiological needs. They buy insurance, preventive

### Safety Needs

After physiological needs have been satisfied, **safety and security needs** become the driving force behind an individual's behavior. These needs are concerned not only with physical safety, but also with order, stability, routine, familiarity, and control over one's life and environment. For example, health and the availability of health care are important safety concerns. Savings accounts, insurance policies, education, and vocational training are all means by which individuals satisfy the need for security.

### Social Needs

The third level of Maslow's hierarchy consists of **social needs**, such as love, affection, belonging, and acceptance. Maslow's concept of social needs, affiliations or belongingness has been used by Levi's, as illustrated in Figure 2.5, to connect with hipsters at an individual level.

### Egoistic Needs

When social needs are more or less satisfied, the fourth level of Maslow's hierarchy becomes operative. This level includes **egoistic needs**, which can take either an inward or an outward orientation:

medical services, and home security systems to satisfy safety and security needs. Consumers buy personal care and grooming products (e.g., cosmetics, mouthwash, shaving cream), as well as most clothes, in order to satisfy social needs. They purchase high-tech and luxury products, such as elaborate sound systems, high-end wristwatches, sports cars, and expensive furniture, to fulfill ego and esteem needs. Postgraduate college education, hobby-related products, and exotic and physically challenging adventure trips are often sold as ways of achieving self-actualization.

Advertisers and other forms of marketing messages can also use the need hierarchy to position products; that is, to develop a strategy that will make consumers perceive a product or brand as its marketer intends. The need hierarchy is a versatile tool for developing positioning strategies because different appeals for the same product can be based on different needs. For example, a study that tested the appeal of different military recruitment slogans found that the two slogans that resonated well with potential recruits were "Be All You Can Be" and "The Few, the Proud, the Marines." The slogans that most respondents disliked were "I Want You" and "Join the People Who've Joined the Army." Clearly, egoistic and self-actualization needs are the prime motivators behind joining the armed forces.

### Notes

#### Box 2.2 Motivation and the Management of Premium and Discounted Items

Several concepts associated with motivation and needs are relevant to marketers in the Indian context, like Maslow's theory of hierarchy of needs, Freudian psychoanalytic theory (discussed later) and product-specific and brand-specific goals. Consumers prefer functional appeals, symbolic appeals or hedonic appeals in brands. Appeals of any kind are also intertwined with the perception of value, which takes into consideration "price-benefits" aspects. Value differs from one segment to another and the concept of motivation has immense applications. With significant retail expenditure of consumers on groceries and food products, discount retailing stores have emerged in the country. Reliance Fresh, for example, has discount offers in several categories throughout the year.

The sachet or one-use packaging in several categories motivates consumers who may like to use branded offerings occasionally. These aspects can be associated with survival and security needs for a family that is at the lower end of the socio-economic spectrum. A per capita annual income of around ₹61,564 (per annum) in 2011-12<sup>12</sup> means that most families in India are motivated to save money on daily-use items because they want to spend on children's education, weddings, or on durable categories (like a TV or refrigerator).

There are segments of consumers who may have a high degree of status needs or hedonic needs and indulge in brands that offer the respective gratification. Premium brands are important to consumers with such a motivational pattern. Tanishq in jewelry, Mont Blanc in pens, Omega in watches, iPhones in mobiles, and Volkswagen Beetle in cars are some examples that highlight the importance of symbolic needs. Red Bull in the soft drink category with its energy proposition emphasizes the hedonic or consumption needs of consumers. Premium brands that may be high on symbolic and functional needs or hedonic and symbolic needs have to capture these needs for an appropriate brand image. Brand image is critical in triggering these needs among the respective target segment. The need for affiliation triggers the youth to buy symbolic offerings that signal group affiliation. For instance, Fastrack watches are positioned toward urban youngsters. Motivation-based concepts provide a platform on which both premium and discounted offerings can formulate their communication plans.

## A Trio of Needs

Another framework for organizing human needs is known as the trio of needs: the needs for power, affiliation, and achievement (these needs are reflected in Table 2.3 and also in Maslow's needs hierarchy). Individually, each of the three needs can affect consumer motivation.

### Power

The **power need** is an individual's desire to control his or her environment. It includes the need to control other persons and various objects. This need appears to be closely related to the ego need, in that many individuals experience increased self-esteem when they exercise power over objects or people.

**Notes****Affiliation**

Affiliation is a well-researched social motive that significantly influences consumer behavior. The **affiliation need** is very similar to Maslow's social need and suggests that behavior is strongly influenced by the desire for friendship, acceptance, and belonging. People with high affiliation needs tend to be socially dependent on others and often buy goods that they feel will meet with the approval of friends. Teenagers who hang out at malls or techies who congregate at computer shows often do so more for the satisfaction of being with others than for the purpose of making a purchase. In Figure 2.6, United Colors of Benetton depicts that the need for equality is triggered by the larger aspect of need for affiliation.

**Achievement**

Individuals with a strong **achievement need** often regard personal accomplishment as an end in itself. They are self-confident, enjoy taking calculated risks, actively research their environments, and value feedback, often in the form of monetary rewards. People with high achievement prefer situations in which they can take personal responsibility for finding solutions. Because of this, portraying achievement is a useful promotional strategy for many products and services, especially those targeting educated and affluent consumers. (Figure 2.4 represents an appeal based on the need for achievement).

**Learning Objective**

- 3 To understand how to identify and measure motives.

**The Measurement of Motives**

How are motives identified? How are they measured? How do researchers know which motives are responsible for certain kinds of behavior? These are difficult questions to answer because motives are hypothetical constructs; that is, they cannot be seen or touched, handled, smelled, or otherwise tangibly observed. For this reason, no single measurement method can be considered a reliable index of motivation. Instead, researchers usually rely on a combination of research techniques when trying to establish the presence and/or the strength of various motives. By combining several research methods—including responses to questionnaires or survey data (i.e., self-reports of opinions and behaviors) and insights from focus group sessions and depth interviews (i.e., to discover underlying motives)—consumer researchers achieve more valid insights into consumer motivations than they would by using any single technique.



Source: United Colors of Benetton

**FIGURE 2.6** A Need for Affiliation

## Self-Reporting

**Self-reported measures of motives** consist of written statements which ask respondents to indicate how relevant each statement is to them. The researchers administering these measures politely ask respondents not to think too much before providing their answers, because, if they do so, they might figure out what the statements measure and not answer honestly. If so, the subjects' responses are likely to reflect not who they *are*, but how they *wish* to be perceived. For example, a respondent who figures out (correctly) that the statement "one does one's best work when the assignment is difficult" measures a person's need for achievement, may "strongly agree" with the statement even if she does not really find it applicable because she wants to be perceived as an achiever. If used correctly, self-reported measures assess people's motives fairly accurately.

### Notes

## Qualitative Research

Frequently, respondents may be unaware of their motives, or may be unwilling to reveal them when asked directly. In such situations, researchers use **qualitative research** to delve into the consumer's unconscious or hidden motivations. Many qualitative methods also termed **projective techniques** because they require respondents to interpret stimuli that do not have clear meanings, based on the assumption that the subjects will "reveal" or "project" their subconscious, hidden motives onto the ambiguous stimuli. The findings of qualitative research methods are highly dependent on the training and experience of the analyst; the findings represent not only the data themselves but also what the analyst thinks they imply. Though some marketers are concerned that qualitative research does not produce hard numbers that objectively "prove" the point under investigation, others are convinced that qualitative studies are sometimes more revealing than quantitative studies (see Chapter 16). The major types of qualitative methods used to study motivation are featured in Table 2.4, together with applicable examples.

## Motivational Research

The term **motivational research**, which should logically include all types of research into human motives, has become a "term of art." It refers to qualitative studies conducted by Dr. Ernest Dichter in the 1950s and 1960, which were designed to uncover consumers' subconscious or hidden motivations. Based on the premise that consumers are not always aware of the reasons for their actions, motivational research attempted to discover underlying feelings, attitudes, and emotions concerning product, service, or brand use. This premise reflects Sigmund Freud's psychoanalytic theory of personality, which maintains that unconscious needs or drives—especially biological and sexual drives—are at the heart of human motivation and personality.

When Dr. Dichter, trained as a clinical psychoanalyst in Vienna, arrived in the United States in the late 1930s, he joined a major New York advertising agency rather than establish a clinical practice. Dr. Dichter applied Freud's psychoanalytical techniques to the study of consumer buying habits and used qualitative research to figure out why consumers did what they did. Marketers became fascinated by the glib, entertaining, and sometimes surprising explanations

**TABLE 2.4 Qualitative Measures of Motives**

RESEARCH METHOD	DESCRIPTION AND EXAMPLES
Storytelling	Storytelling consists of having customers tell real-life stories regarding their use of the product under study. By using this method to study parents' perceptions of diapers, Kimberly-Clark discovered that parents viewed diapers as clothing related to a particular stage in the child's development. Thus, if their children wore diapers too long, parents became distressed and embarrassed because it was an overt sign of their failure to toilet-train their children. The company introduced its highly successful Huggies Pull-Ups training pants—a product that established a new category in the U.S. diaper industry.
Word Association	In the <b>word association method</b> , respondents are presented with words, one at a time, and asked to say the first word that comes to mind. This method is highly useful in determining consumers' associations with existing brand names and those under development. In sentence completion, respondents are asked to complete a sentence upon hearing the opening phrase (e.g., "People who drive convertibles . . .").

**TABLE 2.4 (Continued)****RESEARCH METHOD DESCRIPTION AND EXAMPLES**

Thematic Apperception Test	Developed by Henry A. Murray, the <b>Thematic Apperception Test</b> consists of showing pictures to individual respondents and asking them to tell a story about each picture. For example, Clearasil employed an image of a female looking into a mirror under the caption "Here is a teenager looking into the mirror and seeing pimples." The researchers discovered that teenagers view their lives as fast-paced and socially active and that the discovery of a pimple abruptly disturbs the swiftness of their lives. The resulting advertising depicted a teenage male walking briskly down the street and spotting a pimple on his face in a store window. All motion around him stops. He applies Clearasil, the pimple disappears, and life resumes its pace.
Drawing Pictures	Visual images are often used to study consumers' perceptions of various brands and to develop new advertising strategies. For example, when respondents were asked to draw pictures of the typical Pillsbury cake-mix user, their drawings depicted old-fashioned, chubby females wearing frilly aprons. When asked to draw pictures of the Duncan Hines cake-mix user, their drawings showed slim, "with it" women wearing heels and miniskirts. These findings provided important input to Pillsbury concerning the need to reposition its product.
Photo Sorts	In a study using photo sorts conducted by the advertising agency for Playtex (a manufacturer of bras), respondents received stacks of photos depicting different types of women and asked to select pictures portraying their own self-images. Although many of the respondents were overweight, full-breasted, and old-fashioned in appearance, they selected photos showing physically fit, well-dressed, and independent women. The advertising agency advised Playtex to stop stressing the comfort of its bras in its ads and designed a new campaign showing sexy, thin, and big-bosomed women under the slogan: "The fit that makes the fashion."

Sources: Emily Eakin, "Penetrating the Mind by Metaphor," *New York Times*, February 23, 2002, B9, B1; Ronald B. Leiber, "Storytelling: A New Way to Get Close to Your Customer," *Fortune*, February 3, 1997; and Bernice Kramer, "Mind Games," *New York*, May 8, 1989, 33–40.

offered for consumer behavior, especially since many of these explanations were grounded in sex. For example, Dichter told marketers that consumers bought cigarettes and Life Saver candies because of their sexual symbolism, that men regarded convertible cars as surrogate mistresses, and that women baked cakes to fulfill their reproductive yearnings. Before long, almost every major advertising agency in the country had a psychologist on staff to conduct motivational research studies. Table 2.5 includes a sample of product profiles created by Dichter and his colleagues.

**TABLE 2.5 Examples of Dichter's Subconscious Interpretations**

PRODUCT	SUBCONSCIOUS INTERPRETATION
Baking	Baking expresses femininity and motherhood by evoking nostalgic memories of delicious odors pervading the house when the mother was baking. When baking a cake, a woman is subconsciously and symbolically going through the act of giving birth, represented by the baked product being pulled from the oven. Thus, when a woman bakes a cake for a man, she is offering him a symbol of fertility.
Automobiles	A car allows consumers to convert their subconscious urges to destroy and their fear of death—two key forces in the human psyche—into reality. For example, the expression "step on it" stems from the desire to feel power, and the phrase "I just missed that car by inches" reflects the desire to play with danger. Based on this view, Dichter advised Esso (now Exxon) to tap into consumers' aggressive motives for driving cars in promoting the superiority of its gasoline product. The slogan "Put a tiger in your tank" was developed as a result of his advice. Dichter also maintained that cars have personalities, and that people become attached to their cars and view them as companions rather than objects. This notion stands behind his views that a man views a convertible as a mistress and a sedan as his wife.

(Continued)

**TABLE 2.5 (Continued)**

PRODUCT	SUBCONSCIOUS INTERPRETATION
Dolls	Dolls play an important part in the socialization of children and are universally accepted as an essential toy for girls. Parents choose dolls that have the kind of characteristics they want their children to have, and the doll is an object for both the parents and the children to enjoy. When Mattel introduced Barbie in 1959, the company hired Dichter as a consultant. His research indicated that although girls liked the doll, their mothers detested the doll's perfect bodily proportions and Teutonic appearance. Dichter advised Mattel to market the doll as a teenage fashion model, reflecting the mother's desire for a daughter's proper and fashionable appearance.
Ice cream	Ice cream is an effortless food that does not have to be chewed and that melts in your mouth, a sign of abundance, an almost orgiastic kind of food that people eat as if they want it to run down their chins. Accordingly, Dichter recommended that ice cream packaging should be round, with illustrations that run around the box panel, suggesting unlimited quantity.

Modern motivational research includes many qualitative methods and procedures and is well established in consumer research. It includes research methods not only from psychology, but also from sociology and anthropology. Qualitative consumer research methods, consisting of focus group sessions and depth interviews, are routinely used by businesses seeking to gain deeper insights into the *whys* of consumer behavior. Motivational research often reveals unsuspected consumer motivations concerning product or brand usage and is often used to develop ideas for promotional campaigns. Qualitative research also enables marketers to explore consumer reactions to product ideas and advertising copy at an early stage, and avoid the costly errors resulting from using ineffective and untested ads. Furthermore, motivational research findings provide consumer researchers with insights that serve as the foundations of structured, quantitative marketing research studies, which employ larger and more representative consumer samples than qualitative studies.

Building on the studies of Dr. Dichter and other motivational researchers, the Qualitative Research Consultants Association (QRCA) was established with the objective of applying an interdisciplinary orientation to consumer motivation research. The membership of QRCA consists of qualitative researchers who regularly conduct focus groups and one-on-one, in-depth interviews for client marketing companies that seek to identify the underlying needs and motives of their customers. Through its publications and conferences, the QRCA has brought about an expansion of the methodologies used in consumer research.

### Notes

#### Culture and Need States

In a dynamic environment, the consumer has two mental states—a desired state and the actual state. Decision making models are created when there is a recognized gap between actual and desired states for consumer segments. Most marketing activities rely on the identification of these states for various products and consumer segments. The gap can be in terms of functional/experiential/symbolic aspects of a product.

Though there are several strategies in decision making, there are a number of linkages across stages. Consider a product like iced tea or an electric toothbrush. In the former case, consumers in India are used to having iced tea as a cultural habit and in the latter case the perceived risk and the concept need to be explained. In the former case, brand associations are important even at the need stage. In the case of an electric toothbrush, “primary advertising” is needed to sell the concept to consumers.

While the need stage recognizes various states of the consumer’s psyche, marketers have to be careful when it comes to cultural aspects. Eating and cleaning habits, for example, are well entrenched in a society and it is difficult to change them. A fast food brand that attacks traditional food habits in India as non-nutritious (and offers nutrition-based fast food) may not be well-received by consumers. Ariel and Tide (international brands of P&G) introduced bar detergents, given the huge market and the consumer’s tendency in India to use bar detergents to clean clothes.

## The Nature and Theories of Personality

**Personality** consists of the inner psychological characteristics that both determine and reflect how we think and act. The emphasis in this definition is on *inner characteristics*—those specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from

#### Learning Objective

- 3 To understand the scope of personality and theories of its development.

**Notes**

other individuals. As discussed later in this chapter, the deeply ingrained characteristics that we call personality influence the individual's product choices: They affect the way consumers respond to marketers' promotional efforts, and when, where, and how they consume many products or services. Therefore, the identification of specific personality characteristics associated with consumer behavior has been highly effective in the development of market segmentation and promotional strategies.

### The Facets of Personality

Psychologists' research into human personality has not been uniform. Some have emphasized the influence of heredity and early childhood experiences on personality development. Others have stressed broader social and environmental influences. Some theorists view personality as a unified whole, whereas others focus on specific traits. Overall, researchers agree on the following: (1) personality reflects individual differences; (2) personality is generally consistent and enduring; and (3) although it is enduring, personality can change.

#### Personality Reflects Individual Differences

Because the inner characteristics that constitute an individual's personality are a unique combination of factors, no two individuals are exactly alike. Nevertheless, many individuals may possess a single or even a few personality characteristics, but not others. For instance, some people can be described as "high" in consumer ethnocentrism (i.e., unwillingness to accept foreign-made products), whereas others can be described as "low" in ethnocentrism (i.e., not reluctant to buy foreign-made products). Personality enables marketers to categorize consumers into different groups on the basis of one or several traits, because consumers who belong to a given segment are often "high" on a particular personality characteristic, whereas consumers from another segment score "low" on that same characteristic.

#### Personality is Consistent and Enduring

Generally, an individual's personality tends to be both consistent and *generally* enduring. Indeed, the sibling who comments that her sister "has always cared a great deal about her clothes from the time she was a toddler" is supporting the contention that personality has both consistency and endurance. Both qualities are essential if marketers are to explain or predict consumer behavior in terms of personality. Marketers cannot change consumers' personalities to conform to their products. However, if they know which personality characteristics influence specific consumers' responses, they can appeal to the relevant traits inherent in their target consumers. For instance, if a marketer knows that one of the firm's products attracts consumer innovators, it can create marketing messages that appeal to innovative consumers.

#### Personality May Change

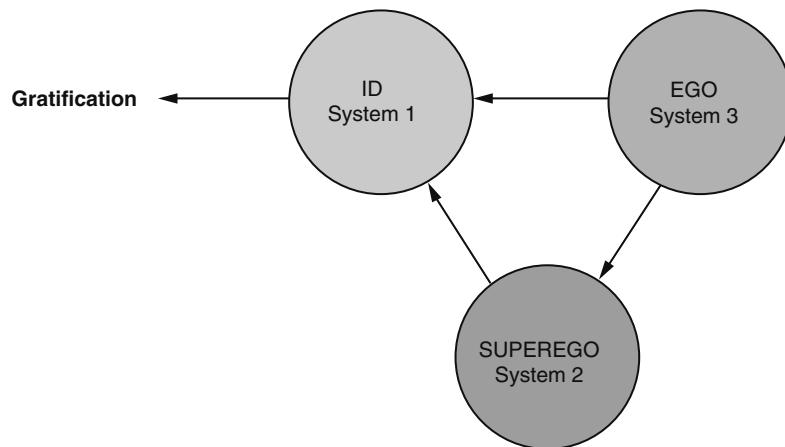
Although personality is generally enduring, under certain circumstances, personalities change. For instance, major life events, such as marriage, the birth of a child, the death of a parent, or a change of job and/or profession strongly affect personality. One's personality changes not only in response to abrupt events, but also as part of a gradual maturing process: "He's more mature, and now he's willing to listen to points of view that differ from his own," says an aunt after not seeing her nephew for several years.

### Theories of Personality

There are three major theories of personality: (1) Freudian theory, (2) neo-Freudian theory, and (3) trait theory. We have chosen them over other theories because each has played a role in the study of the relationship between consumer behavior and personality.

#### Freudian Theory

The premise of **Freudian theory** is that *unconscious* needs or drives, especially sexual and other biological drives, are at the heart of human motivation and personality. Freud constructed his theory on the basis of patients' recollections of early childhood experiences, analysis of their dreams, and the specific nature of their mental and physical adjustment problems. Freud proposed that the human personality consists of three interacting systems: the id,

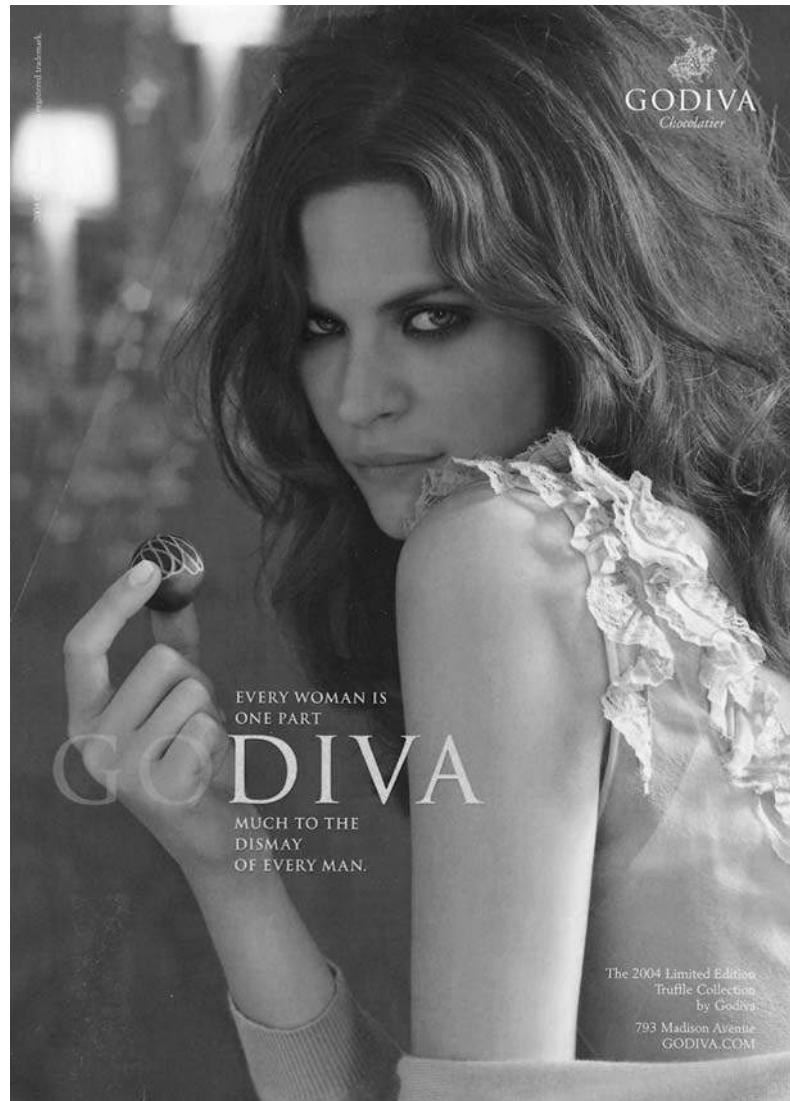
**Notes****FIGURE 2.7** Freud's Theory

the superego, and the ego. Figure 2.7 shows the interrelationships among Freud's three interacting systems.

The **id** is the “warehouse” of primitive and impulsive drives—basic physiological needs such as thirst, hunger, and sex—for which the individual seeks immediate satisfaction without concern for the specific means of satisfaction. The Godiva ad in Figure 2.8 captures the mystery and excitement aroused by these “primal forces.”

In contrast to the impulsive (and selfish) id, the **superego** is the individual’s internal expression of society’s moral and ethical codes of “proper” or “correct” conduct. The superego’s role is to see that individuals satisfy their needs in a socially acceptable fashion. Thus, the superego is a kind of “brake” that restrains or inhibits the impulsive forces of the id. Finally, the **ego** is the individual’s conscious control. It functions as an internal monitor that attempts to balance the impulsive demands of the id and the sociocultural constraints of the superego.

Freud emphasized that an individual’s personality is formed as he or she passes through a number of distinct stages of infant and childhood development: the *oral*, *anal*, *phallic*, *latent*, and *genital* stages. According to Freudian theory, an adult’s personality is determined by how well he or she deals with the crises that are experienced while passing through each of these stages (particularly the first three). For instance, if a child’s need for food is not adequately satisfied at the first stage of development, he may become “fixated” at this stage, and, as an adult, his personality will reflect dependence on others. As another example, an individual who is treated impatiently during toilet training may become an adult obsessed with cleanliness and neatness.



Source: Godiva Chocolates

**FIGURE 2.8** An Appeal to Id-Like Primitive Drives: Feeling Like a Diva

“Id” is the seat of sensual, primitive, suppressed pleasure associated with the personality of individuals, as per the Freudian theory. Axe (deodorant), Fastrack (watch), Bourbon (cream biscuits) and Flying Machine (apparel) are some of the brands that had formulated advertising themes that are suggestive of the Freudian approach. The US campaign of Old Spice deodorant brand “The Man Your Man could smell like” attracted 47 million likes on the YouTube. The Indian ad, released in 2013, urges men to use the brand to feel “Mantastic” resulting in two million hits in the YouTube in ten days. The model selected for the ad was associated with a sexually controversial ad during the nineties; the build of the campaign along with the tagline was suggestive of fantasy associated with id.

### Box 2.3 Brands and Freudian Theory

Parle’s Hide&Seek Milano had tried to associate “id” part of Freudian theory (suppressed drives and baser instincts) with the biscuit category. The commercial shows a young man in a historical attire (celebrity) with a princess. The ad evokes pun through its visuals that hints at sexual overtones. The tagline with the visuals suggested that there is a secret behind very Milano biscuit. Fantasies (Freudian in nature and that can be associated with id part of Freud’s theory) of movie goers are captured by Bollywood movies through songs, romantic scenes, and fight sequences<sup>18</sup> (to name a few aspects) and these are fantasies that people cannot enact everyday but would like to experience frequently.

### **Notes**

#### Neo-Freudian Personality Theory

**Neo-Freudian theory** maintains that, in addition to Freud’s concepts, social relationships play a crucial role in the development of personality. Several of Freud’s colleagues disagreed with his contention that personality is primarily instinctual and sexual in nature. These neo-Freudians believed that social relationships are fundamental to the formation and development of personality. For instance, Alfred Adler viewed human beings as seeking to attain various rational goals, which he called *style of life*. He also placed much emphasis on the individual’s efforts to overcome *feelings of inferiority* (i.e., by striving for superiority). Harry Stack Sullivan, another neo-Freudian, stressed that people continuously attempt to establish significant and rewarding relationships with others. He focused on the individual’s efforts to reduce tensions such as anxiety.

Karen Horney was also interested in anxiety and studied the impact of child-parent relationships on the individual’s desire to reduce feelings of anxiety. Horney proposed that individuals be classified into three personality groups:

1. **Compliant individuals** are those who move *toward* others and wish to be loved, wanted, and appreciated.
2. **Aggressive individuals** are those who move *against* others and desire to excel and win admiration.
3. **Detached individuals** are those who move *away* from others and seek independence, self-reliance, self-sufficiency, and freedom from obligations.

Researchers developed a personality test based on Horney’s theory (the CAD test) and used it to study consumer behavior. The initial CAD research uncovered a number of tentative relationships between college students’ scores and their product and brand usage patterns. For example, highly compliant students liked name-brand products such as Bayer aspirin, whereas aggressive subjects preferred Old Spice deodorant over other brands (seemingly because of its masculine appeal); and highly detached students were heavy tea drinkers (possibly reflecting their desire not to conform).

Many marketers use aspects of neo-Freudian theories intuitively. For example, marketers who position their products or services as providing an opportunity to belong or to be appreciated by others in a group or social setting are following Horney’s characterization of the compliant individual. To illustrate, an ad for a digital camera featuring others complimenting the photographer’s pictures appeals to compliant persons. An ad featuring a rider on a black mountain bike riding alone down steep hills appeals to aggressive persons.

#### Trait Theory

Trait theory represents a departure from the qualitative, nonempirical approaches of the Freudian and neo-Freudian movements. **Trait theory** focuses on empirical measures of personality in terms of specific psychological characteristics, called “traits.” Traits are personal characteristics or features that set one person apart from another person. Trait theorists use personality tests

(or inventories) that pinpoint individual differences in terms of “high” versus “low” scores on specific traits. Researchers developed tailor-made, single-trait personality tests for consumer behavior studies. These personality tests measure such traits as **innovativeness** (how receptive a person is to new consumer-related experiences or the early consideration and purchase of new products and services), **materialism** (the degree of the consumer’s attachment to worldly possessions), and **ethnocentrism** (the consumer’s likelihood to accept or reject foreign-made products).

Researchers have discovered that personality traits are linked to consumers’ consumption of broad product categories rather than specific brands. For example, a statistical correlation between a given personality trait and whether or not an individual regularly eats peanut butter is more likely to occur than a correlation between that trait and the brand of peanut butter purchased. Furthermore, marketers study the influence of personality on consumption behavior because such knowledge enables them to segment consumers effectively, and develop advertisements that target specific segments. In the next section, we discuss several personality traits that provide particularly useful insights about consumer behavior.

### Notes

## Personality Traits and Consumer Behavior

We now explore the relationship between personality traits and consumer behavior. We begin with a discussion of the personality traits related to one’s receptivity to new products. Afterwards, we examine the personality traits that are closely related to this dimension, which are dogmatism, social character, and the need for uniqueness. We note that these traits apply to the behavior of all consumers, whether or not they are among the first to purchase newly introduced products. Lastly, we describe other consumption-related personality traits, including optimum stimulation level (OSL), sensation seeking, variety or novelty seeking, need for cognition, visualizers versus verbalizers, materialism, fixated consumption, compulsive consumption, and consumer ethnocentrism.

### Consumer Innovators and Innovativeness

**Innovators** are the first to try new products, product line extensions, and services because they are open to new ideas and practices. Their response to newly introduced products is critical to the success or failure of new products. Consumer innovators are enthusiastic about innovative products and can speed up the market acceptance of innovations, because they tell others about their purchases and often show them the new products. Furthermore, as more consumer innovators discuss the new products online, their domains of innovative behavior expand. Table 2.6 presents illustrative opinions of an innovator of high-tech products.

**Innovativeness** is the degree of a consumer’s willingness to adopt new products and services shortly after the products are introduced. One study discovered four motivational factors that inspire consumer innovativeness:

1. **Functional factors** reflect interest in the performance of an innovation.
2. **Hedonic factors** relate to feeling gratified by using the innovation.
3. **Social factors** reflect the desire to be recognized by others because of one’s pursuit of innovations.
4. **Cognitive factors** express the mental stimulation experienced by using an innovation.

### Notes

### Learning Objective

- 5 To understand how innovativeness and other personality traits influence consumer behavior.

**TABLE 2.6 Illustrative Opinions of an Innovator of High-Tech Products**

- I’m not brand loyal; I’m always looking for the “best” and “latest” in consumer technology.
- When I go into a technology store, I tend to tell the staff about the products, rather than them telling me.
- My friends often ask me questions before they purchase things dealing with new consumer technologies.
- I enjoy buying and trying very new consumer technology.
- When I see something new in the technology stores that I regularly visit, I “play” with it.
- I often get bored with rather new technological products and give them to my friends.
- I often look at technological websites and blogs, or social network sites, for more information about new technologies.
- I always read the technology section in the newspaper and then go online to check out the new products described.
- Every year, I look up the annual “holiday gift buying guides” because they always feature many technological products.

**Notes**

Whereas most researchers view innovativeness as a single personality trait, one study identified three levels of innovativeness:

1. **Global innovativeness**—a trait that exists independent of any product-related context and represents the “very nature” of consumers’ innovativeness
2. **Domain-specific innovativeness**—a narrowly defined activity within a specific domain or product category
3. **Innovative behavior**—actions or responses that indicate early acceptance of change and adoption of innovations (e.g., being among the first to purchase new and different products or services).

As expected, there is a positive relationship between innovativeness and using the Internet and new technologies. One study reported that heavy Internet shoppers saw themselves as being able to control their own future, used the Internet to seek out information, enjoyed change, and were not afraid of uncertainty. Another study found that while online banking was positively associated with Internet-related innovativeness (i.e., domain-specific innovativeness), global consumer innovativeness was negatively related to embracing online banking; these results highlight the importance of researching domain-specific innovativeness. Researchers have also discovered that consumer innovativeness strongly affects consumers’ likelihood to purchase brand extensions, and therefore firms introducing such products must target innovative consumers. Several studies showed that consumer innovativeness shaped buying decisions to a greater degree than such factors as price consciousness, value consciousness, and perceived price variation.

### Dogmatism

**Dogmatism** is one’s degree of rigidity—the opposite of being open-minded—toward information and opinion contradictory to one’s beliefs and views (i.e., closed-mindedness). A person who is highly dogmatic approaches the unfamiliar defensively and with uncertainty and discomfort. In contrast, a person who is less or not dogmatic readily considers unfamiliar or opposing beliefs. Generally, consumers who are not dogmatic prefer innovative products rather than traditional ones.

Highly dogmatic consumers tend to be more receptive to ads that contain appeals from authoritative figures, such as celebrities and experts. In contrast, low-dogmatic consumers are more receptive to messages that stress factual differences, product benefits, and other product-usage information. Researchers found that consumers scoring high on the traits of “openness to experiences” (similar to low dogmatism) and “extraversion” (which is related to personal energy, ambition, venturesomeness, and being outgoing) responded favorably to emotional messages, and were likely to purchase and become loyal to the brand advertised.

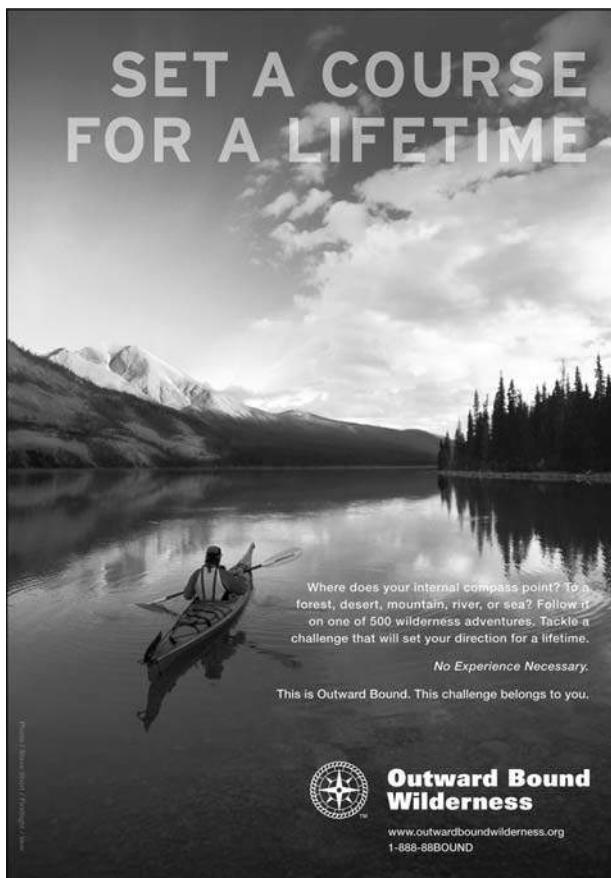
### Social Character: Inner- versus Other-Directedness

**Inner-directed** consumers rely on their own inner values or standards in evaluating new products and are likely to be consumer innovators. Conversely, **other-directed** consumers look to others for guidance as to what is appropriate or inappropriate and are unlikely to be consumer innovators. Inner- and other-directed consumers are receptive to different types of promotional messages. Inner-directed people prefer ads that stress product features and personal benefits, whereas other-directed people prefer ads that feature social acceptance and respond favorably to appeals portraying social or group interactions. The ad in Figure 2.9 features an inner-directed person experiencing adventure and wildness by himself. The ad’s secondary tagline—“This is Outward Bound. This challenge belongs to you”—focuses on a person’s inner-directedness.

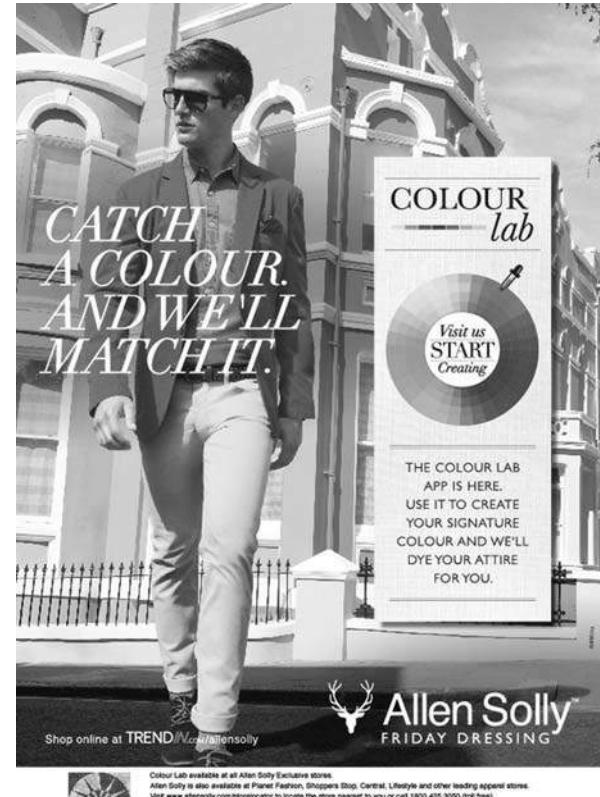
### Need for Uniqueness

Many consumers acquire and display material possessions because they want to be differentiated from other people. Consumers’ **need for uniqueness** is defined as an individual’s pursuit of differentness relative to others that is achieved through the acquisition of consumer goods in order to enhance one’s personal and social identity. Individuals with a high need for uniqueness adopt new products and brands quicker than others. They prefer creative products that counter conformity and are outside group norms, and avoid the similarity reflected in buying mainstream products.

In each of us, there is another whom we don’t know – Carl Jung. In Figure 2.10, Allen Solly brand creatively explores the inner self of consumers with the promise of individuality. Understanding this personality trait is highly pertinent to the fashion industry, because clothing trends and styles are ever changing. Many marketers target people with a high need for



**FIGURE 2.9** An Appeal to Inner-Directed Consumers



*Source: Madura Fashion and Lifestyle*

**FIGURE 2.10** A Promise of Individuality

**TABLE 2.7 Illustrative Opinions of a Young Executive with a High Need for Uniqueness**

- When I travel, I'm always seeking out unusual gifts for myself.
- I'm happy when other people tell me that my taste is "different" and "uncommon."
- I work at maintaining my own unique persona.
- Some of my acquaintances think I'm somewhat of a weirdo in my seeking to be different.
- Standing out and being different is important to me.
- I stop buying brands when everyone starts to buy them.
- Being different is my own personal trademark.

uniqueness with marketing stimuli designed to enhance self-perceptions of uniqueness. Illustrative opinions of a consumer with a high need for uniqueness appear in Table 2.7.

### Optimum Stimulation Level

**Optimum stimulation level (OSL)** is the degree to which people like novel, complex, and unusual experiences (i.e., high OSL) or prefer a simple, uncluttered, and calm existence (i.e., low OSL). Research has found that consumers seeking high levels of optimum stimulation are more willing to take risks, more likely to try new products and be innovative, and seek to maintain high optimum stimulation levels while shopping. A study of college students' tendency to purchase "mass customized" clothes (e.g., a pair of jeans that is specially measured, cut, and sewn so they offer a better fit or appearance) discovered that people with high OSL wanted to: 1. "experiment with personal appearance" (e.g., "I try on some of the newest clothes each season to see how I look in the styles"), and 2. "enhance their individuality" (e.g., "I try to buy clothes that are very unusual").

### Notes

OSL scores also reflect a person's desired level of lifestyle stimulation. For instance, consumers whose actual lifestyles are equivalent to their OSL scores said that they are "quite satisfied" with their lives, whereas those whose lifestyles are understimulated (i.e., their OSL scores are greater than their lifestyle) felt "bored." This suggests that the relationship between consumers' lifestyles and their OSLs probably influences their choices of products or services and how they manage and spend their time. For instance, a person who feels bored (an understimulated consumer) is likely to be attracted to a vacation that offers a great deal of activity and excitement. In contrast, a person who feels overwhelmed (an overstimulated consumer) is likely to seek a quiet, isolated, relaxing, and rejuvenating vacation.

#### Box 2.4 Overstimulated Consumer Segments and Marketing Thoughts on Spirituality

In an environment that is increasingly oriented toward hedonism and sensual gratification, spiritual gurus and institutions the world over are increasingly linking thoughts on spirituality to OSLs. While Indian spiritual texts are full of content that emphasizes the need to control sensual gratification through senses to achieve inner peace, this message is taking several forms—usually linking the degradation of the quality of life to too much hedonism. The Art of Living's messages of love and peace, ISKCON's messages on control of sensual gratification, and spiritual guru Deepak Chopra's writings trigger thoughts on the pressures of a successful but high-pressure lifestyle to achieve hedonism through materialism. In his Christmas message of 2009, the Archbishop of Canterbury mentioned that sexual advertising, the culture of independence, and the pressure to become performers from an early age drive children away from finer aspects of community living.

All these messages can be linked to overstimulated consumer segments who long for inner peace (rest or relief). There seems to a growing awareness on inner-directed tranquility among overstimulated consumers who are the primary target segments for several categories of consumer products. Perhaps these consumers will become less stimulated in the process of achieving the balance between spirituality and hedonism!

Source: "Children 'Rushed' into Growing Up, Says Archbishop," BBC World News, December 26, 2009.

#### Notes

#### Sensation Seeking

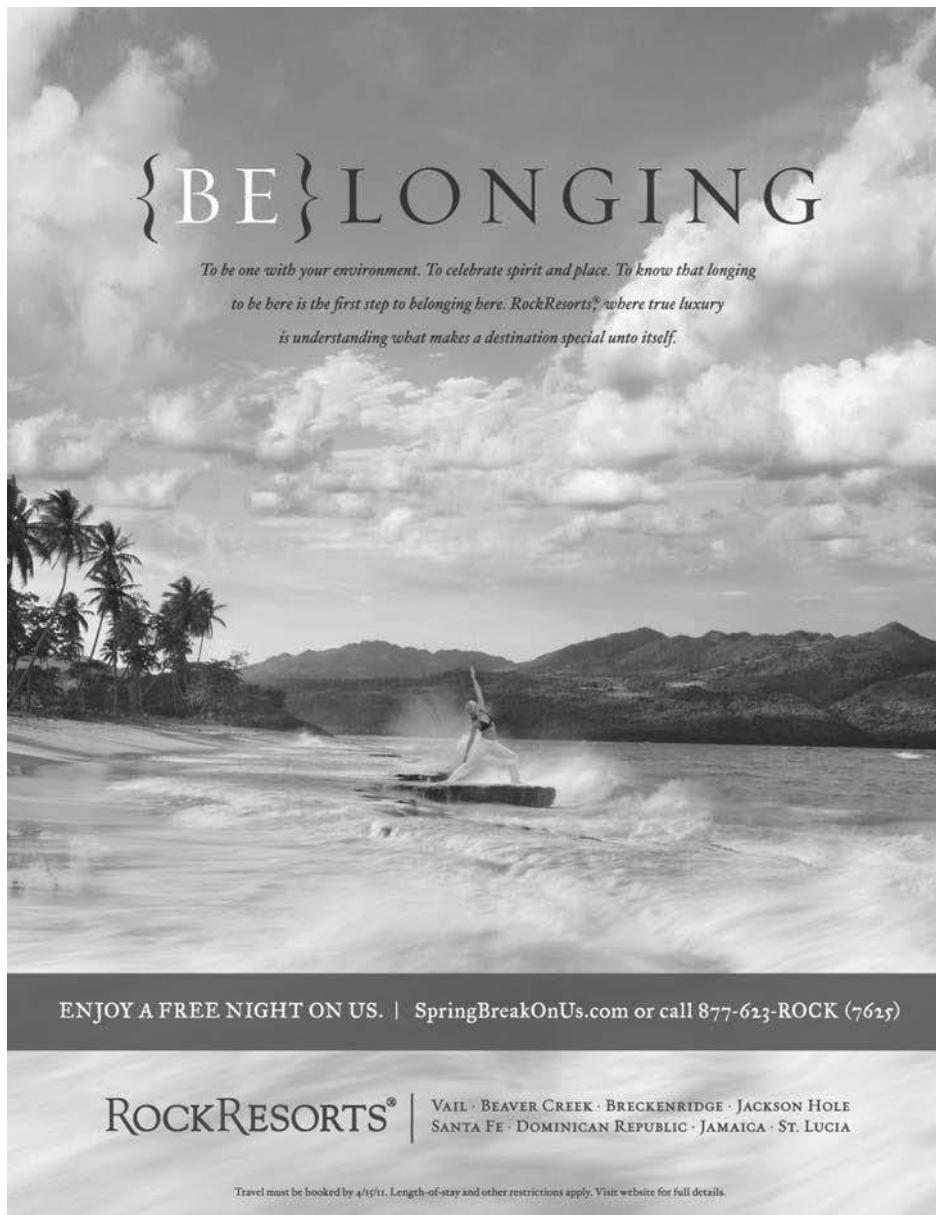
Closely related to the OSL concept is **sensation seeking**: one's need for varied, novel, and complex sensations and experiences, and the willingness to take risks for the sake of such experiences. For example, many teenage males with high sensation-seeking scores engage in "extreme sports" forms of biking, skateboarding, and rollerblading. One study discovered that consumers who scored high on sensation seeking and innovativeness were more likely to incorporate volunteerism into their vacations. The ad for Rock Resorts in Figure 2.11 displays the tagline "BE" as a cue for a sensual experience, and the ad's copy invites guests to "embrace the true spirit" and "secrets" of a special destination.

#### Variety and Novelty Seeking

Another trait similar to OSL is variety or novelty seeking. In consumer behavior, **variety and novelty seeking** consists of:

1. **Exploratory purchase behavior** includes switching brands to experience new, different, and possibly better alternatives.
2. **Vicarious exploration** consists of gathering information about new and different product alternatives and contemplating buying them.
3. **Use innovativeness** means using an already adopted product in a new or novel way.

Seeking variety is particularly relevant to technological products (e.g., smartphones), where many models offer an abundance of functions while others provide only basic features. For example, high variety-seeking consumers are likely to purchase the latest smartphones, whereas consumers with low variety-seeking are likely to stick with their existing phones.



**Notes**

Source: RockResorts

FIGURE 2.11 An Appeal to Sensation-Seeking Consumers

## Need for Cognition

A **need for cognition** (NFC) measures a person's craving for or enjoyment of thinking. Consumers who are high in NFC respond to ads that contain a lot of product-related information and descriptions, whereas consumers who are relatively low in NFC are attracted to the background or peripheral aspects of an ad, such as an attractive model or well-known celebrity. A study showed that including diagnostic product information in advertising (e.g., information that allows consumers to evaluate product quality and distinguish between brands) increased ad persuasion for high NFC consumers, but not for low NFC consumers. Along the same lines, another study found that individuals low in NFC accepted a marketer's recommended alternatives more readily than high NFC consumers did.

Need for cognition also plays a role in consumers' use of the Internet. Studies showed that high NFC persons were more likely than others to seek product information, current events, and

**Notes**

educational resources online. Other studies discovered that people high in NFC concentrated on the objectives of their planned online activities, whereas low-NFC persons were distracted by the vast amount of data on the Web and unable to focus on their intended online activities.

### Visualizers versus Verbalizers

Researchers found out that some people prefer the written word as a way of securing information, whereas others are influenced by images. **Verbalizers** prefer promotional messages containing a lot of written, textual, and verbal information. **Visualizers** are more receptive to pictorial images, and include:

1. **Object visualizers**, who encode and process images as a single perceptual unit.
2. **Spatial visualizers**, who process images piece by piece.

Individuals scoring high on object visualization tend to score low in spatial visualization, and vice versa. Furthermore, whereas visual artists generally excel in object imagery, scientists and engineers do best with spatial imagery.

Although most ads consist of both verbal and pictorial information, some ads are significantly more visual than others. The Yoplait ad in Figure 2.12 appeals mostly to visualizers; it conveys the yogurt's palatal "richness" with a picture and almost no text. The Listerine ad in



Source: Alisha Arif / Alamy Stock Photo

**FIGURE 2.12** An Appeal to Visualizers

**Notes**

If you have diabetes, using REACH® and LISTERINE® is more important than ever.

Did you know that diabetes slows down your natural healing process and makes it more likely for you to develop gum disease? That's why you need a line of oral care products designed to work together to help you maximize the health of your mouth. For unsurpassed plaque-removing ability, the clinical results for REACH® products and LISTERINE® Antiseptic speak for themselves. REACH® toothbrushes are proven to disrupt stubborn plaque, and with LISTERINE® ESSENTIAL CARE® paste, you'll get an extra boost of fluoride for fighting cavities. REACH® floss is proven to remove tough-to-reach plaque between teeth. And the liquid action of LISTERINE® Antiseptic kills germs throughout the rest of your mouth. Together REACH® and LISTERINE® add up to a cleaner, healthier mouth.

Use all products as directed. ©2012 P&G Inc. 2012

**REACH® LISTERINE®  
ANTISEPTIC**

FIGURE 2.13 An Appeal to Both Visualizers and Verbalizers

Figure 2.13 appeals to both visualizers and verbalizers; it includes a picture that clearly stands out, as well as a lot of verbal information about the product.

## Consumer Materialism

**Materialism** gauges the extent to which an individual is preoccupied with purchasing and showing off physical possessions that are mostly nonessential and often conspicuous luxury goods. A study that compared the extent of consumer materialism among young adults (aged 18 to 35) from China and their American counterparts discovered that the Chinese were more materialistic than the Americans. The study concluded that as the economic conditions in China improved, Chinese society accepted materialism readily. In contrast, as the U.S. economy became uncertain and volatile, young American consumers became more reserved and frugal.

Highly materialistic consumers define themselves by acquiring possessions. They value buying and showing off their belongings, are often self-centered and selfish, live cluttered lives, and often do not experience personal satisfaction or happiness from their possessions alone. In contrast, consumers who are less materialistic do not define themselves by what they possess and are more interested in seeking fulfilling experiences and enjoying them, often with others. They are not particularly impressed by what they and others have, but rather how they enjoy life. One study discovered that “tightwads” spend less than they had intended, because they felt discomfort about paying for their purchases. In contrast, “spend-thrifts” felt no discomfort about paying and typically spend more than they intended to. A Canadian study discovered that 25% of people who remembered dreams recalled dreams about buying things. In reality, many of the respondents thought about the products they dreamed about (and sometimes even sought more information about them), told others about their dreams, and even considered purchasing the products dreamt about. Table 2.8 profiles materialistic consumers.

**Notes****TABLE 2.8 Selected Characteristics of Materialistic Consumers**

- Consider purchasing “things” to be very important.
- Enjoy seeking out things that give them pleasure.
- Believe in the saying: “He (she) who dies with the most toys wins.”
- Define themselves by what they wear and possess.
- Believe that they feel better off than those who have fewer possessions.
- Enjoy treating themselves to new possessions.
- Feel more important when they go shopping for new things.

**Fixated Consumption**

In the context of consumer behavior, **fixated consumption** refers to collectors' and hobbyists' tendency to accumulate items that are related to their interests and show them off to friends and others with similar interests. People collect anything: from free items, such as matchbooks from hotels and restaurants they have visited around the world, to glass paperweights that cost thousands of dollars, vintage motorcycles and cars, art, and century-old wines. Fixated consumers share the following characteristics:

1. A passion for and interest in the category of what they collect.
2. Willingness to invest a lot of effort in adding to their collections.
3. Spending a lot of time and discretionary income searching and buying more items for their collections.
4. Aggressively competing in auctions.

**Compulsive Consumption**

**Compulsive consumption** is addictive and out-of-control buying that often has damaging consequences for both the compulsive shopper and those around him or her. Examples of compulsive consumption problems are uncontrollable shopping, gambling, drug addiction, alcoholism, and even eating disorders. Furthermore, the ease of online buying has made compulsive shopping more widespread. Research discovered that at least 75% of compulsive buyers are females. Compulsive shoppers purchase items that they do not need and often do not end up using, and many require psychological intervention in order to eliminate or even control severe compulsive shopping. Research suggests that easy availability of credit cards contributes to compulsive consumption behavior, especially among college students. Marketers must ensure that their promotional messages do not encourage irresponsible consumption. Table 2.9 lists several characteristics of compulsive consumers.

A child at a grocery store, seeing a candy jar within his reach, feels like having one and buys it to consume it. A consumer at Food World sees a brand of sweets and has an impulse to buy a box and share it with his or her family. A young teenager at Shoppers Stop sees a dress and has an uncontrollable desire to buy and wear it. The three consumers have a personality trait called impulsivity. Banwari Mittal *et al* provide three pre-requisites for such a purchase – proximity of stimulus, lack of evaluation of attributes (and a disregard for the consequences of the purchase), and a strong emotional surge towards the stimulus. The stimulus is the brand or the product category.

Forum Mall in Bangalore attracts thousands of youngsters during weekends. Ice-cream, jeans, branded apparel, and even watches can trigger impulsivity among some consumers (though such a compulsive purchase is generally limited to low-priced items). Availability of chocolates and magazines near the cash counter of shops (in modern retail) can also be

**TABLE 2.9 Illustrative Characteristics of Compulsive Consumers**

- Have an irresistible urge to shop as soon as they enter a shopping mall.
- Often buy products they do not need despite having little money left.
- They feel compelled to spend the money they have left at the end of a period.
- Feel others would be horrified if they knew about their shopping habits.
- Buy things although they cannot afford them.
- Buy things to make themselves feel better.
- Knowingly write checks that will bounce.

associated with triggers of impulsivity that may be present among a cross-section of consumers. The emotional pull towards the stimulus is an important aspect of impulsivity and every unplanned purchase may not be a compulsive buy. Four million new consumers are estimated to enter the western style liquor market in India every year.

Bacardi, Diageo and United Spirits are customers of Manjushree Technopack, a packaging provider that gets 25 % of its total sale from smaller packs. While miniature bottles may be introduced by brands for a variety of reasons, such a packaging may incidentally appeal to impulsive consumers as well.

### Notes

## Consumer Ethnocentrism

**Ethnocentrism** is the consumer's willingness to buy or not buy foreign-made products. Highly ethnocentric consumers feel that it is inappropriate or wrong to purchase foreign-made products, because of the resulting economic impact on the domestic economy, whereas nonethnocentric or less ethnocentric consumers tend to evaluate foreign-made products—ostensibly more objectively—for their extrinsic characteristics (e.g., "How good are they?"). A post-9/11 study found that Americans' ethnocentrism increased in the United States as a result of the 9/11 terrorist attacks and natural disasters. Research has also found that ethnocentrism varies by country and product. For example, Mexican consumers are more ethnocentric than their French and American counterparts; and Malaysian consumers, while preferring to purchase slacks, shirts, undergarments, and belts that are locally manufactured, want to buy imported sunglasses and watches. Other evidence shows that some older American consumers, in remembrance of World War II, still refuse to purchase German- and/or Japanese-made products, whereas some German and Japanese consumers feel similarly about American-made products.

Presently, due to globalization and multinational marketing, consumers may not know for sure whether a particular product is domestic or imported. For example, some of the models Toyota sells in the United States are manufactured in Japan, some in the United States, and others are in both countries. Several studies tried to classify products by their "degree of globalization," or "degree of cultural uniqueness." One study showed that, for some consumers, the "country of assembly" and the "country of design" played a role in deciding whether or not to purchase products. A study of business school students in New York City examined eight different products, from green tea to jazz music, to determine if they differ in terms of "degree of globalization," that is, the product's degree of cultural uniqueness.

Marketers successfully target ethnocentric consumers by stressing nationalistic themes in their promotional appeals (e.g., "Made in America" or "Made in France"), because these consumers are more likely to buy products made in their native lands. To illustrate the strategy of ethnocentric appeal, Honda, the Japanese automaker, in an indirect appeal to ethnocentric Americans, advertised that its Accord wagon is "Exported from America" (reinforcing the fact that some of its automobiles are made in the United States). However, a study examining the preferences of UK consumers across eight product categories found that domestic country bias (i.e., a preference for products manufactured in the consumer's country of residence) varied among product categories. This means that domestic manufacturers cannot always expect that local consumers will automatically prefer their offerings over imported ones. Furthermore, one research study found that low-knowledge consumers' product attitudes (i.e., the consumer has little knowledge about the product) have been more strongly influenced by country-of-origin perceptions than

### Box 2.5 Targeting the Ethnocentric Consumer

In India, Ruf-and-Tuf jeans is a good case of a brand attempting ethnocentrism. Consumers have been used to a number of foreign jeans brands. Arvind Mills, which launched Ruf-and-Tuf, found that the aspirational levels of consumer groups in semi-urban areas were high, but they could afford to buy only cheap clones or duplicates of well-known brands. There was a need for a good quality brand at affordable prices. Ruf-and-Tuf was launched with a celebrity endorsing it and the brand followed this up with a campaign that emphasized its ethnicity. The campaign was effective in ending the perception that only foreign brands have quality in the category of jeans. The brand was given penetration pricing, tailors were trained and roped in to sew the jeans (as against readymade jeans) and the product itself was presented in a unique manner (the fabric plus other accessories were given as a set). Though the discussion about the sustained success of this brand (as a fabric that needs to be tailored) is beyond this chapter's focus, the example reflects how marketing mix elements back a positioning based on positive ethnocentrism. Its tagline was therefore in Hindi and not in English: Buland Bharat ki Buland Tasveer—a strong portrayal of a strong India.

### Box 2.6 Value Paradox<sup>55</sup> and an Indian Brand –The Indian Context

Fairness creams in India are estimated to have a market of around ₹1500 crores (with men's market estimated to be around ₹500 crores and fairness appears to be a top priority as a criteria for brides). Racial discrimination based on skin color is looked down among most Indians, at least publicly. What is contradictory is that fairness creams in India are a rage and racial sentiments too are widely negated by consumers!

Such a behavior is referred to as value paradox – the contradiction between what an individual considers as desired versus what is desirable (values in real life versus values in an ideal life)

#### **Notes**

high-knowledge consumers' product attitudes. One study showed that highly ethnocentric Chinese consumers did not favor bilingual signs and messages (in Chinese and English) and were thus less likely to buy the advertised products.

#### **Personality and Color**

Consumers not only ascribe personality traits to products and services, but some also associate personality characteristics with specific colors. For instance, consumers associate Coca-Cola with red, which connotes excitement. Blue bottles are sometimes used to sell wine because the color blue appeals particularly to female consumers. Yellow connotes novelty and black sophistication. Brands can create a sophisticated, upscale, or premium image (e.g., Miller Beer's Miller Reserve) by using primarily black labeling or packaging. A combination of black and white communicates that a product is carefully engineered, high tech, and sophisticatedly designed. For instance, Nike produced shoes in black, white, and a touch of red for selected models of its sports shoes because this color combination connotes high performance. Many fast-food restaurants use combinations of bright colors, like red, yellow, and blue, for their roadside signs and interior designs because research discovered that consumers associate these colors with fast service and inexpensive food. In contrast, most fine restaurants use sophisticated colors like gray, white, shades of tan, or other soft, pale, and muted tones to underscore their classy environments and good service. Table 2.10 lists various colors, their personality-like meanings, and associated marketing insights.

### Box 2.7 India's Macho Bike

Bullet (from Royal Enfield Motors) is a 50-year-old brand of motorcycle. It has been traditionally associated with a macho image. While several brands are vying with one another on the aspects of contemporary styling and technology, Bullet has become the "Indian Harley-Davidson" among motorcycles. Passionate followers could create the right kind of "buzz" among the youth to make this brand a cult in a niche market. In 2007–08, the brand sold around 38,000 units.

Bullet's example reflects how perception plays a role in shaping the image of a brand in a competitive market in which brand image is vital. The brand has a right gear shift, when motorcycles the world over have moved to the left gear shift. The company has launched a new model with a different brand name, Thunderbird, to target upgraders from small bikes, while another model, the Bullet Machisma 500, targets young bikers. The brand does not advertise as aggressively as others in the market. This helps create its aura of being a prized product and also ensures word of mouth. The brand has done away with discounts, thereby not relating itself to price sensitivity. This strategy, along with the brand's past image, adds to the perception that consumers would buy the brand because they are passionate about the product and what it represents than because of a price deal. The company provides platforms to express this passion: Royal Enfield brand stores attempt to create an experience for prospective buyers. The Indiehumpers Club is a community formed by owners of the bikes and the company has a Web site to encourage online interaction among the owners to enhance affinity (another form by which buzz can spread quickly). The Web site has stories, problems, and solutions about the brand.

In a world that is getting ahead with functionality and benefits, heritage brands with symbolism rather than benefits can be created to hold the consumers' attention—if principles of perception are appropriately applied.

Source: All About Ads, NDTV Profit channel (interview with Prahla Kakkar), October 18, 2009.

**Box 2.8 Degrees of Personality Orientation**

Thums Up, Fastrack, and Lux are brands that had developed a strong brand personality association, while Sprite, Dettol, and Peter England are brands that had developed a moderate brand personality association. Horlicks, Krack, and Quaker Oats brands have a strong benefit orientation (as observed from the advertisements and brand imagery over a period of time). In the Indian context, marketers have a choice of implicit brand personality associations or explicit brand personality associations. There may be a need to decide why human associations are required for a brand in the context of competitive brands. There may also be categories that may have a strong personality association that may be used by brands to shape their associations or personality, if appropriate to the respective product category.

**TABLE 2.10 Personality Traits Associated with Colors**

COLOR	PERSONALITY LINK	MARKETING INSIGHTS
Blue	Commands respect, authority	<ul style="list-style-type: none"> <li>• America's favored color</li> <li>• IBM holds the title to blue</li> <li>• Associated with club soda</li> <li>• Men seek products packaged in blue</li> <li>• Houses painted blue are avoided</li> <li>• Low-calorie, skim milk</li> <li>• Coffee in a blue can perceived as "mild"</li> </ul>
Yellow	Caution, novelty, temporary, warmth	<ul style="list-style-type: none"> <li>• Eyes register it fastest</li> <li>• Coffee in yellow can tastes "weak"</li> <li>• Stops traffic</li> <li>• Sells a house</li> </ul>
Green	Secure, natural, relaxed or easygoing, living things	<ul style="list-style-type: none"> <li>• Good work environment</li> <li>• Associated with vegetables and chewing gum</li> <li>• Canada Dry ginger ale sales increased when it changed its sugar-free package from red to green and white</li> </ul>
Red	Human, exciting, hot, passionate, strong	<ul style="list-style-type: none"> <li>• Makes food "smell" better</li> <li>• Coffee in a red can perceived as "rich"</li> <li>• Women have a preference for bluish red</li> <li>• Men have a preference for yellowish red</li> <li>• Coca-Cola "owns" red</li> </ul>
Orange	Powerful, affordable, informal	<ul style="list-style-type: none"> <li>• Draws attention quickly</li> </ul>
Brown	Informal and relaxed, masculine, nature	<ul style="list-style-type: none"> <li>• Coffee in a dark-brown can was "too strong"</li> <li>• Men seek products packaged in brown</li> </ul>
White	Goodness, purity, chastity, cleanliness, delicacy, refinement, formality	<ul style="list-style-type: none"> <li>• Suggests reduced calories</li> <li>• Pure and wholesome food</li> <li>• Clean, bath products, feminine</li> </ul>
Black	Sophistication, power, authority, mystery	<ul style="list-style-type: none"> <li>• Powerful clothing</li> <li>• High-tech electronics</li> </ul>
Silver, Gold, Platinum	Regal, wealthy, stately	<ul style="list-style-type: none"> <li>• Suggests premium price</li> </ul>

Source: From "Color Schemes" by Bernice Kanner in *New York Magazine* 4/3/1989. Reprinted by permission of Bernice Kanner/New York Magazine.

**Learning Objective**

- 6 To understand the personification of products and brands and its strategic applications.

**Notes****Product and Brand Personification**

Earlier in this chapter, we introduced the notion of “product personality.” **Brand personification** occurs when consumers attribute human traits or characteristics to a brand. A “brand personality” provides an emotional identity for a brand, which produces sentiments and feelings toward the brand among consumers. For instance, consumers perceive Perdue chickens as very fresh, Nike as the athlete in all of us, and BMW as being performance driven. A brand’s personality can either be functional (“dependable and rugged”) or symbolic (“the athlete in all of us”). A distinct brand personality differentiates the brand from similar offerings, and creates favorable attitudes toward the brand, higher purchase intentions, and brand loyalty.

It may be worthwhile to consider both old and new examples of brand personality in the Indian context. For example, Raymond’s “complete man” image suggests a well-dressed, successful male who also values his relationships and the people in his life. Liril was one of the earliest brands to convey a brand personality with associations revolving around “refreshing, indulgent, and vibrant” aspects. Zodiac was probably one of the earliest brands in the ready-made apparel category to create a “corporate–executive” type of personality around its brand, with a bearded model reflecting sophistication. LML Vespa created a lifestyle positioning in scooters through a “suave, sophisticated, standing-apart-from-the-crowd” type personality association to break the “value-based, middle-class” personality association of its rival, Bajaj. In women’s ethnic wear (sarees), Vimal suggested an “other-directed, gregarious and charming” personality as against the “aloof, proud and classy” personality of the Garden Vareli brand. Lux, the soap brand from Unilever, has a contemporary orientation toward creating a brand personality that has overtones of glamor. Saffola Gold (edible oil), by using the visual of the housewife caring for her husband’s health, suggests a “sincere, warm, and caring” personality. Dettol’s floor cleaner, with its visual of the housewife taking care of her family, suggests a similar personality that is used in conjunction with the germ-killing action of the brand. Where celebrities are used in ads, the celebrity’s personality associations are likely to rub off on the brand. Thums Up, the soft drink brand, has over the years created a macho personality through its advertisements and this is reinforced by the characteristics of the celebrity who promotes the ad.

In India, there is a huge opportunity for brands in the durable categories to develop brand personality associations. Trust, dependability, and friendliness (ranging from product features to after-sales service) are some associations that can be built up in the Indian context among durable categories. Over the years, Santoor soap has used advertising visuals that suggest “charming youthfulness.” It is important for a brand to develop a personality and sustain it over time with contemporary changes, in tune with the changing environment. Over the last two decades, Santoor seems to have achieved this aspect effectively. The brand has a significant market share, too, in the category.

Research shows that of all the elements of the marketing mix, promotional messages have the greatest influence in creating a brand personality. One study explored dimensions of brand personality for products marketed by 64 American multinational corporations. It analyzed 270 websites of these corporations, in the United States, UK, France, Germany, and Spain, and discovered five underlying dimensions of brand personality: *excitement, sophistication, affection, popularity, and competence*.

Product and brand personifications are forms of **anthropomorphism**, which refers to attributing human characteristics to something that is not human. For example, a study focusing on anthropomorphized products found that the ease with which consumers could anthropomorphize a product was a function of how the product was advertised and the inclusion or absence of references to or depictions of human-like product features. Consumers perceived products presented as having human features more favorably than products without human attributes. One study investigated the relationship between brand personality and two human characteristics:

1. **Attachment anxiety**—the degree to which people are concerned about whether they are worthy of love.
2. **Avoidance anxiety**—one’s view of others in the context of attachment.

The study discovered that people who were preoccupied with their self-worth and had a negative view of people (i.e., high anxiety and high avoidance) preferred an *exciting* brand personality, whereas those with high anxiety and a favorable view of people (i.e., low avoidance) preferred a *sincere* brand personality. Many researchers have advised marketers to study the personality traits of their consumers before personifying their brands in promotional messages.

Consumers personify brands because marketers have given their offerings human characteristics through repetitive and effective advertising. For example, the M&M “person” (see

Figure 8.4) originated from asking consumers: "If an M&M (a chocolate-coated peanut variety) were a person, what kind of person would it be?" For decades, the M&M "person" has been one of America's best-loved and most widely recognized characters. The manufacturer of Mr. Coffee—an automatic-drip coffee maker—unexpectedly found that, in focus groups, consumers referred to Mr. Coffee as if it were a person, with such expressions as "he makes good coffee" and "he's got a lot of different models and prices." The brand's marketer then personified the machine and, in subsequent studies, discovered that consumers perceived Mr. Coffee as "dependable," "friendly," "efficient," "intelligent," and "smart." In several focus groups, participants described several well-known brands of dishwashing liquid as "demanding taskmasters" and "high-energy people." In another study, French young adults (aged 18 to 23) perceived Coca-Cola as friendly, creative, charming, and elegant (among other characteristics), and that such perceptions led to trust, attachment, and commitment to the brand.

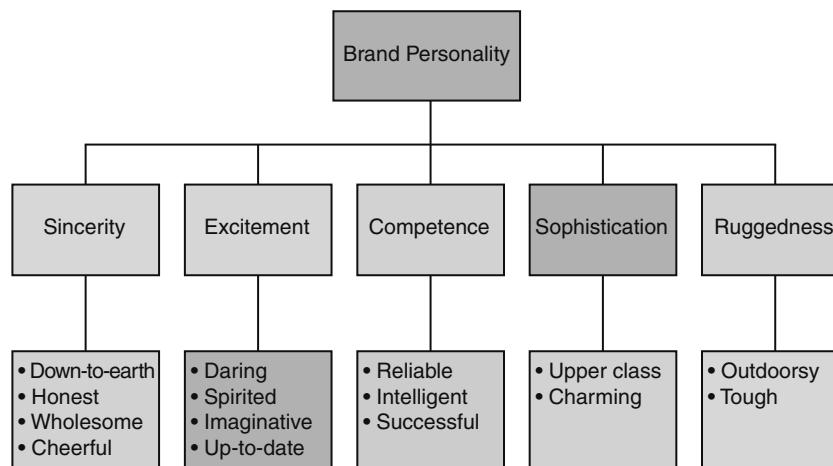
#### Box 2.9 Love Relationships and Brands

Sternberg's classification on relationships – originally developed towards interpersonal relationships – has interesting implications for Indian brands. While marketers in this era are using quantitative concepts like customer lifetime value, a brand manager also needs to be sensitive to the qualitative aspects of consumer behavior. Intimacy, commitment, and passion are some of the components that have been drawn from Sternberg's theory. Intimacy is how well a consumer knows his or her brand. Can this be applied to a luxury brand like Mont Blanc or to a beauty care brand like Lakme? Commitment is about long-term association and it may or may not have intimacy. A mother's commitment to a brand like Horlicks because she believes that the brand can make her children "Taller, sharper and stronger" – the proposition of the brand. Passion is all about emotional and physiological arousal and a brand like Red Bull fits in well on such a platform. Of course, each of these three elements can exist in isolation or with the other two in degrees depending upon how the brand associations are created and nurtured.

Some consumers become "brand zealots" and develop a relationship with brands beyond the functions of these products. An example of this behavior is VW Beetle owners who give their cars names, and who have been seen talking to their vehicles and affectionately stroking them. Another example is the Harley-Davidson motorcycle owners who go so far as to get Harley tattoos. One friend of the authors refers to his garbage disposal as "Garby," and calls his expensive cappuccino machine "Princessa," whom he usually praises for making a lot of froth and seldom rebukes for making too little.

Govers and Schoormans proposed the concept of product personality and stated that products or product variants defined by size, price, or appearance carry human associations (to be differentiated from the identity of a brand associated with a specific name). Let us see how this concept is applicable to the Indian context, where a large number of unbranded products exist in the unorganized sector. An unorganized offering is one that does not have a brand name, is sold within a small geographical area surrounding the place of manufacture and is generally low in price and quality as compared to branded offerings. Product categories that have a large chunk of their market in the unorganized sector include watches, biscuits, mineral water, apparel, footwear, small electrical appliances like heaters, fans, and edible oils. With mobile penetration proliferating across the country and the 3G introduction, it may be interesting to look at the differences between the perception of urban and rural consumers with regard to cell phones and, in a competitive clutter, a brand may benefit by identifying specific gaps in associations (with several cell phone brands competing vigorously, brand associations are important with regard to differentiation). There are only a few brands of electric cookers and the category itself is not very popular throughout the country. It may be useful for a marketer of electric cooker brands to analyze the personality of the category itself. Jewelry and perfumes are becoming uni-gender categories (Nivea and Rexona, among other cosmetic brands, have products for both genders) and, therefore, gaining consumer insights into product personality will be useful for marketers. Coffeemakers have not become diffused even in the southern parts of the country (traditionally constituting the largest part of the coffee drinking population) and product personality is likely to be useful when associations are developed for this category. Even in shampoos (a category with a slew of brands), product personality is likely to be useful. Dove's Hair Fall Therapy System (a variant that has "hair fall prevention" as its proposition) advertises its product and suggests that entrenched beliefs among consumers are used to strengthen the product's proposition. The TV advertisement shows a consumer using a wide-toothed comb and still finding that hair fall is considerable (it is a common belief that hair fall can also be caused by the use of a wrong

#### Notes

**Notes****FIGURE 2.14** A Brand Personality Framework

Source: *Journal of Marketing Research*, 1997. American Marketing Association

comb). The ad then goes on to illustrate the effectiveness of the product when the consumer uses a comb after using the product. This is a high-end product in the category in terms of its price point. Product personality under such a situation will also be useful in developing associations with regard to the product and its use aspects.

The framework in Figure 2.14, which has been applied to personifying many brands of consumer goods, depicts 5 underlying dimensions of a brand's personality—sincerity, excitement, competence, sophistication, and ruggedness—and 15 more narrowly defined characteristics, such as down-to-earth, daring, reliable, upper class, and outdoors.

### **Application 1: Brand Personality and Contradictions**

A brand that is associated with a specific personality (explicit or implicit) may not want to radically change its personality as it may have an adverse effect on the brand. Cadbury (molded bar version) during the eighties was positioned as a reward for children (child-like personality). Later, it was positioned to adults with adult imagery, projected amidst spontaneous enjoyment bordering on impulsive celebration of daily moments. When Cadbury introduced its Gold variant that had a permissive personality association (the TV ad showed a woman embarrassing men at a place like gymnasium), it may not have gone well with consumers.

### **Application 2: Brand Personality and Non-conspicuous Products**

BSH Home Appliances markets Siemens and Bosch brands of washing machines (a category that is relatively non-conspicuous) and other durables in the Indian market. As they compete in the same price band, brand personality is used to differentiate them in the perception of consumers. Siemens is projected as a future-oriented and innovative brand (its washing machine has the option of either a fast wash or the option of saving energy and water). Bosch is projected more as a sturdy (perhaps stable), value-minded, and peace of mind-oriented offering (security of good and hassle free working).

### **Product Personality and Gender**

A product's personality frequently endows products and brands with gender. For instance, Celestial Seasonings' Tracy Jones was given a feminine persona, whereas Mr. Coffee was given a masculine personality. Products' assigned genders vary by culture: In certain cultures, consumers may perceive coffee and toothpaste to be masculine products, whereas bath soap and shampoo are viewed as feminine. Another study examined the personality characteristics that Hispanic shoppers associate with well-known U.S. retailers. In focus groups conducted in Spanish in several American cities, researchers discovered that Hispanic consumers ascribed personality characteristics to retailers. For example, Walmart was frequently characterized as a detail-oriented, successful businesswoman; Old Navy was described as "a woman who is friendly and gardens"; and Sears as "an elegant man driving an expensive car."

## Product Personality and Geography

Consumers associate some brands with geographic locations (e.g., New England clam chowder), and such associations often enhance their memory and the likeability of brands. Interestingly, geographic brand names can be either real or fictitious. For example, Philadelphia Cream Cheese is actually made in Illinois, but many consumers associate it with a city known for its historical role in the founding of the United States. Whether the brand's association with a location is real or fictitious, the perceived location's image enhances the brand's equity. Although Texas Best Barbecue Sauce is made in New Jersey, many Americans associate barbecue with Texas. Similarly, the Old El Paso brand of salsa capitalizes on the Mexican influence in the Southwest. The product is made in Minneapolis, but a brand of salsa named Twin Cities Salsa (i.e., Minneapolis/St. Paul) just does not have the same cachet.

### Notes

## Website Personality

As consumers navigate the Internet, many of them become emotionally attached to certain websites. A recent study identified four personality characteristics of websites: (1) *intelligent* (i.e., searchable, comprehensive, fast, and concise); (2) *fun* (i.e., colorful, attractive, interactive, and dynamic); (3) *organized*; and (4) *sincere* (i.e., straightforward and down-to-earth). These findings suggest that incorporating personality traits into the design of websites can generate more favorable attitudes among visitors and more clicks on the site's pages.

## The Self and Self-Image

**Self-image** represents the way a person views herself or himself. Perceptions of self are often related to the purchases of products and services, because consumers often select products that are consistent with their self-images and enhance them. In fact, consumers have multiple "selves," because people act differently in different situations. For instance, a person is likely to behave in different ways with parents, at school, at work, at a museum opening, or with friends at a nightclub.

Each individual has an image of himself or herself as a certain kind of person, with certain traits, skills, habits, possessions, relationships, and behaviors. One's self-image originates in a person's background and experience. Many products and brands have symbolic value for individuals because their images are consistent with the ways these people perceive themselves, and consumers buy offerings that are congruent with their self-image and avoid products and brands that are not. A recent study uncovered an interesting correlation between food consumption and self-image. Apparently, as Americans are becoming larger, because of consuming increasingly larger portions and too much food, many people who are overweight see themselves as being of normal or average weight.

Consumer behavior researchers identified four components of self-image:

1. **Actual self-image** is the way consumers see themselves;
2. **Ideal self-image** is how consumers would like to see themselves;
3. **Social self-image** is how consumers feel others see them; and
4. **Ideal social self-image** is how consumers would like others to see them.

Consumers select the type of self-image that guides them in the context of buying situations. For instance, with everyday household products, consumers might be guided by their actual self-images, whereas for some socially enhancing or socially conspicuous products, they might be guided by their social self-images. When it comes to an important and strong personal goal or wish, like losing weight and feeling better about oneself and one's appearance, people are often guided by either their ideal self-images or ideal social self-images.

The concept of self-image has strategic implications for marketers. For example, companies can segment their markets on the basis of relevant self-images and then position their products or services as symbols of such. These strategies reflect the marketing concept: Marketers study the needs of a consumer segment (with respect to both the product category and as the product's or brand's reflection of self-image) and then develop and market an offering that meets both criteria. Jockey—a marketer of undergarments—recognizes the importance of self-image.

### Learning Objective

- 7 To understand self-image and its impact on consumer behavior.

### Notes

**Notes****The Extended Self**

Consumers' possessions can confirm or extend their self-images. For instance, acquiring a sought-after pair of "vintage" Levi jeans might enrich a teenager's self-image, because she might see herself as being more desirable, fashionable, and successful when she wears those pants. Researchers suggested that possessions are extensions of self in the following ways:

1. **Actually**, by allowing the person to do things that otherwise would be very difficult or impossible to accomplish (e.g., problem solving by using a computer).
2. **Symbolically**, by making the person feel better (e.g., being considered the "best dressed" at work).
3. **Conferring status or rank**, for example, being an art collector and owning a rare and well-known masterpiece.
4. **Feelings of immortality** by leaving valuable bequests after death.

Titan Raga and Edge are examples to reflect how brands are associated with the finer aspects of Extended Self

For example, in Figure 2.15, Titan Raga stands for beauty, femininity and sensuality. These values make their way into its exquisite timepieces and reflect in its communication. Probably, this is why the brand has evolved from being associated with special occasions to one that celebrates the special moments in a woman's life.

The Titan Edge, as shown in Figure 2.15, is an ode to perfection and excellence. It epitomizes the ultimate in mastering an art. Simply put, it expresses – there is no other.



Source: Titan

**FIGURE 2.15** Brands and Extended Self

## Altering the Self

Sometimes consumers wish to change or improve their selves. Clothing, grooming aids or cosmetics, accessories (such as sunglasses, jewelry, tattoos, or even colored contact lenses), and makeovers offer consumers opportunities to enhance their appearance and thereby alter their selves. In using self-altering products, consumers frequently attempt to express their new selves or take on the appearances of particular types of people (e.g., a military person, physician, business executive, or college professor).

Personal vanity is closely related to both self-image and alteration of the self. Vanity is often associated with acting self-important, self-interested, or admiring one's own appearance or achievements. Researchers discovered two types of vanity: (1) *physical vanity*, which is excessive concern with or inflated view of one's physical appearance; and (2) *achievement vanity*, which is excessive concern with or inflated view of one's personal achievements. They found that both vanity types correlated with a high level of materialism, high use of cosmetics, concern with clothing, and importance of belonging to prestigious country clubs. Table 2.11 lists several characteristics of vain people. From a marketing viewpoint, these features indicate that vain consumers: (1) are a lucrative market for personal care and beauty products; (2) welcome promotional messages showing that they attract others' attention; and (3) are receptive to promotional messages featuring personal achievement.

### Notes

## Application 1: I and Others

Sheena Iyengar, in *The Art of Choosing*, says that consumers of iPod felt that their own choice of the brand was more due to utilitarian aspects as compared to other consumers who were more inclined to choose it for social reasons. Such an observation provides several interesting propositions to marketers of luxury brands in the Indian context. While the self-concept of a consumer gets enhanced in the perception of others in terms of status and prestige, the consumer may be fully aware of such a benefit but may continue to believe that such luxury products or brands are bought for utility purposes.

Is it due to the guilt of buying expensive brands? Or is it an ego-defensive mechanism that one is not so irrational to buy an expensive brand? The Indian luxury market across categories has been experiencing a high growth in the recent years and exploration of self-concepts should be useful to marketers.

## Application 2: Multiple-selves and Branding

Self-concepts were used innovatively by Philips when it marketed its male grooming kits. "Who U Gonna Be Today" effectively sold the offerings as it depicted a celebrity, John Abraham, in different styles. It perhaps appealed to differing personalities associated with different self-concepts (not to the extent of contradicting one another).

## Application 1: Brands, Actual Self, and Ideal Self

Special K cereals (from Kellogg's), with the proposition of weight loss, targeted consumers who would like to slim down. The brand was endorsed by a celebrity who looked fit. The company's Wheat flakes variant showed a housewife who gets over her everyday fatigue by consuming the brand. The ad showed that the housewife would be cheerful to go about the domestic chores if the brand is consumed. Pond's anti-ageing cream suggested that a lady who is noticing wrinkles should use the offering. The ads get linked with the "journey" of the respected target segment from actual self to ideal self and to some extent to the self-concepts associated with social self too. The variations in self-concepts need not necessarily be used with an aspiration-based approach.

With changing lifestyles, a family eating together seems to have become an infrequent practice, at least in urban markets. Cadbury introduced a *Meetha Dinner* contest with the ad caption, "A family that eats together stays together". Such an approach can be related to the ideal self-concept of individual members of a family who may long for such family bonding.

## Application 4: Reality to a State of Altered Reality

Self-concepts can be used in several ways by marketers. When a brand of fairness cream carries an aspiration-based appeal that targets middle class girls, the brand may be closer to reality. "Give in to your passion of jewelry" was an ad from the jewelry brand Gitanjali that is also close to reality, appealing to the self-concept of consumers who may want to indulge in the product category of consumption or buying.

Kaya, the beauty care brand, advertised itself on the following lines – "Every beautiful woman you've envied now wants to be you". This may still be closer to reality as it addresses such a self-concept. Yamaha's new bike FZ S advertised itself as "This new year let your bike rule the streets" (Lord of the street). The metaphor of using Lord and perhaps equating it with the feeling the rider may experience as he rides the vehicle on the street is an example of how the concept of the state of altered reality can be used in advertising, taking into consideration the self-concept of the target segment.

## Application 5: Actual Self and Ideal Self, and Brand Appeals

Although different types of self-concepts can be used in different ways by marketers, it may be interesting and insightful to know how ideal and actual self-concepts can be differentiated. Ideal self-concepts are applied when a brand would like consumers to recall the attributes and benefits when they choose brands that are in tune with their actual self-concepts (how they perceive themselves actually). A consumer who considers himself sophisticated and classy may choose Hermes brand of accessories. The same consumer may choose a brand that enhances his self-esteem when he chooses a brand of car. He may choose a Hummer brand of car as he perceives that the "adventure/off the road" association enhances his image in the presence of his friends. Fair & Lovely is for a teenager's "ideal self" of looking fair versus the choice of Hamam brand that is tune with her actual self-concept of being amidst the traditional family. Self-schemas seem to be impacting the preferences of consumers.

## Application 6: Brand Proposition for a Global Brand

Snickers is positioned in 50 countries as a snack for hunger (basic universal need). In India, the brand had positioned itself with a TV commercial that had a set of cricketers going for practice experiencing hunger and had the tagline "You are not you when you are hungry". This is the usage of malleable-self that includes several self conceptions of a consumer like actual self, bad self and "not me" self.

## Application 7: Perception and Its Importance for Brands

Dove's campaign on real beauty shows the importance of actual self (how a consumer perceives herself) and social self (how others perceive her). With the growing importance of personal appearance as a reflection of self-esteem, consumers seem to place importance on social self-concept (how others perceive our appearance rather than how we actually perceive ourselves). Dove's campaign showed an artist painting images of women with their own description of themselves (actual or ideal perception of the self) and comparing it with images of these women based on their description provided by someone else (social actual or ideal self- concept of others perceiving the consumer). The women who had been sketched find that the description of other's self-concept (social self) related to them were much better than the images they had described about themselves. The campaign suggested that others' self-concept (social self) mattered much more than how a consumer perceives herself in terms of appearance (actual or ideal self).

This does not mean that consumers do not have strong actual or ideal self-concepts. It is interesting to note that the Swiss watch brand Raymond Weil (offerings in the range of ₹45,000 to ₹8 lakhs) does not use a brand ambassador as it would like to appeal to a consumers who has an "independent personality and who is capable of making choices with a hunger for precision" (indicating strong actual or ideal self-concept that matters to the Raymond Weil consumer).

**TABLE 2.11** Illustrative Characteristics of Vain Persons

- Always want to look their best.
- Always concerned with their appearance.
- Believe that others notice and envy their looks.
- Believe that others find them sexually appealing.
- Obsessed with personal achievements.
- Want their achievements to be highly regarded by others.
- Believe that they are a good example of success.
- Believe that others wish they were as successful as them.

**Notes**

## Summary

**Learning Objective 1:** To understand the dynamics of motives, needs, and goals and how they shape consumer behavior.

Motivation drives consumers to take action by producing a psychological tension caused by unfulfilled needs. Individuals strive to reduce this tension through selecting goals and subsequent behavior that they anticipate will fulfill their needs and thus relieve them of the tension they feel. There are two types of human needs: Physiological needs are innate and fulfilling them sustains life. They include the need for food, water, air, protection of the body from the outside environment (i.e., clothing and shelter), and sex. Psychological needs are learned from our parents, social environment, and interactions with others. Among many others, they include the needs for self-esteem, prestige, affection, power, learning, and achievement. Goals are the sought-after results of motivated behavior; all human behavior is goal oriented and focused on satisfying physiological and psychological needs. Need-driven human activity never ceases because: (1) Needs are never fully satisfied; they continually cause actions designed to attain or maintain satisfaction. (2) As needs are satisfied, new and higher-order needs emerge, cause tension, and induce activity. (3) People who achieve their goals set new and higher goals for themselves.

**Learning Objective 2:** To understand motivation theories and their applications to consumer behavior.

Human beings share the same biogenic and similar psychological needs. However, different people assign different priorities to psychological needs. Maslow's hierarchy-of-needs theory proposes five levels of human needs: physiological needs, safety needs, social needs, egoistic needs, and self-actualization needs. Other needs widely integrated into consumer advertising include the needs for power, affiliation, and achievement.

**Learning Objective 3:** To understand how to identify and measure motives.

There are self-reported and qualitative methods for identifying and measuring human motives, and researchers use these

techniques in tandem to assess the presence or strength of consumer motives. Motivational research and its current extended form (commonly referred to as qualitative research) seek to delve below the consumer's level of conscious awareness, and identify underlying needs and motives. Quantitative research has proved to be of value to marketers in developing new ideas and advertising copy appeals. Self-reported measures of motives consist of presenting written statements to respondents and asking respondents to indicate how relevant each statement is to them.

**Learning Objective 4:** To understand the scope of personality and theories of its development.

Personality consists of the psychological characteristics that both determine and reflect how a person responds to his or her environment. Although personality tends to be consistent and enduring, it may change abruptly in response to major life events, as well as gradually over time. Three theories of personality are prominent in the study of consumer behavior: psychoanalytic theory, neo-Freudian theory, and trait theory. Freud's psychoanalytic theory provides the foundation for the study of motivational research, which operates on the premise that human drives are largely unconscious in nature and motivate many consumer actions. Neo-Freudian theory tends to emphasize the fundamental role of social relationships in the formation and development of personality. Trait theory focuses on empirical measures of personality in terms of specific psychological characteristics, called traits, that set one person apart from another.

**Learning Objective 5:** To understand how innovativeness and other personality traits influence consumer behavior.

Trait theory postulates that individuals possess innate psychological traits (e.g., innovativeness, novelty seeking, need for cognition, materialism) to a greater or lesser degree, and that these traits can be measured by specially designed scales or inventories. Several personality traits are solidly related to innovativeness: dogmatism, social character (i.e., inner- versus other-directedness), and the need

for uniqueness. These personality traits, as well as others (such as optimum stimulation level, sensation seeking, variety or novelty seeking, need for cognition, visualizer or verbalizer status, consumer materialism, fixated consumption, compulsive consumption, and consumer ethnocentrism) strongly affect consumption behavior and understanding them enables marketers to develop effective persuasive strategies.

**Learning Objective 6:** To understand the personification of products and brands and its strategic applications.

Some consumers attribute human-like qualities to products and brands. Marketers who study and understand the meaning of such product and brand personalities can use them to shape consumers' responses to promotional messages and enhance their emotional connections to products and brands. A product's personality frequently endows products and brands with gender. Consumers associate some brands with geographic locations, and such associations often enhance their memory and

likeability of brands. Many consumers who are heavy Internet users become emotionally attached to certain websites, and several researchers have studied the ascribing of personality traits to websites.

**Learning Objective 7:** To understand self-image and its impact on consumer behavior.

Each individual has a perceived self-image (or multiple self-images) that is an expression of his or her traits, habits, possessions, and relationships. Consumers frequently attempt to preserve, enhance, alter, or extend their self-images by purchasing brands that appeal to their self-image(s), and also by shopping at stores that they perceive as consistent with their relevant self-image(s). Consumer behavior researchers identified four components of self-image: (1) actual self-image, (2) ideal self-image, (3) social self-image, and (4) ideal social self-image. Understanding the dimensions of self-image enables marketers to design effective promotional messages targeting various segments.

## Review and Discussion Questions

- 2.1. Discuss the statement "Marketers don't create needs; needs preexist marketers." Can marketing efforts *change* consumers' needs? Why or why not? Can they *arouse* consumer needs? If yes, how?
- 2.2. Consumers have both innate and acquired needs. Give examples of each kind of need and show how the same purchase can serve to fulfill either or both kinds of needs.
- 2.3. List the innate and acquired needs that would be useful in developing promotional strategies for the following products and explain how they would be useful: (a) global positioning devices, (b) sunglasses that can be customized online, and (c) smartphones.
- 2.4. Why are consumers' needs and goals constantly changing? What factors influence the formation of new goals? Apply the concepts of needs and goals to the introduction of a new program by your college or university.
- 2.5. How can marketers use consumers' failures at achieving goals in developing promotional appeals for specific products and services? Give examples.
- 2.6. For each of the following products, select one level from Maslow's hierarchy of human needs. Describe how you would use the need you selected in promoting the product to a market segment of your choice. The products are: e-readers, expensive shoes, and vacation homes.
- 2.7. What are the advantages and disadvantages of using Maslow's needs hierarchy in segmentation and positioning?
- 2.8. a. How do researchers identify and measure human motives? Give examples.  
b. Does motivational research differ from quantitative research? Discuss.  
c. What are the strengths and weaknesses of motivational research?
- 2.9. How would you explain the fact that, although no two individuals have identical personalities, personality is sometimes used in consumer research to identify distinct and sizable market segments?
- 2.10. Contrast the major characteristics of the following personality theories: (a) Freudian theory, (b) neo-Freudian theory, and (c) trait theory. In your answer, illustrate how each theory is applied to the understanding of consumer behavior.
- 2.11. Describe personality trait theory. Give five examples of how personality traits can be used in consumer research.
- 2.12. Research has found that the target market selected by the maker of a digital camera consists primarily of individuals who are other-directed and also have a high need for cognition. How can the camera's marketer use this information in promoting its product?
- 2.13. Describe the type of promotional message that would be most suitable for each of the following personality market segments, and give an example of each: (a) highly dogmatic consumers, (b) inner-directed consumers, (c) consumers with high optimum stimulation levels, (d) consumers with a high need for recognition, and (e) consumers who are visualizers versus consumers who are verbalizers.
- 2.14. Is there likely to be a difference in personality traits between individuals who readily purchase foreign-made products and those who prefer American-made products? How can marketers use the consumer ethnocentrism scale to segment consumers?
- 2.15. A marketer of health foods would like to segment its market on the basis of self-image. Describe how the marketer can use actual self-image and ideal self-image to do so.

## Hands-on Assignments

- 2.16.** Find two advertisements that depict two different defense mechanisms (Table 2.2) and discuss their effectiveness.
- 2.17.** Find three advertisements that illustrate the needs for power, affiliation, and achievement and discuss their effectiveness. (Each advertisement should depict one of the three needs.)
- 2.18.** Find two examples of ads that are designed to arouse consumer needs and discuss their effectiveness.
- 2.19.** Interview three friends about their favorite leisure-time activities. Do your leisure-time preferences differ from those of your friends? Which personality traits might explain why your preferences are different from or the same as those of your friends, and how so?
- 2.20.** Find three print advertisements that illustrate concepts from Freudian personality theory and discuss how they do so.

## Key Terms

- Achievement need 38
- Actual self-image 59
- Affiliation need 38
- Aggression 33
- Aggressive individuals 44
- Anthropomorphism 26
- Approach objects 31
- Avoidance objects 31
- Brand personification 26
- Compliant individuals 44
- Compulsive consumption 52
- Daydreaming 33
- Defense mechanisms 32
- Detached individuals 44
- Dogmatism 46
- Ego 43
- Egoistic needs 36
- Ethnocentrism 45
- Fixated consumption 52
- Freudian theory 42
- Frustration 32
- Goals 30
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- Id 43
- Ideal self-image 59
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- Identification 33
- Inner-directed 46
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- Need for cognition (NFC) 49
- Need for uniqueness 46
- Needs 26
- Neo-Freudian theory 44
- Optimum stimulation level (OSL) 47
- Other-directed 46
- Personality 26
- Physiological needs 29
- Power need 37
- Product-specific goals 30
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- Safety and security needs 36
- Self-actualization need 36
- Self-image 59
- Self-reported measures of motives 39
- Sensation seeking 48
- Social needs 36
- Social self-image 59
- Superego 43
- Thematic Apperception Test 40
- Trait theory 44
- Variety and novelty seeking 48
- Verbalizers 50
- Visualizers 50
- Withdrawal 33
- Word association method 39

## Notes

## Multiple-choice Questions

- 2-1.** The goals which are outcomes that consumers seek in order to satisfy physiological and psychological needs are:
- A.** Product-specific
  - B.** Customer-specific
  - C.** Market-specific
  - D.** Generic
- 2-2.** An individual may react to a frustrating situation with childish or immature behaviour termed as:
- |                           |                      |
|---------------------------|----------------------|
| <b>A.</b> Aggression      | <b>B.</b> Regression |
| <b>C.</b> Rationalization | <b>D.</b> Withdrawal |
- 2-3.** Maslow's hierarchy of needs which rank in order of importance from lower-level needs to higher-level needs are:
- A.** Physiological Needs, Safety and Security Needs, Social Needs, Ego Needs, Self-Actualization
  - B.** Self-Actualization, Social Needs, Ego Needs, Physiological Needs, Safety and Security Needs
  - C.** Physiological Needs, Social Needs, Ego Needs, Safety and Security Needs, Self-Actualization
  - D.** Safety and Security Needs, Self-Actualization, Physiological Needs, Social Needs, Ego Needs
- 2-4.** Which is the need that is very similar to Maslow's social need and suggests that behaviour is strongly influenced by the desire for friendship, acceptance and belonging?
- |                       |                       |
|-----------------------|-----------------------|
| <b>A.</b> Achievement | <b>B.</b> Power       |
| <b>C.</b> Security    | <b>D.</b> Affiliation |
- 2-5.** Which type of individuals are those who move against others and desire to excel and win admiration are?
- |                      |                     |
|----------------------|---------------------|
| <b>A.</b> Submissive | <b>B.</b> Compliant |
| <b>C.</b> Aggressive | <b>D.</b> Detached  |
- 2-6.** Hedonic factors implies on:
- A.** relating to feeling gratified by using the innovation.
  - B.** reflecting interest in the performance of an innovation.
  - C.** reflecting the desire to be recognized by others because of one's pursuit of innovations
  - D.** expressing the mental stimulation experienced by using an innovation
- 2-7.** Personality traits associated with colour red are:
- A.** Commands respect, authority
  - B.** Caution, novelty, temporary, warmth
  - C.** Regal, wealthy, stately
  - D.** Human, exciting, hot, passionate, strong
- 2-8.** The consumer's willingness to buy or not buy foreign-made products is termed as:
- A.** Anthropocentrism
  - B.** Ethnocentrism
  - C.** Theocentrism
  - D.** Monoculturalism
- 2-9.** The Thematic Apperception Test was developed by:
- A.** Abraham Harold Maslow
  - B.** Carl Gustav Jung
  - C.** Gordon Willard Allport
  - D.** Henry A. Murray
- 2-10.** Exploratory purchase behavior:
- A.** includes switching brands to experience new, different, and possibly better alternatives
  - B.** of gathering information about new and different product alternatives and contemplating buying them.
  - C.** using an already adopted product in a new or novel way
  - D.** means buying products based on the previous products performance

**Answer Keys:** 2-1. D 2-2. B 2-3. A 2-4. D 2-5. C 2-6. A 2-7. D 2-8. B 2-9. D 2-10. A

## Notes

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## Notes

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# 3

## Consumer Perception

### Learning Objectives

- 1 To understand the elements of perception and their role in consumer behavior.
- 2 To understand why consumers process only a small amount of the information they receive.
- 3 To understand how consumers organize consumption-related information.
- 4 To understand why and how consumers "add" biases to stimuli and the implications of this tendency for marketing.
- 5 To understand the elements of consumers' imagery.
- 6 To understand how consumers determine the quality of products and services.
- 7 To understand consumers' perceived risks and how they handle and reduce those risks.

**P**erception is the process by which individuals select, organize, and interpret stimuli into a meaningful and coherent picture of the world. It can be described as "how we see the world around us." Two individuals may be exposed to the same stimuli, but how each person recognizes, selects, organizes, and interprets these stimuli is a highly individual process based on each person's own needs, values, and expectations.

Consumers act and react on the basis of their perceptions, not on the basis of reality. For each individual, "reality" is a totally personal phenomenon, based on that person's needs, wants, values, and personal experiences. Thus, to the marketer, consumers' perceptions are much more important than their knowledge of objective reality. For if one thinks about it, it's not what actually *is* so, but what consumers *think* is so, that affects their actions and their buying habits. And, because individuals make decisions and take actions based on what they perceive to be reality, it is important that marketers understand the notion of perception and its related concepts to determine more readily what factors influence consumers to buy. As shown in Figure 3.1, Lifebuoy has always been at the forefront of saving lives through its promise of germ kill over the decades. In this particular campaign, Lifebuoy spreads the message on how washing hand with soap can help prevent flu and 10 such other infections during monsoons.

Later on, we explain the concept of the **just noticeable difference (JND)**, which maintains that any changes in logos and packages must be within certain "limits" in order to ensure that consumers still recognize the items instantly after the changes. Coca-Cola packaged regular Coke in snow-white cans. Many consumers complained that the holiday can was confusingly similar to Diet Coke's silver cans, and the company brought back the familiar, red can immediately. Coca-Cola's white can was above the JND, which resulted in consumer confusion and complaints.



Source: Hindustan Unilever Limited

**FIGURE 3.1** Lifebuoy

### Box 3.1 Perception and B2B Marketing

Perception is not just confined to consumer products. Intel was perceived by the makers of smart phones and tablets as a chip that was consuming excess power as compared to the ones made by Samsung or Texas Instruments. The company had introduced the chip "Medfield" to get over the competitive situation.

## The Elements of Perception

Perception is all about consumers' *subjective* understandings and not *objective* realities. Altering subjective "wisdom" is difficult, or even impossible. For instance, for decades, Science Diet—sold mostly in specialty stores and priced quite high—has been the premier dog and cat food because it was based on the claims that, following scientific laboratory research, the food included vitamins, grains, and other special ingredients. However, in recent years, consumers' preferences changed and pet owners became fond of pet foods that mimicked their own diets, such as natural and organic foods. At this point, Science Diet's claim of engineered nutrition became a liability and its sales sharply declined. The brand's marketer responded with Science Diet Nature's Best, the ingredients of which included lamb, brown rice, soybean meal, and apples. Still, the new offering did poorly because consumers continued to perceive Science Diet as an artificial and unnatural product.

### Learning Objective

- To understand the elements of perception and their role in consumer behavior.

### Application 1: Attention Getting is a Prerequisite to Consumers' Perception

Attention occurs when we notice a stimulus and the attention may be voluntary or involuntary. Attention is a prerequisite for perception to take place. The Times of India Bangalore edition dated February 17, 2013 carried an ad that made use of the concept of attention associated with perception.

The first page reports a spate of fire accidents. Most readers were likely to at least spend a few seconds on this front page. Immediately, when the page is turned, there is an ad for Eureka Forbes's FIREGUARD (a gas-based offering that could be used to extinguish fires) with a mild fear appeal.

Moving the consumer from involuntary to voluntary attention on an important issue has been well conceptualized by the brand. It may be recalled that almost three decades back the brand Ceasefire, a similar offering, had made an impact in the market.

## Application 2: Technology and Branding at the Point of Sale

United Breweries handles Heineken beer in India where alcohol is a media dark industry. Technology, attention, sensory inputs, and contrast – with regard to sense of sound – were brought together by the brand at the point of sale when it launched the "Voice in the head" campaign.

When a consumer enters the retail outlet, he or she cuts a beam, sensors are set off, and an audio track starts playing. It subsequently stops if the consumer leaves the area. The consumer is attracted by the involuntary attention – music stops (contrast occurs through the stoppage of audio when he leaves the area ear marked for the audio) and keeps him wondering about the source of the audio. The brand had achieved 100% growth during the promotion.

### Notes

Nevertheless, changing a brand image, or **repositioning**, is necessary. For example, for decades, Chevrolet was positioned as an American icon, with such slogans as "See the USA in Your Chevrolet," Heartbeat of America," and "Baseball, Hot Dogs, Apple Pie and Chevrolet." As GM started to sell the brand globally, it needed a new slogan that would create a united, global perception of the brand. The first new slogan it tried was "Chevy Runs Deep," but this tagline proved to be mundane and unexciting. Subsequently, GM began to advertise Chevrolet under the slogan "Find New Roads," which the company believes to be exciting, flexible, and also easily translated into other languages. Interestingly, the Chevrolet brand name is not included in the new tagline.

Raw sensory input by itself does not produce or explain the coherent picture of the world that most adults possess. Indeed, the study of perception is largely the study of what we subconsciously add to or subtract from raw sensory inputs to produce our own private picture of the world. Human beings are constantly bombarded with stimuli during every minute and every hour of every day. The sensory world is made up of an almost infinite number of discrete sensations that are constantly and subtly changing. According to the principles of sensation, intensive stimulation "bounces off" most individuals, who subconsciously block (i.e., adapt to) a heavy bombardment of stimuli. Otherwise, the billions of different stimuli to which we are constantly exposed might confuse us and keep us perpetually disoriented in a constantly changing environment. However, neither of these consequences tends to occur, because perception is not a function of sensory input alone. Rather, perception is the result of two different kinds of inputs that interact to form the personal pictures—the perceptions—that each individual experiences. One type of input is physical stimuli from the outside environment; the other consists of people's expectations, motives, and what they have learned from previous experiences. The combination of these two very different kinds of input produces for each of us a very private, very personal picture of the world. Because each person is a unique individual, with unique experiences, needs, wants, desires, and expectations, it follows that each individual's perceptions are unique. This explains why no two people see the world in precisely the same way.

Individuals are very selective as to which stimuli they "recognize"; they subconsciously organize the stimuli that they do recognize according to widely held psychological principles, and they interpret such stimuli (give meaning to the stimuli) subjectively in accordance with their personal needs, expectations, and experiences. The following sections examine each of these three aspects of perception: the selection, organization, and interpretation of stimuli.

## Application 1: Dissociation of a Brand Name (Brand Revitalizing)

Bajaj, a legendary name in two-wheelers, decided to remove its brand name Bajaj to connect with the "new age" buyers, both in India and abroad (global strategy was the focus of the company). The company had two successful brands, Pulsar and Discover. Reinforcement and revitalizing strategies involve consumer perception.

Allen Solly introduced "Color Lab" by which a consumer can choose his "signature colors" and the brand will dye the clothes for him (this association also reinforces the associations of individuality with the brand). Clinic Plus has always been about mother-daughter association and the brand in the recent times shows the mother as the enabler and not as a protector in its ads (the core association has been maintained with a progressive change).

## Application 2: Perception is the Anchor for Branding

Sheena Iyengar provides an interesting study that illustrates the role of perception among consumers, even with regard to mundane products. One blind study among consumers in New York reported that a majority of consumers preferred tap water to the expensive mineral water brand, Evian. The next stage of the study was conducted in a restaurant where consumers were offered several brands of mineral water with brand names like L'eau du Robinet and Mount Fuji with the waiter explaining the benefits of these brands. Consumers described the mineral water as being "crisper and smoother", ignorant of the fact that they were all tap water with such names. And L'eau du Robinet in French means tap water!

### Sensory Input

**Sensation** is the immediate and direct response of the sensory organs to stimuli. A **stimulus** is any unit of input to any of the senses. Examples of stimuli (i.e., sensory inputs) include products, packages, brand names, advertisements, and commercials. **Sensory receptors** are the human organs (the eyes, ears, nose, mouth, and skin) that receive sensory inputs. Their sensory functions are to see, hear, smell, taste, and touch. All of these functions are called into play, either singly or in combination, in the purchase, use, and evaluation of consumer products. Human sensory sensitivity refers to the experience of sensation. Sensitivity to stimuli varies with the quality of an individual's sensory receptors (e.g., eyesight or hearing) and the amount (or intensity) of the stimuli to which he or she is exposed. For example, a blind person may have a more highly developed sense of hearing than the average sighted person and may be able to hear sounds that the average person cannot. Figure 3.2 shows an ad for the Mitchell Eye Centre that humorously depicts the consequences of fuzzy vision.

### Notes

## Application 1: Hedonism-the Sensory Trigger

A study published in *Archives of General Psychiatry* has interesting implications for consumer behavior. The study used physiological observations of portions of the brain (such approaches are also used in neuro-marketing too). It was concluded that individuals eating chocolates and individuals taking narcotics reflect the same flashes with regard to the portions of their brains (concerned with "self control" and "cravings" regions of the brain).

Essentially, this translates into hedonism (consumption pleasure associated with sensory organs). A consumer who is used to a typical taste of a brand of chocolate (for instance, Cadbury) can get addicted to it. On an extended plane, sensory experiences that are processed by the brain to a greater level (A. R. Rahman's music, for instance) may also be able to create such "cravings". Hedonism and brand loyalty is likely to be researched at a greater depth in the days to come, especially with regard to fast moving consumer goods (FMCG) categories.

## Application 2: Culture and Sensory Branding

Indian culture offers several interesting examples of sensory branding. Good Night mosquito coils (smoking away insects), the expectations of consumers on "heat generating" properties of pain balms (like Moov or Iodex), the stinging feel and pungent odor of antiseptic lotions (like Dettol's) and bathroom phenyl (especially the black phenyl) and the strong or *kadak* nature of tea are some interesting examples from the Indian context. Culture and sensory aspects provide valuable insights to marketers.

### Application 3: Involuntary Attention and Brand Awareness

Volkswagen, in collaboration with The Times of India, created the world's first "speaking newspaper".

Thousands of newspaper readers heard audio messages about the Volkswagen Vento model when they opened the page containing the advertisement of the brand. Capturing attention was taken to new heights by this endeavor.

### Application 4: Sensation-Sensory Aspects of Experience and Brand Associations

In an effort to widen the "goodness of coconut" perception, Parachute had extended its proposition (and the brand) to skin lotion category. One of the prerequisites of the skin care category was that the fragrance would not be associated with coconuts (sense of smell). Hence, in order to create a sensual experience, the brand had worked on the packaging design and brand communication (sensual experience being enhanced through visuals).

#### Notes



Source: Alberta Eye Centre

FIGURE 3.2 Sensory Input: Mitchell Eye Centre

Sensation itself depends on energy change within the environment where the perception occurs (i.e., on differentiation of input). A perfectly bland or unchanging environment, regardless of the strength of the sensory input, provides little or no sensation at all. Thus, a person who lives on a busy street in midtown Manhattan would probably receive little or no sensation from the inputs of such noisy stimuli as horns honking, tires screeching, and fire engines clanging, because such sounds are so commonplace in New York City. In situations in which there is a great deal of sensory input, the senses do not detect small changes or differences in input. Thus, one honking horn more or less would never be noticed on a street with heavy traffic.

**Notes**

As sensory input *decreases*, however, our ability to detect changes in input or intensity *increases*, to the point that we attain maximum sensitivity under conditions of minimal stimulation. This accounts for the statement, “It was so quiet I could hear a pin drop.” The ability of the human organism to accommodate itself to varying levels of sensitivity as external conditions vary not only provides more sensitivity when it is needed, but also protects us from damaging, disruptive, or irrelevant bombardment when the input level is high.

Most marketing communications appeal to sight and sound. However, smell and touch also represent considerable opportunities for targeting consumers. The importance of smell in communication was strongly supported by two Americans who developed a scientific explanation of how people associate memories with smells (and won the 2004 Nobel Prize in Physiology for this work), as well as other studies demonstrating the impact of fragrance on product and store choices. Scented strips have been part of perfume ads for years, but have also been used by other marketers: for example, scented stickers with coffee aromas were placed on the front page of a daily newspaper, and the scent of chocolate cookies was emitted from ads for milk placed in bus stops. Recognizing that the use of an ambient scent in a retail environment enhances the shopping experience for many consumers and makes the time they spend examining merchandise, waiting in line, and waiting for help seem shorter than it actually is, stores like Abercrombie & Fitch use strong fragrances throughout their facilities. One study discovered that product scent enhanced memory of the product more than ambient scent (i.e., scent in the environment when the product is sold). In addition, when a product was scented, memory of the nonscent-related attributes of the product also increased.

Regarding the sense of touch, several studies indicated that touching a product influences persuasion and that touching could be used as a persuasive tool. Another example of increasing sensory input is to add more merchandise and create more clutter in existing spaces. For example, during periods where consumers feel reluctant to spend money, Dollar General raised the height of its standard shelves and Best Buy tested carrying bigger items, such as bicycles and Segways, to fill in the space created by thinner TVs and smaller speakers.

A sound, like a picture, may be “worth a thousand words.” As shown in Table 3.1, many companies have invested large amounts of resources in designing products and packages that emit just the right audio sensory input, after studying how consumers perceive the volumes and pitches of sounds.

### The Absolute Threshold

The lowest level at which an individual can experience a sensation is called the **absolute threshold**. The point at which a person can detect a difference between “something” and “nothing” is that person’s absolute threshold for that stimulus. To illustrate, the distance at which a driver can note a specific billboard on a highway is that individual’s absolute threshold. Two people riding together may first spot the billboard at different times (i.e., at different distances); thus, they appear to have different absolute thresholds. Under conditions of constant stimulation, such as driving through a “corridor” of billboards, the absolute threshold increases (i.e., the senses tend to become increasingly dulled). After an hour of driving through billboards, it is doubtful that any one billboard will make an impression. Hence, we often speak of “getting used to” a

**TABLE 3.1 Sensory Audio Input and Product Perception**

**PRODUCT SOUND AND ITS CONSUMER MEANING**

Snapple	Consumers perceive the sound of the “pop” as an indicator of product safety. When the company came up with the right snap sound, it was able to eliminate the plastic seal around the bottle’s cap.
VW Jetta	The car door’s “thump” is an indication of quality. The company played and mentioned the door thump in ads for a new model.
Mascara	Consumers perceive the sound and duration of the “click” heard when taking the cover off as indicators of quality.
Eye shadow	A more pronounced “click” heard when opening the compact case symbolizes higher quality.
Tip markers	Consumers like the “screech” because it represents “boldness.”
Tampons	Realizing that women dislike opening tampon packages that omit sound, P & G redesigned the product’s packaging. The plastic’s “crinkle” was carefully balanced and the new adhesive strip makes no sound when opened.
Spray bottle	Method made the nozzle of its spray bottle almost indistinguishable because consumers perceive a quiet nozzle as an indicator of quality.

**Notes**

hot bath, a cold shower, or the bright sun. As our exposure to the stimulus increases, we notice it less. **Sensory adaptation** is “getting used to” certain sensations; that is, becoming accommodated to a certain level of stimulation and becoming less able to notice a particular stimulus.

Sensory adaptation is a problem that concerns many national advertisers, which is why they try to change their advertising campaigns regularly. They are concerned that consumers will get so used to their current print ads and TV commercials that they will no longer “see” them; that is, the ads will no longer provide sufficient sensory input to be noted. In an effort to cut through the advertising clutter and ensure that consumers perceive their ads, some marketers try to increase sensory input—and sometimes, marketers’ efforts backfire. For example, the FCC approved rules that require cable operators and TV stations to quiet louder-than-normal TV commercials.

As another example, following consumers’ complaints, most department stores have eliminated the roaming spritzers of perfume who, for decades, have been spraying fragrances in stores’ aisles assuming that consumers would buy a fragrance after getting a whiff.

Many of the promotional methods aimed at increasing sensory input take the form of ambush marketing or experiential marketing.

### Ambush Marketing

**Ambush marketing** consists of placing ads in places where consumers do not expect to see them and cannot readily avoid them. Examples include brand names stamped on eggs in a supermarket, featured on video screens in taxis, placed in subway tunnels between stations, or featured on doctors’ examination tables. Other examples are placing giant, fake pieces of advertised sushi on an airport’s baggage carousel; featuring brands on the bottom of the trays where consumers place small personal items during security checks at airports; ads on dry cleaners’ shirt boxes; and projecting ads on the sides of large buildings at night in large cities. Additional locations where ads are not expected but have been featured include inside urinals in men’s restrooms, on muffin displays, and on the hoods of cars as attendants filled them with gas. Vanilla paired with jasmine aromas were placed in apartments for sale in a Las Vegas condo and scents were added to the handles of men’s shaving razors.

### Experiential Marketing

**Experiential marketing** allows customers to engage and interact with brands, products, and services in sensory ways in order to create emotional bonds between consumers and marketing offerings. Examples of this method include consumers’ opportunities to closely examine NASCAR’s race cars in Times Square, New York City, and Ford asking car owners to hold house parties where guests could see, sit in, and even drive the cars. In an innovative promotion of its Stove Top stuffing brand, during one winter month, Kraft Foods heated several Chicago bus stops featuring ads for the brand. The objective was to convey the product’s “warmth” to waiting passengers.

### The Differential Threshold

The minimal difference that can be detected between two similar stimuli is called the **differential threshold** or the **just noticeable difference (JND)**. A nineteenth-century German scientist named Ernst Weber discovered that the JND between two stimuli was not an absolute amount, but an amount relative to the intensity of the first stimulus. **Weber’s law**, as it has come to be known, states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. For example, during economic downturn, consumers become very price sensitive and are likely to note even small changes in price. However, during such times, companies feel a squeeze on their profit margins because people are doing more with less. For example, most leading brands of tea, detergents, shampoo, lotions and chocolates in India have been adjusting the weight of different stock keeping units, taking into consideration the price rise. This is to ensure that the reduction in the respective weight of the stock keeping unit is not readily noticeable to consumers.

### The JND’s Implications for Product Pricing and Improvement

Weber’s law has important applications in marketing. Manufacturers and marketers endeavor to determine the relevant JNDs for their products for two reasons. First, they want to prevent changes (e.g., reductions in product size or quality, or increases in product price) from becoming readily discernible to the public (i.e., remain below the JND). Second, they want to ensure that product improvements (e.g., improved or updated packaging, larger size, or lower price) are very apparent to consumers, but without being wastefully extravagant (i.e., they are at or just above the JND).

When it comes to product improvements, marketers very much want to meet or exceed the consumer’s differential threshold; that is, they want consumers to readily perceive any improvements



Source: PEPSI and the Pepsi Globe are registered trademarks of PepsiCo, Inc. Used with permission

**FIGURE 3.3** Changes in the Pepsi Symbol

made in the original product. Marketers use the JND to determine the amount of improvement they should make in their products. Improvements below the JND will not be perceived and will hurt the credibility of a marketer promoting the product as “new and improved.” For example, when Apple came up with some new products for which it claimed sharper displays, many consumers were disappointed because, apparently, the improvements were below the JND and therefore unperceived. However, when Apple introduced Retina Displays, they were hailed as a breakthrough technology because the improvements were far above the JND and easily noticeable.

### Notes

#### The JND'S Implications for Logos and Packaging

Marketers often want to update their existing package designs without losing the recognition of loyal consumers. They usually make a number of small changes, each carefully designed to fall below the JND so that consumers will perceive only minimal difference between succeeding versions. For example, Figure 3.3 shows Pepsi, as a youth brand, has made itself contemporary and relevant to the times by bringing in appropriate changes in its logo, but the basic elements of the symbol changed only minimally from one update to the next, in order to maintain continuous consumer recognition.

Figure 3.4 illustrates how Xerox, during its more than 100-year history, updated the company's logo many times. However, the logo was always updated carefully, with the JND in mind and without moving too drastically away from the previous logo that consumers readily recognized.

Marketers who do not consider the impact of the JND when introducing new logos may anger their loyal customers. For example:

1. Within a few days after introducing its new logo in several stores, The Gap received negative comments expressing resentment from customers. The firm immediately brought back its well-known and liked logo. Apparently, the new logo was too far beyond the JND of many consumers and too great of a change in The Gap's visual identity.
2. On its fortieth anniversary, the Starbucks name was removed from its logo, leaving only a more stylish illustration of the green mermaid. The company also revealed two future evolutions of its logo to be introduced, successively, on its fiftieth and sixtieth anniversaries. In spite of initial complaints from consumers, the company did not bring the old logo back. Apparently, although the change is clearly above the JND, Starbucks' management believes that, as time passes, consumers will accept it.

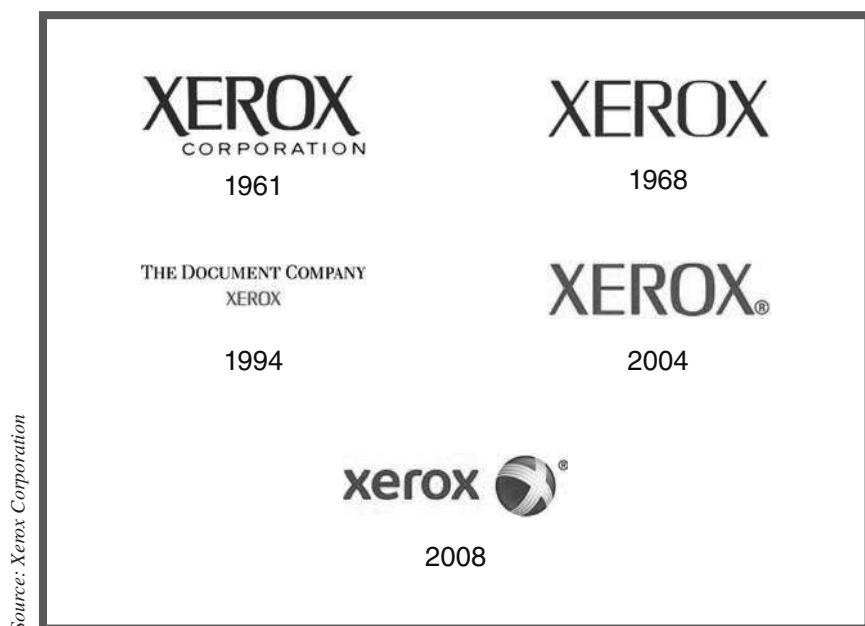


FIGURE 3.4 Changes in the Logo of the Xerox Company

**Notes**

be consciously seen or heard may nevertheless be strong enough to be perceived by one or more receptor cells. This process is called **subliminal perception**, because the stimulus is beneath the threshold, or “limen,” of conscious awareness, though obviously not beneath the absolute threshold of the receptors involved.

The effectiveness of so-called subliminal advertising was reportedly first tested at a drive-in movie theater in New Jersey in 1957, where the words “Eat popcorn” and “Drink Coca-Cola” were flashed on the screen during the movie. Exposure times were so short that viewers were unaware of seeing any message. It was reported that during the six-week test period, popcorn sales increased 58% and Coca-Cola sales increased 18%, but these findings were later reported to be false. Years later, it was discovered that although the simple subliminal stimulus “COKE” served to arouse thirst in subjects, the subliminal command “DRINK COKE” did not have a greater effect, nor did it have any behavioral consequences.

Despite the many studies of subliminal persuasion, there is no evidence that subliminal advertising persuades people to buy goods or services. A review of the research indicates that subliminal perception has no effect on attitudes toward products and consumption behavior, and that most of its effects were “researched” in highly artificial situations. A study done in a laboratory setting, supports this conclusion. Subjects were asked to keep a running total of numbers flashed on a screen, where they were also exposed to images of either IBM or Apple logos, shown at a speed faster than could be consciously seen. The subjects then performed a creativity exercise. The subjects subliminally exposed to the Apple logo scored higher on the creativity test than those exposed to the IBM logo or to no logo at all. Some interpret these results to mean that a brand can make you perform better. For example, if you wear a swimsuit worn and endorsed by a champion swimmer, you will swim faster. Others argue that the results of the experiment simply mean that a subliminal stimulus may trigger certain associations and motivations, but not necessarily lead to different behavior. However, there is tangential indication that subliminal advertising may reduce antisocial behavior, such as that subliminal anti-shoplifting messages broadcasted in malls may lower shoplifting rates. However, there is no credible evidence that such advertising can get consumers to engage in shopping—a voluntary and pleasant behavior.

Over the years, there have been sporadic reports of marketers using subliminal messages in efforts to influence consumption behavior. For example, in 1995, Disney was accused of using subliminal messages in the movies Aladdin (where the hero allegedly whispers “good teenagers, take off your clothes” in a subaudible voice) and The Lion King (where the letters “S-E-X” are allegedly formed in a cloud of dust). At times, it has been difficult to separate truth from fiction regarding such alleged manipulations. When some of the subliminal methods were tested methodically using scientific research procedures, the research results did not support the notion that subliminal messages can persuade consumers to act in a given manner.

- For decades, Tropicana’s brand symbol for its premium juice packaging has been an orange with a straw in it. Then, a new logo was introduced, depicting a large glass of orange juice. Apparently, the change was above the JND. Consumers complained, saying that they could no longer find their beloved premium orange juice in supermarkets and that the new package was similar to inexpensive store brands.

### Subliminal Perception

Chapter 3 described how motivation sometimes occurs below one’s level of conscious awareness. People can be “stimulated” below their level of conscious awareness as well. That is, they can perceive stimuli without being consciously aware that they are doing so. Stimuli that are too weak or too brief to

As to sexual embeds, most researchers are of the opinion that “what you see is what you get”; that is, a vivid imagination can see whatever it wants to see in just about any situation. And that pretty much sums up the whole notion of perception: Individuals see what they want to see and what they expect to see.

## Perceptual Selection

Subconsciously, consumers are very selective when exposed to stimuli. An individual may look at some things, ignore others, and turn away from still others. In actuality, people receive (i.e., perceive) only a small fraction of the stimuli to which they are exposed. Consider, for example, a woman at a Whole Foods Market. She may be exposed to more than 30,000 products of different colors, sizes, and shapes; to perhaps 300 people (looking, walking, searching, talking); to smells and tastes (from fruit, meat, and sample displays); to sounds within the store (audio announcements, music, cooking demonstrations); and many other stimuli. Yet she manages on a regular basis to visit the store, select the items she needs, pay for them, and leave, all within a relatively brief period of time, without losing her sanity or her personal orientation to the world around her. This is because she exercises *selectivity* in perception.

Which stimuli get selected depends on two major factors, in addition to the nature of the stimulus itself: (1) consumers' previous experience as it affects their expectations (what they are prepared, or “set,” to see), and (2) their motives at the time (their needs, desires, interests, and so on). Each of these factors can increase or decrease the probability that a stimulus will be perceived.

### The Stimulus

Physical stimuli that affect consumers' perceptions of products and evoke attention include the product itself, its attributes, package design, brand name, advertisements, and commercials (including copy claims, choice and sex of model, positioning of model, size of ad, and typography), and placement of promotional messages within the advertising space. Ads that contrast with their environments are very likely to be noticed. The use of a dramatic image of the product against a white background with little copy in a print advertisement, the absence of sound in a commercial's opening scene, an ad appearing where consumers do not expect it—all offer sufficient contrast from their environments to achieve differentiation and merit the consumer's attention.

Contrast is one of the most attention-compelling attributes of a stimulus. Advertisers often use extreme attention-getting devices to achieve maximum contrast and, thus, penetrate the consumer's perceptual “screen.” The Crest ads in Figure 3.5 illustrate a good use of contrast. They evoke contrast because they show two objects—cherries and coffee—colored in white, which is an inaccurate. Crest's benefit comes through clearly: Eating cherries or drinking coffee stains teeth and Crest can remove such stains. Other forms of contrast are unexpected and unrealistic images.

Shocking and unrealistic images provoke attention. The ads in Figure 3.6 are from a campaign created by the Children's Defense Fund, an advocacy group. It depicts the potential tragic, long-term costs of cutting government-financed initiatives for children. One ad depicts a pregnant woman whose head is that of an infant girl and explains that cutting just \$4,000 of Medicaid and food stamps from a girl in a low-income home is likely to get her to drop out of school. Then, the teenager might become pregnant, which will cost taxpayers a lot of money because the government pays huge sums for teen pregnancies. A second ad shows a tattooed man in a prison cell, whose head is that of an infant boy. The ad warns that eliminating early education investments now increases the infant's chances of going to prison later by up to 39%, and paying for that imprisonment will cost taxpayers nearly three times more per year than the cost of the child's education. The images of combining infant faces with adult bodies are shocking and make the ads highly noticeable.

### Expectations

People usually see what they expect to see, and what they expect to see is usually based on familiarity, previous experience, or a set of expectations. In a marketing context, a person tends to perceive products and product attributes according to his or her own expectations. A student

### Learning Objective

- 2** To understand why consumers process only a small amount of the information they receive.

### Notes



Source: (Left &amp; Right) The Procter &amp; Gamble Company

**FIGURE 3.5** Contrasts Provoke Attention: Crest Removes Stains from Teeth**Notes**

who has been told by his friends that a particular professor is interesting and dynamic will probably perceive the professor in that manner when the class begins; a teenager who attends a horror movie that has been billed as terrifying will probably find it so. Sometimes, stimuli that conflict sharply with expectations receive more attention than those that conform to expectations. One study found that people who believed that they had prepared the dishes they tasted rated the food almost twice as high as others who tasted the same food but did not prepare it. These results have implications for many “I made it myself” products. Marketers should stress the self-preparation aspects in all the promotions for those products, because such statements are likely to enhance their customers’ satisfaction.

For years, some marketers have used blatant sexuality in advertisements for products to which sex is not relevant, in the belief that such advertisements would attract a high degree of attention. However, ads with irrelevant sexuality often defeat the marketer’s objectives, because readers tend to remember the sexual aspects of the ad (e.g., the innuendo or the model), but not the product or brand advertised. Nevertheless, some advertisers continue to use erotic appeals in promoting a wide variety of products, (see Chapter 7).

**Box 3.2 Shock Advertising**

Shock advertising (shockvertising) can be used by brands to *get attention* in a cluttered environment. It basically refers to using unusual and unexpected stimuli to gain the attention of consumers. Benetton’s “Unhate” Campaign in which US President Obama and Hu Jintao, the then Chinese president, were shown kissing each other is an example. MR Coffee and Tuff shoes of the yesteryear are brands that used sexual innuendos to gain the attention of consumers.



Source: Gonzales Photo / Alamy Stock Photo

**FIGURE 3.6** Shocking Images Induce Attention: Children's Defense Fund

### Notes

## Motives

People tend to perceive the things they need or want: The stronger the need, the greater the tendency to ignore unrelated stimuli in the environment. A student who is looking for a new cell phone provider is more likely to notice and read carefully ads for deals and special offers regarding such services than his roommate who is satisfied with his present cellular service. In general, there is a heightened awareness of stimuli that are relevant to one's needs and interests and a decreased awareness of stimuli that are irrelevant. An individual's perceptual process simply attunes itself more closely to those elements in the environment that are important to him or her. Someone who is overweight is more likely to notice ads for diet foods; a sexually repressed person may perceive sexual symbolism where none exists.

Marketing managers recognize the efficiency of targeting their products to the perceived needs of consumers. For example, a marketer can determine through marketing research what different segments of consumers view as the ideal attributes of the products they need and wish to purchase. The marketer can then segment the market on the basis of those needs, and vary the product advertising, so that consumers in each segment will perceive the product as meeting their own special needs, wants, or interests.

## Selective Perception

As the preceding discussion illustrates, the consumer's selection of stimuli from the environment is based on the interaction of expectations and motives with the stimulus itself. **Selective exposure** occurs when consumers *tune into* messages that they find pleasant or with which they are sympathetic, and they *actively avoid* painful or threatening ones. They also selectively expose themselves to advertisements that reassure them of the wisdom of their purchase decisions.

Consumers exercise a great deal of selectivity in terms of the attention they give to commercial stimuli. **Selective attention** is consumers' *heightened* awareness of stimuli that meet their needs or interests and *minimal* awareness of stimuli irrelevant to their needs. Thus, consumers are likely to note ads for products that would satisfy their needs and disregard those in

**Notes**

which they have no interest. People also vary in terms of the kinds of information in which they are interested and the form of message and type of medium they prefer. Some people are more interested in price, some in appearance, and some in social acceptability. Some people like complex, sophisticated messages; others like simple ones.

**Perceptual defense** takes place when consumers subconsciously *screen out* stimuli that they find psychologically threatening, even though exposure has already taken place. Thus, threatening or otherwise damaging stimuli are less likely to be consciously perceived than are neutral stimuli at the same level of exposure. Furthermore, individuals sometimes unconsciously distort information that is not consistent with their needs, values, and beliefs. One way to combat perceptual defense is to vary and increase the amount of sensory input. For example, because surveys showed that most smokers no longer pay attention to the written warning labels on cigarette packs, some laws now require tobacco firms to feature graphic health warnings on cigarette packs and vary the text of these messages.

Consumers often protect themselves from being bombarded with stimuli by “blocking” some stimuli from conscious awareness. They do so out of self-protection, because of the visually overwhelming nature of the world in which we live. The popularity of such devices as TiVo and DVRs, which enable viewers to skip over TV commercials with great ease, is, in part, an outcome of individuals’ quest for avoiding exposure to unwanted stimuli, such as commercials.

### Box 3.3 Attention, Contrast, and Consumer Perception of Brand Personality Distinctiveness

Recent research has demonstrated the impact of the subconscious on brand choice in a new direction associated with consumer behavior. There are brands in categories in which consumers are not highly involved (on relative terms) like chocolates, soft drinks, floor cleaners, and snacks. Would you like and choose Bingo brand of snack because

- 1) These brands are advertised together in a media?
- 2) The “fun and cheerful” like personality of the brand is distinctive from the floor cleaner brands like Domex, Dettol, and Lifebuoy hand-wash that all have a “killer’s” (germ killing action) personality?

The answer seems to be yes. Exposure to multiple brands across categories, when they are advertised together, can have far reaching effects on the choice of a focal brand (in the illustration, it is Bingo). And this happens through consumers’ attention (perhaps involuntary, as they just see a spate of ads during a program without any specific intent to watch them) and also the contrast observed by the consumer with regard to the personality associations of the brands they are viewing.

### Learning Objective

- 3 To understand how consumers organize consumption-related information.

### Perceptual Organization

People do not experience the numerous stimuli they select from the environment as separate and discrete sensations; rather, they tend to organize them into groups and perceive them as unified wholes. Thus, the perceived characteristics of even the simplest stimulus are viewed as a function of the whole to which the stimulus appears to belong. This method of perceptual organization simplifies life considerably for the individual. The principles underlying perceptual organization are often called **Gestalt psychology** (in German, “Gestalt” means “pattern or configuration”). Three of the basic principles of perceptual organization are figure and ground, grouping, and closure.

### Figure and Ground

The term **figure and ground** refers to the interrelationship between the stimulus itself (i.e., figure) and the environment or context within which it appears (i.e., ground). As noted earlier, stimuli that contrast with their environment are more likely to be noticed. A sound must be louder or softer, a color brighter or paler. The simplest visual illustration consists of a figure on a ground (i.e., background). The figure is perceived more clearly because, in contrast to its ground, it appears to be well defined, solid, and in the forefront. The ground is usually

**Notes**

perceived as indefinite, hazy, and continuous. The common line that separates the figure and the ground is generally attributed to the figure rather than to the ground, which helps give the figure greater definition. Consider the stimulus of music. People can either “bathe” in music or listen to music. In the first case, music is simply background to other activities; in the second, it is the figure. Figure is more clearly perceived because it appears to be dominant; in contrast, ground appears to be subordinate and, therefore, less important.

Prior experiences affect how figure and ground pattern are perceived. For example, a short time following the destruction of the World Trade Center on September 11, 2001, by hijacked airplanes, one of the authors came across an ad for Lufthansa (Germany's national airline) that featured a flying jet, photographed from the ground up, between two glass high-rise buildings. Rather than focusing on the brand and the jet (i.e., the figure), all the viewer could think about was the two tall glass towers in the background (i.e., the ground), and the possibility of the jet crashing into them. When the author presented the ad to his students, many expressed the same thoughts. Clearly, this figure–ground reversal was the outcome of the painful events that occurred in September 2001.

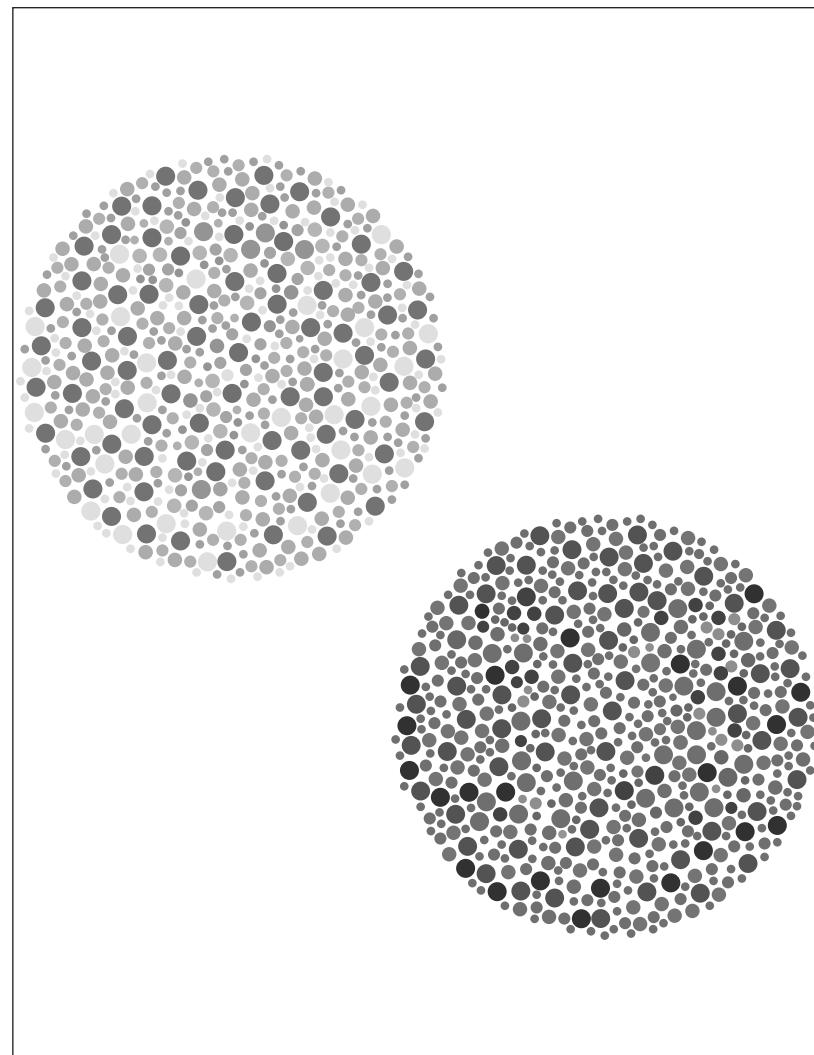
Advertisers have to put advertisements together carefully to make sure that the stimulus they want noted is seen as figure and not as ground. The musical background must not overwhelm the jingle; the background of an advertisement must not detract from the product. Print advertisers often silhouette their products against a nondistinct background to make sure that the features they want noted are clearly perceived. The Canadian Dental Association ad in Figure 3.7 illustrates how people cannot notice gum disease, but dentists can. The gums are the “ground” that surrounds a “figure.” The “figure” is gum disease, which cannot be seen easily, because, unless you are a dentist, the figure and ground are not easily distinguishable when gum disease occurs. In some cases, the blurring of figure and ground is deliberate. A well-known Absolut Vodka campaign ran print ads in which the figure (the shape of the Absolut bottle) was poorly delineated against its ground, challenging readers to search for the bottle; the resulting audience “participation” produced more intense ads and greater consumer attention.

The picture of the woman in Figure 3.8 is another example of figure–ground reversal. How old would you say she is? Look again very carefully. Depending on how you perceive figure and how you perceive ground, she can be either in her early 20s or her late 70s. Marketers must test their advertisements in order to ensure that they do not confuse consumers because there is no clear indication of which is figure and which is ground.

### Obscuring the Distinction Between Figure and Ground

A marketing technique based on the principle of figure-and-ground consists of inserting advertisements into entertainment content. **Product placement** takes place when the advertised product (i.e., the figure) is deliberately integrated into the TV show or film (i.e., the ground) in one or more of the following ways:

1. The product is used by the cast (e.g., in such shows as Survivor and American Idol).



Source: Ewelina Kowalska/123RF.com

**FIGURE 3.7** Figure and Ground Reversal



**FIGURE 3.8** Depending on One's Perception of Figure and Ground, the Women Is Either Old or Young

can blur the distinction between figures (i.e., promotional message or symbol) and ground (i.e., the program's content) and expose consumers to advertisements even if the consumers try to avoid them.

#### Box 3.4 Brands, and Figure and Ground Aspects

Hindustan Unilever launched a sandal variant of Lux with a television ad featuring a well-known celebrity. It was interesting to observe Lux (contemporary and hip association) brand with a sandal variant because Lux had more of a fashion association than the attribute or benefit association linked with sandal—the traditional, nature-based soap for ultimate skin friendliness. The “figure” probably is the Lux’s modern and its sustained celebrity associations and Sandal takes the “ground”. Making sandal the figure may clash with associations of Lux.

Dettol used a similar figure and ground approach when it introduced the moisturizer variant

## Grouping

**Grouping** refers to people's instinctive tendency to group stimuli together so that they become a unified picture or impression. The perception of stimuli as groups or chunks of information, rather than as discrete bits of information, facilitates memory and recall. Marketers use grouping to imply certain desired meanings in connection with their products. For example, an advertisement for tea may show a young man and woman sipping tea in a beautifully appointed room before a blazing hearth. The overall mood implied by the grouping of stimuli leads the consumer to associate the drinking of tea with romance, fine living, and winter warmth.

We remember and repeat our social security numbers, because we automatically group them into three “chunks,” rather than trying to remember nine separate numbers.

Grouping has implications for placing products in supermarkets. For example, as part of a new in-store marketing campaign, Vlasic's pickle jars were moved from the aisles where they had traditionally been placed to locations next to the products with which pickles are eaten, such as hamburgers and buns. The placement of Coca-Cola products in supermarkets is a brilliant

2. The product is integrated into the plot (e.g., a Sex and the City episode centered around Absolut vodka was entitled “Absolut Hunk”).
3. The product is associated with a character (e.g., the character is also the product's advertising spokesperson).

One study found that a brand integrated and prominently featured in a TV program may produce *negative* feelings toward the brand among viewers who liked the program *a lot*, but those who liked the program *less* were more likely to develop *positive* attitudes toward the brand. Thus, advertisers must be extremely careful in using product placement.

Increasingly and deliberately, consumers avoid watching TV commercials by using time-shifting devices such as DVRs programmed to delay a live broadcast by, say, fifteen minutes, sophisticated remote controls, or the “skip ad” option online. In response, advertisers have been trying to outsmart consumers by creating their own shows (i.e., content). Decades back Liril, the brand that ushered in the lime fragrant soap, had the package of green, the model was dressed in green and the soap's color was also green and the brand's proposition of freshness was covered through thoughtful merging of the figure and ground. These practices show how clever marketers

Source: E.G. Boring, "A New Ambiguous Figure," *American Journal of Psychology*, Vol. 42 (3), (July 1930): 444

example of grouping. The company creates “interaction points” by placing different-size Coca-Cola bottles and its bottled water next to foods with which they are “connected.” For example, bottled water is placed near salad bars and family-size bottles of Coke next to takeout counters containing large portions of prepared foods.

### Box 3.5 Reinforcing Brand Associations Over a Period of Time

Sustainable core proposition (SCP) advocates that successful brand associations should be nurtured and strengthened over a period of time.

Perceptual principles are important to brands as they are useful in reinforcing brand associations. The challenge for marketers is to maintain the core proposition of a brand over the long term and also to ensure that the images are made contemporary in tune with the changing times. Santoor, with its proposition of youthful and “ageless” skin, has been sustaining a consistent and contemporary image for decades. It also introduced a glycerin variant of the brand featuring a cricket celebrity (during the times of world cup cricket in 2011) and drove home its proposition by showing how the celebrity mistakes the mother of a child to be a prospective “under nineteen” captain!

Nirma’s familiar jingle was made contemporary through its associations with the “empowered and modern woman of the house.” Sometimes, a well-entrenched brand may not only attempt to sustain its associations; it may also strengthen the associations by introducing a premium variant. Lifebuoy Clini-Care 10 marked over twice the price of the regular variant is an example. The variant has the proposition of offering ten times more germ protection as compared to the original variant. Vespa’s (scooter) re-entry into the Indian context at a price of ₹66,000 was heralded by an advertisement as retro-classic in nature. It helped in reinforcing the brand as a symbol of Italian fashion with a hint of nostalgia that captured the retro style (it may be recalled that the brand had a connection with the classic English movie *Roman Holiday*).

## Closure

**Closure** is people’s instinct to organize pieces of sensory input into a complete image or feeling. Individuals need closure, which means that if they perceive a stimulus as incomplete, they are compelled to figure out its complete meaning. If a message they receive is incomplete, they consciously or subconsciously fill in the missing pieces. If the full understanding of a promotional message requires completion and some mental effort, consumers are likely to take the time to figure out its meaning in order to feel closure. For example, the Gillette ads in Figure 3.9, are better remembered than completed ones, because a person facing partial content feels compelled to finalize it so as to achieve closure. Some examples of ads that induce closure include: (1) asking consumers to unscramble words (e.g., a Clorox ads listing unexpected uses of the product, such as, when unscrambled, read “dog bowl” and a baby’s “teething ring”); (2) showing pictures and asking consumers to name the activities or items shown (e.g., Figure 15.3); (3) including words with missing letters and asking consumers to fill in the blanks; and (4) asking consumers to match, say, occupations with people shown wearing different styles of clothes.

The need for closure has interesting implications for marketers. Promotional messages in which viewers are required to “fill in” information beg for completion by consumers, and the very act of completion serves to involve consumers more deeply in the message. In a related vein, advertisers have discovered that they can achieve excellent results by using the soundtrack of a frequently viewed television commercial on



Source: (Top & Bottom) The Gillette Company

**FIGURE 3.9** Consumers Will “Fill In” The “Missing” Parts of the Gillette Ads

radio. Consumers who are familiar with the TV commercial perceive the audio track alone as incomplete; in their need for completion, they mentally play back the ad's visual content from memory.

### Learning Objective

- 4 To understand why and how consumers "add" biases to stimuli and the implications of this tendency for marketing.

### Notes

## Perceptual Interpretation: Stereotyping

The preceding discussion has emphasized that perception is a personal phenomenon. People exercise selectivity as to which stimuli they perceive, and they organize these stimuli on the basis of certain psychological principles. The interpretation of stimuli is also uniquely individual, because it is based on what individuals expect to see in light of their previous experiences, the number of plausible explanations they can envision, and their motives and interests at the time of perception.

Stimuli are often highly ambiguous. Some stimuli are weak because of such factors as poor visibility, brief exposure, high noise level, or constant fluctuation. When stimuli are highly ambiguous, an individual will usually interpret them in such a way that they serve to fulfill personal needs, wishes, interests, and so on. This is the principle that provides the rationale for the projective tests discussed in Chapter 3. Such tests provide ambiguous stimuli (such as incomplete sentences, unclear pictures, or untitled cartoons) to respondents who are asked to interpret them. How a person describes a vague illustration is a reflection not of the stimulus itself, but of the subject's own needs, wants, and desires. Through the interpretation of ambiguous stimuli, respondents reveal a great deal about themselves.

Individuals carry biased pictures in their minds of the meanings of various stimuli, which are termed **stereotypes**. Sometimes, when presented with sensory stimuli, people "add" these biases to what they see or hear and thus form distorted impressions. Several years ago, an ad for Benetton featuring two men—one black and one white—handcuffed together, which was part of the "United Colors of Benetton" campaign promoting racial harmony, produced a public outcry because people perceived it as depicting a white man arresting a black man. Clearly, this perception was the result of stereotypes, as there was nothing in the ad to indicate that the white person was arresting the black person rather than the other way around. Marketers must be aware of possible stereotypes, because these images reflect people's expectations and influence how stimuli are subsequently perceived.

### Box 3.6 New Brands, Perceived Value, and Stereotypes

Tzinga launched its energy drink at ₹25 for 200 ml when other competitors like Red Bull were selling their offerings at ₹95 for 250 ml. While the brand had enhanced the perceived value among the target segment, the consumer may feel that energy drink is something that is to be seen drinking from a can rather than a new type of packaging that Tzinga had introduced. Stereotype is important, especially when self-concept based brands are involved. Interestingly, the brand has positioned itself as an offering that resists sleep (occasion-based segmentation base).

### Notes

The TVS ad in Figure 3.10 is an example of trying to dispel a stereotype. The ad reflects a young, urban, and modern girl who believes in making her choices and breaking away from the stereotype. The brand has created an imagery that differentiates between the traditional stereotype of a girl who is used to be directed and the modern girl who is confident of making her choices.

There are many reasons behind stereotyping. Generally, people stereotype because it makes the processing of sensory input quicker and easier. For example, many children have been educated to offer their seats on a bus to older persons, because, presumably, older persons are physically weak. On occasion, however, an athletic older person may refuse the offer, or even be insulted by it, because he or she feels that stereotyping all older persons as weak is an insult. Similarly, we often typecast movie stars as, say, "action heroes" and may be reluctant to see a romantic comedy in which they play a leading role. We must note that stereotyping consists of oversimplifying an image either positively or negatively. Therefore, when we pass an H&M store that just opened, we immediately know that it offers fashionable clothing at reasonable prices. In this case, the stereotype is positive and the result of previous shopping and H&M's positive image.

The triggers of stereotyping are physical appearance, descriptive terms, first impressions, and the halo effect.

**Notes**

Source: TVS Motors

FIGURE 3.10 Dispelling a Stereotype

## Physical Appearance

People tend to attribute the qualities they associate with certain types of people to others who resemble them, whether or not they consciously recognize the similarity. For this reason, the selection of models for print advertisements and for television commercials can be a key element in their persuasiveness. Culturally, attractive models are likely to be more persuasive and have a more positive influence on consumer attitudes and behavior than average-looking models; attractive men are perceived as more successful businessmen than average-looking men. However, using attractive models without any other considerations does not increase ads' effectiveness. Thus, advertisers must ensure that there is a rational match between the product advertised and the physical attributes of the model used to promote it. For example, highly attractive models are likely to be perceived as having more expertise regarding *enhancement* products (e.g., jewelry, lipstick, perfume), but not *problem-solving* products (e.g., products that correct beauty flaws such as acne or dandruff). The SPYMUSEUM.ORG ads shown in Figure 3.11 poke fun at physical stereotyping with the headline "nothing is what it seems" and a portrayal of people who presumably are spies, although they "do not look like spies." That is, they defy most people's mental images of spies.

Products' physical appearance often influences consumers' judgments. A study indicated that the perceived taste of orange juice and consumers' ability to distinguish between three levels of sweetness were influenced by subtle color variations of the juice and also, somewhat unexpectedly, that such variations influenced perceived taste more than brand and price. The shape of packages has great influence on consumers' impressions (as discussed later in this chapter) and affects consumers' expectations. For this reason, ice cream packages are round

**Notes**

Source: (Top & Bottom) International Spy Museum

**FIGURE 3.11** Stereotypes: What Do Spies Look Like?

because this shape was found to communicate abundance. An experimental study investigated how consumers construed the attributes of facial tissue products from print ads, each including one of the following three objects (in varied forms): cats, sunsets, and abstract paintings. The study found that a “fluffy cat” communicated a soft and *expensive* tissue, whereas a “colorful cat” conveyed a soft and *colorful* tissue. Among the sunset images, the “soft sunset” expressed a soft, expensive, and colorful tissue, whereas a “roadside sunset” conveyed a neither soft nor colorful but an inexpensive product.

## Descriptive Terms

Stereotypes are often reflected in verbal messages. For example, consumers who eat foods with elaborate names such as “succulent Italian seafood filet” are very likely to rate those foods as tastier and more appealing than those who eat the same foods with such mundane names as “seafood filet.” As another example, the common expression “he drives like a real man” connotes fast, aggressive, and even somewhat reckless driving, whereas the expression “he drives like a woman” portrays the driver as effeminate. The ad from Mothers Against Drunk Driving (MADD) in Figure 3.12 dispels the “effeminate” image by stating that slower and less aggressive driving represents more responsible driving for *both* genders.

Although distinct brand names are important to all products or services, associations that consumers make with certain names are particularly crucial in marketing services, because services are abstract and intangible. For example, names such as “Federal Express” and “Humana” (a provider of health services) are excellent names because they are distinctive, memorable, and relevant to the services that they offer. In contrast, “Allegis”—a short-lived brand name aimed at creating a business travel concept by combining United Airlines, Hertz, and Hilton and Westin Hotels under one umbrella—failed because it conveyed nothing to consumers about the type of services it offered.

Advertisers must be careful about using canned stereotypes and “common wisdom” in their persuasive messages. For example, gender-role stereotypes view young boys as having “instrumental” orientation focused on problem solving and young girls as having “communal” orientation focused on relationships and group harmony. A study examined young children’s attitudes toward ads that included “instrumental” scripts (e.g., eating a cracker will make you strong) and “communal” scripts (e.g., a cracker is a great snack to have with your friends). The study found that preadolescent children did not necessarily respond more favorably to messages that included stereotypical gender-role attributes.

## Notes

## First Impressions

First impressions tend to be lasting, as illustrated by the saying that “You’ll never have a second chance to make a first impression.” Because first impressions are often lasting, introducing a new product before it has been perfected may prove fatal to its ultimate success; subsequent information about its advantages, even if true, will often be negated by the memory of its early poor performance. When one retailer put a picture of an aloe vera leaf and the wording “Aloe Vera” on the surface of its mattress, at first impression consumers assumed that aloe vera was a component of the ticking (the mattress cover), and the retailer had great difficulty in dispelling this initial impression.

## Halo Effect

The **Halo effect** refers to the overall evaluation of an object that is based on the evaluation of just one or a few dimensions. The linguistic definition of “halo” signifies light, honor, and glory. Thus, in marketing, the term refers to a prestigious image of a product “rubbing off on” other products marketed under the same brand name. For example, consumers who admire Porsche cars will be willing to spend a lot of money on sunglasses and other accessories sold under the same brand name. Historically, the term refers to situations in which the evaluation of a single object or person on a multitude of dimensions is based on the evaluation of just one or a few dimensions (e.g., a man is trustworthy, fine, and noble because he looks you in the eye when he speaks). Consumer behaviorists broadened the notion of the halo effect to include the evaluation of multiple objects (e.g., a product line) on the basis of the evaluation of just one dimension (a brand name or a spokesperson). Using this broader definition, marketers can take advantage of the halo effect when they extend a brand name associated with one line of products to another line. The lucrative field of **licensing** is based on the halo effect. Manufacturers and retailers hope to acquire instant recognition and status for their products by associating them with well-known names.



Source: MADD

**FIGURE 3.12** MADD: Dispelling a Negative Stereotype Caused by Descriptive Terms

**Notes**

Tampering with the perceived halo effect of a product or brand can be disastrous. For example, in an attempt to enhance the image of JW Marriott, the Marriott hotel chain's upscale brand, Marriott took over the Righa Royal Hotel, an upscale hotel in New York City, and renamed it the JW Marriott New York. When the new name signs went up, scores of regular, upscale customers, who always stayed at the Righa when visiting New York City, canceled their reservations because they did not want to tell colleagues to contact them at the Marriott. The company restored the Righa Royal Hotel name, with the JW Marriott name included in smaller print.

### **Traditional and Emerging Stereotypes in Indian Advertising**

It may be worthwhile to analyze three aspects related to stereotypes in the Indian context: How have cultural stereotypes been used in ads and to what end? How do traditional and emerging stereotypes in India affect marketing communication? How can brands benefit from stereotypes?

**The Use of Stereotypes:** A housewife provides warmth, looks after the needs of the family members, is responsible for happiness within the family, is expected to be judicious with her monthly budget, and at times is even expected to sacrifice her comforts and aspirations for the sake of the family/husband. This perhaps is the stereotype of the Indian housewife prevalent in most parts of the country. Such a stereotype has also been widely used by advertisers in India across product categories. Ones that may still be fresh in the memory of older consumers are the Horlicks mother and Surf's Lalitaji. Horlicks showed a caring mother who was concerned about the nutritional value of the food consumed by her children. Complan, a competitive brand in the milk additive market, slightly varied this stereotypical depiction by introducing a (female) dietitian advising a group of concerned mothers. Another version of Complan showed a youngish looking mother being taken on a bicycle by her "Complan-nurtured son." On the contrary, for children's educational or health insurance, it is almost always the father who is prominent in ads, depicting that the father is still perceived as the sole or major breadwinner of the family.

The case of Lalitaji used by Surf in the detergent category during the 1980s is an interesting example of how a brand pioneered the concept of communicating the value of a product by using a stereotype in line with the changing consumer mindset even before market liberalization. The traditional hold of pioneering brands was gradually loosening and television channels (though limited in number) were gaining momentum across the length and breadth of the country. In fact, TV viewing began to influence changes in the lifestyles of consumers during the mid- to late 1980s. In 1969, Nirma, an almost unknown brand of detergent, made history by introducing its product at almost half the price of the leading brand, Surf (from Unilever India Ltd, which had several brands in the detergent category). Several years after Nirma was launched, Unilever launched Wheel, a competitive brand of Nirma. In order to hold on to the market share and probably the mindshare of the brand, Surf used a woman in their ads they chose to call *Lalitaji*. Lalitaji was a typical middle-class housewife who bargained hard with vendors (women bargaining with vendors is a cultural practice in India to such an extent that even today a brand in the personal care category uses it in its communication to convey its value proposition). The Surf ad showed Lalitaji telling consumers that half the quantity of Surf would suffice for the same wash as that of the competitive brand. Nirma was not mentioned but it was implied.

**Traditional or Emerging Stereotypes?** In the 1980s, Vicco, a brand of facial cream that was initially advertised as a turmeric-based cream that was "not a cosmetic," created an advertisement combining culture, occasion and the bridal stereotype. Marriages are big in India and personal grooming of the bride is an important ritual associated with the occasion. Vicco created an ad that showed the friends of the bride applying the cream (instead of the traditional turmeric) on the bride. Vicco used this commercial for a long time. What is more interesting is that Fair & Lovely, a fairness cream (which still dominates the category) used a stereotype more in line with changing trends and incidentally the brand benefited by not getting "tracked" into occasion-based positioning. The brand positioned itself in such a way that consumers perceived a wider, everyday use of the product. Fair & Lovely positioned itself as a fairness cream, which adds to the charm of simply being a girl (the brand later adapted the stereotype in tune with changing times). The stereotype (user stereotype) was a girl in the best of her years wanting to look charming—distinctively different from the occasion-based Vicco. In recent times, Fair & Lovely has created a stereotype that is highly aspirational with a strong desire to succeed in a world dominated by men. Despite traditional gender roles being depicted in a majority of ads to date, there are also ads that have begun to portray the small cross-section of women who are educated and hold professional jobs and who have become the role models for the masses. With lifestyle changes, a strong need for both husband and wife to work in order to lead a reasonably

comfortable life and education being recognized as the route to career growth, aspirations of women have been ignited to the extent that can be used in marketing communication in a realistic manner. Fair & Lovely created an advertisement in which a girl from the typical middle class succeeds in becoming a cricket commentator—an overwhelmingly male field even now. The stereotype created not only addresses the growing aspirations of women who are still perceived in the “traditional mold” but also uses cricket, which has been a part of the Indian culture for several decades. This is a good example where an emerging stereotype has been created in such a manner that it will appeal to the target segment (girls from middle-class households who nurture dreams of enjoying life together with professional accomplishments).

Product stereotypes have also been used in the context. There have been a few instant coffee brands in the market before Bru. But Bru, launched during the 1970s, used the stereotype of filter coffee (popular in the southern parts of India) to create an association with its offering. After having established itself on the functional attributes of instant coffee, through its comparison with filter coffee, Bru started to use user stereotype in conjunction with the product stereotype that had been created. It introduced urbane and educated-looking youngsters (depicting middle-class families). Most of these campaigns also had an elderly-looking person (stereotype of a middle-class family senior) as a character in the ad. What is interesting to note is that filter coffee has always had a user stereotype associated with the middle-aged/elderly in the minds of consumers and creating a new (emerging) imagery has also involved a traditional one. In the recent times tea brands have been using user stereotypes, which reflect the lifestyles of respective target segments. A brand stereotype (using the attributes of the offering in a category or a user-oriented stereotype) has to be distinctive enough and sustained through marketing communication for a considerable period of time. This ensures that a stereotype is embedded in the psyche of the consumer. To give another example, gifting is a part of the Indian culture and Titan as a watch brand created a stereotype of the brand being gifted in a valued relationship. While consumers would have had several categories of products in their consideration set, Titan the brand name associated itself with the gifting occasion to form a stereotype.

### Notes

#### Box 3.7 The Power of Brand Associations

Force 10 from Liberty associated itself with several trendy products that urban youth use like sunglasses, cola, and jeans. Charms cigarettes (when cigarette advertising was not banned in the country) associated itself with a package design showing jeans. Eveready batteries associated itself with the youth with its “Give Me Red” campaign (red is generally perceived as a color associated with adventure, live activity, and an upbeat mood). Liril soap’s initial launch during the 1970s made an excellent convergence of figure and ground with the brand’s proposition of “freshness.” The pack had a lime image, the soap was green in color and the ad showed a model enjoying herself under a waterfall. Ericsson’s initial launch in India reflected the need to differentiate “figure” from “ground.” The brand used excellent humor in its commercial, “One black coffee, please.” The commercial showed an attractive woman talking and smiling while using the compact cell phone in a café. A consumer in the restaurant mistakes it to be an invitation from the woman (because he cannot see the phone) and approaches her. The woman finishes her conversation and, seeing the man approaching her, mistakes him for a waiter and orders black coffee. While the intention of the brand was to convey the compact benefit associated with the brand, the humor may have taken the “figure” in the commercial and the brand’s proposition may have been associated with the “ground” in the psyche of the consumer. A dipstick study undertaken by the author at that point in time showed that the recall of the commercial’s humor was high but the respondents mentioned a competing brand name instead of Ericsson. Incidentally, the brand name mentioned by the respondents was perhaps due to a press campaign by the competing brand at that point in time. The figure needs to be the brand proposition and any creativity (including humor) associated with an advertisement should form the ground.

Allen Solly positioned itself as a semi-formal premium brand in the 1990s, with the slogan “Stop wearing uniforms to work.” The brand has leveraged this association to formulate a contemporary association with the slogan: “My world, my way.” The brand has also launched casuals for all occasions and the contemporary associations strengthen the old associations with the new products.\* Raymond, the apparel company that markets fabric from ₹150 a meter to ₹150,000 a meter,\*\* has managed its associations with luxury and premium aspects over the years in a consistent manner. Hero Honda’s Street two-wheeler was positioned as a city bike. But its design was quite similar to an old model called M-80 that was associated with multiple uses and ruggedness. Besides, Street was positioned at the higher price bracket and M-80 was priced much lower. Such aspects may have interfered with the interpretation of the brand and also the positioning associations linked to the brand. Interpretation of value is an important implication with regard to the perceptual process. Coca-Cola introduced glass bottles in 2003 at ₹5 for 200 ml (signaling value to consumers) to widen the market. Volumes improved but this strategy hit the profit

(Continued)

## Box 3.7 (Continued)

margins, forcing the company to withdraw the product.\*\*\* Therefore, perceptual interpretation of consumers needs to be balanced with aspects of brand management.

**Source:** \*Sarah Jacob, "With Casuals Allen Solly Now Wears a Brand New Identity," The Economic Times, October 20, 2009.

\*\*Abha Bakaya, "Challenge Is to Keep Coming Out with Products," The Economic Times, October 21, 2009.

\*\*\*Ratna Bhushan, "Cos Mull Hike in Price of Coke, Pepsi," The Economic Times, October 20, 2009

**Notes****Effectiveness of Brand Repositioning**

Brand positioning and repositioning deal with the mind of the consumer. Brand repositioning is more complex as it has to take into account the perception already created in the mindscape of the consumer. Cadbury successfully repositioned its mold (milk chocolate) variant during the mid-1990s, even managing to change the target segment for the variant—a very difficult task for marketers operating in any kind of market. The body of knowledge concerning brand repositioning is unfortunately not very vast, but the concept is receiving increasing attention with the proliferation of product categories and brands. With brand equity being the driving force behind brands, the ones which are strongly established either in terms of consumer preferences or in terms of recall are under pressure to create a roadmap which will lead to effective repositioning.

**Why Is Brand Repositioning Needed?**

Brand repositioning is required:

- When new offerings flood the market, and the superiority of the established brand has to be reemphasized.
- When new offerings enter the market, and the established brands may not be in a position to offer either the same features or the variants that are being offered by the new brands (Ambassador and Robin Blue). Hence, there is a need for these established brands to reposition themselves in a timely manner, relying more on the consumer good will they enjoy or by exploring ways to appeal to consumers.
- When a contemporary image is required in some categories due to changing psychographics.
- When brands desire to change their target segment (which may be rare).
- When brands want to advertise improved offerings.
- When motivation to buy the category is low among consumers.

New brands with new products keep entering the competitive marketing context and unless established brands reposition themselves, consumers may not have a contemporary perception of established brands.

**Timely Repositioning**

Contemporary perception could involve either the image or superior functional utility. Iodex was almost the unassailable leader for several years in the balm market but the brand was forced to reposition itself by Moov, which made rapid strides in the market. Dove is repositioning itself as a superior soap with moisturizers (as against its previous "trial for results" positioning) because of the various new offerings in the market. The Vim challenge was a response to several regional brands emerging in the dish washing detergent market. Esteem's "shall we go for a drive, please" (the son suggesting the drive on Esteem to the father, because he knows that the pleasure of the ride is good enough to ensure his poor exam results do not get his father's attention) repositioning was triggered by the various products that entered the mid-segment passenger car market. If repositioning is not attempted by a brand in a timely manner, the brand may not get a second chance. The powerful positioning of the no-frill Maruti 800 during the mid-1980s could have been preempted by Ambassador not necessarily by the same economy proposition: Ambassador even today is widely acknowledged as a comfortable car for Indian roads and it is also known for its space attribute (some of the recent offerings in the passenger car market are today using this as a strong proposition). The brand could have used this effectively to obtain a favorable perception among a cross-section of consumers. Maruti 800 became almost a legend as much known for derailing Fiat and Ambassador as it is for its fuel economy. Even for FMCGs involving mundane household products, timely repositioning matters in protecting leading brands. The Ujala brand of liquid blue added to whiten clothes made history with its liquid variant. The pioneering

(and dominant) brand, Robin Blue, had a powder variant before Ujala was introduced. Powerfully repositioning itself as Robin Blue (even before introducing the liquid variant as a follower) might have reduced the impact of the new entrant because of the favorable brand image Robin Blue had for consumers over the decades. Burnol, the antiseptic cream for burns (it did attempt some sporadic repositioning exercises), which was probably the only brand in the consumers' psyche in that category, no longer seems to occupy the same psychological space. Women continue to cook as before and probably most of them are in a hurry to catch up with the pressures of life. Burnol as a handy brand to overcome the inevitable small burn during cooking could have been a probable brand repositioning strategy. With several categories jostling to get into the mindset of the consumer, a relevant proposition is required for a brand in the "small burn category" to get it into the consideration set of the consumer. The timing of repositioning (in such cases) should be done to ensure that the category does not fade out of the consumer's mind because of a number of other categories emerging to create a generic competition in terms of the share of the consumer's wallet. For example, a brand traditionally used for burns may get forgotten because of several categories of products and offerings like a cream for heels, herbal antiseptic ones for multiple injuries, corn caps, etc., which attract the consumer's attention and have a share of the consumer's expenditure. Over a period of time, contemporary offerings could erase the consumer's memory of traditional offerings/brands if brand repositioning is not formulated (with or without product attribute improvements). Forhans toothpaste, Zambac, Saibal, the multipurpose antiseptic ointments, Eno, the gas reliever, Waterbury's compound for the "after-cough" recovery, and Crook's Lactocalamine are some of the brands of the yester-year that could have maintained their dominance of the consumer's memory with appropriate repositioning strategies.

### Notes

## Application 1: Brand Repositioning is a Complex and Challenging Exercise

Repositioning involves changing the perceptual aspects of consumers. This can range from a minimum change in packaging or advertisement to major aspects of a brand like marketing mix elements. Such changes also impacts the other offerings in the product-line of the company and it needs to be taken into consideration. Nano was launched with the association of being the "cheapest car". This may have been also been a result of the wide publicity associated with the prelaunch phase of the brand. The brand later was well-positioned as Nano Twist, as shown in Figure 3.13, a car for youngsters with a number of contemporary features.

Cadbury Gems, the chocolate that has been in the market for several decades, had changed its positioning to kids to repositioning it to tweens and teenagers telling them that "they are not too old to love Gems". This has been done without any change in its product offering. Perhaps the "child-like" qualities seem to have evolved by such repositioning, especially if the changed target segment had grown up with the brand during their formative years.



Source: Tata Motors

FIGURE 3.13 Nano Twist

## Application 2: Perception and Foreign Brands

India's British heritage heralded the entry of foreign brands like Vicks, Cadbury, and Horlicks. The post-independence era and the regulated environment ushered in a glamour that was unique to foreign brands like Seiko in watches and 555 in cigarettes (consumers of the erstwhile era shopping in places like Burma Bazar in Chennai substantiates such an origin). This glamour associated with foreign brands and changing lifestyles gave further impetus to foreign sounding names. Park Avenue in readymade wear and Titan in watches (during the era of HMT) of the eighties are still ruling the roost. Western way of lifestyles – even in its desi ways – has brought in a host of foreign sounding names. With the onset of the trickle-down effect, such brand names also got diffused into mid-priced segments. Peter England, Hawkins, and Kenstar are examples. Entry of foreign sounding names is equally applicable even to foreign brands that find their entry through collaboration with Indian companies. These brands that have "foreignness" in their names may not be of any threat to well-known foreign brands or even to brands that may not have relatively high awareness (Mont Blanc or Fossil).

Foreign brands that have a local origin will continue to motivate middle-end consumers, provided they add value to their respective offering. Sometimes, foreign brands use the "Country of origin effects" to sound authentic. Stylish warm clothing goes well with the brand Monte Carlo as it may trigger a sense of Italian or European fashion.

**Learning Objective**

- 5 To understand the elements of consumers' imagery.

**Notes****Consumer Imagery**

**Consumer imagery** refers to consumers' perceptions of all the components of products, services, and brands, and to how consumers evaluate the quality of marketers' offerings. Products and brands have images and symbolic values for consumers based on the unique benefits that these products claim they provide. The following section examines consumers' perceived images of products, brands, services, prices, product quality, retail stores, and manufacturers. In Figure 3.14, Arrow's revitalizing and reinforcement strategies are reflected in the trend of fitness and corporate professionalism, along with core proposition of Americanness with which the brand was launched.



Source: Arvind Limited.

**FIGURE 3.14** A Print Ad of Arrow Brand of Formal Wear**Brand Image**

The desired outcome of effective **positioning** is a distinct "position" (or image) that a brand occupies in consumers' minds. This mental "position" must be unique and represent the core benefit the brand provides. Most new products fail because they are perceived as "me too" offerings that do not offer consumers any advantages or unique benefits over competitive products. The essence of the marketing concept is to create products that fulfill consumer needs. However, as more and more brands within a given product category fulfill consumers' needs effectively, consumers often rely primarily on the brand's image and claimed benefits in their purchase decisions. Furthermore, in today's highly competitive marketplace, a distinctive brand image is very difficult to create and maintain. For example, the BlackBerry has been a highly successful product and dominated the market, and was probably the first smartphone introduced. However, consumers perceive many newer smartphones as being more fun and exciting than the BlackBerry, which they perceive as mainly suitable for business and not for personal use and multitasking. Clearly, if it is to remain a viable competitor in the smartphone market, BlackBerry must broaden its appeal.

Take, for example, the chore of washing clothes, where the consumer's need is straightforward: To end up with clean clothes. However, the manner in which this need is fulfilled and the clothes are cleaned differs among brands' competitive claims. The *manner* of bringing about the clean clothes (i.e., fulfilling a need) is the brand's claimed benefit. The more unique the benefit and the way it is communicated to consumers, the more likely it is that the perceived image will differentiate the brand from its competitors. A unique perceived image leads to brand loyalty, where consumers buy the brand consistently and neither try nor switch to other brands. Table 3.2 lists the benefit claims and intended perceived images of several detergent brands.

Occasionally, a brand's image must be updated. Consumers often view products that have been around for a long time as boring, especially when newer alternatives are introduced. Sweet'N Low pioneered the artificial sweeteners category, but in recent years had to compete with newer products. The ads in Figure 3.15 show how Sweet'N Low uses pink—the color by which it is widely recognized—to convey a more playful and artistic image. Other examples of brand image updates, focused on creating emotional bonds between the products and consumers, are described in Table 3.3.

### Notes

**TABLE 3.2** Benefit Claims of Detergent Brands

BRAND	BENEFIT	BENEFIT CLAIM
Ecos	Environmentally friendly	Made by Earth Friendly Products and provides power-packed clean without toxins, petrochemicals, bleach, ammonia, phosphates or other harmful ingredients.
Caldrea	Sweet Pea Detergent	Mild but highly effective in removing stains and especially formulated for washing the clothes of babies and children. Tested by dermatologists and includes oils and surfactants derived from plants.
Cheer	Protects against wear and tear	One of the numerous detergent brands made by P&G. Protects against fading, color transfer, and fabric wear. Comes in powder or liquid and with or without bleach.
Ivory Snow	Mild and pure	Also a P&G brand. Provides mild cleansing and purity for a simple clean.
Tide	"Fabric cleaning and care at its best"	The best-selling detergent in the United States and also a P&G brand. The benefit offered is an "umbrella position" (see Chapter 2) within which P&G developed more than 30 versions of Tide, each with a unique benefit. For example, Ultra Tide with Bleach (an alternative to chlorine bleach), Tide Downy (with a touch of softness and freshness), and Tide Free ("No dyes. No perfumes. No worries").

**TABLE 3.3** Brand Image Updates Designed to Create Emotional Bonds between Brands and Consumers

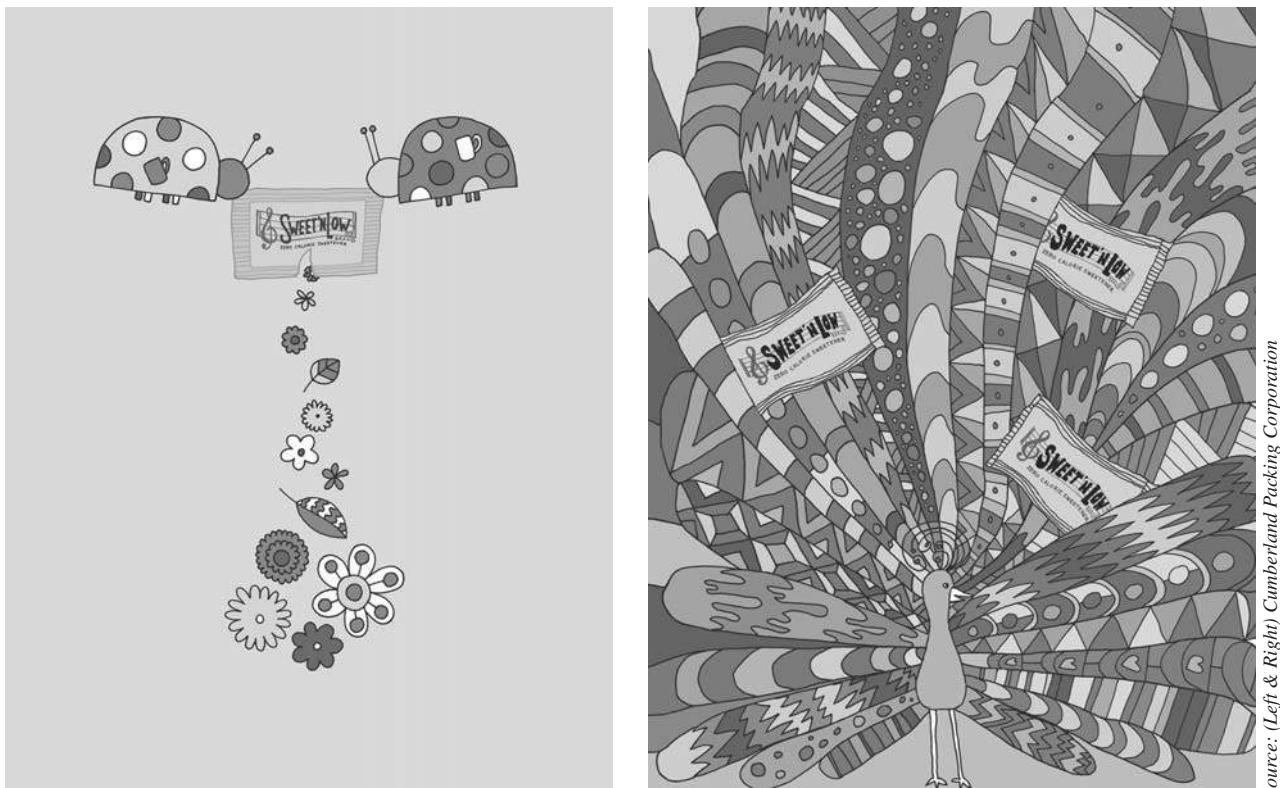
BRAND	THEME	ADVERTISING CAMPAIGN
Dell Computer	"More You"	Focused on personalizing technology and getting consumers to think about how they can use the products' features rather than focusing on the products' technical specifications.
StarKist Tuna	"Sorry, Charlie" (reworked)	Reworks the brand's vintage "Sorry, Charlie" slogan. Some refer to ads based on nostalgia as "comfort marketing"—an approach whose objective is to evoke fond memories of mascots and songs.
Quaker Oats	"Go humans, go"	Reflects Americans' optimism and determination to explore new frontiers. It hails the pursuit of dreams and aims at lifting consumers' spirits, and is also articulated in Quaker Oats commercials where the announcer proclaims: "The power of Quaker is in everything we make."
Lay's Potato Chips	"Happiness is simple"	Features actual farmers who grow potatoes used to make the chips. They appear genuine, simple, and plain-spoken. The idea is to get consumers to think of Lay's as a food rather than a snack. The campaign's theme is "Happiness is simple," and the website features a "Happiness Exhibit."
Google	Nostalgia, engaging consumers in technology	Employs classic TV commercials from the 1960s and 70s. It demonstrates how Web ads can be engaging and stir the soul rather than being strictly transactional and informative. For example, a classic 1972 "Hilltop" spot for Coke featured a chorus singing "buy the world a Coke and keep it company." The Google ad asks consumers to send free Cokes around the world to people they have never met through mobile applications and customized vending machines.

(Continued)

**TABLE 3.3 (Continued)**

BRAND	THEME	ADVERTISING CAMPAIGN
Mott's Apple Juice	"Words to grow by"	Aimed at mothers of children aged 6 and younger and focused on joining them together. The mothers are invited to share their thoughts on raising a family in a dedicated Web site.
Colonial Williamsburg	"Be part of the story"	The campaign is for an attraction that recreates life in 18th-century Virginia; it is focused on "engagement interaction" and seeks to establish an active role for visitors.

Sources: Mark Hachman, "Dell's 'More You' Ads Mean a Renewed Consumer Push," 7.5.11 online.wsj.com; Stuart Elliott, "Google Remixes Old Campaigns, Adding a Dash of Digital Tools," 3.8.12 nytimes.com; Stuart Elliott, "In New Ads, Stirring Memories of Commercials Past," 1.12.12 nytimes.com; Stuart Elliott, "Sit Under the Apple Tree With Me, Juice Brand Asks," 6.7.10 nytimes.com; Stuart Elliott, "Promoting a Potato Chip Using Many Farmers, and Less Salt," May 25, 2010, nytimes.com; Stuart Elliott, "So, Virginia, What's the Story," nytimes.com February 1, 2010.



Source: (Left & Right) Cumberland Packing Corporation

**FIGURE 3.15** Sweet'N Low's More "Playful" Package Conveys More Fun and a Livelier Image

#### Box 3.8 Social Media and Brand Perception

Linkages with social media can change the perception of a brand among consumers. Godrej introduced a 3D online environment with online games. Intention to purchase the brand among those who had not heard of the brand went up by 17% and by 35% among those who had heard about it. Fastrack introduced a 50% discount on a Sunday between three to four p.m. to mark its one million likes on its Facebook page and achieved a sale of ₹2.75 crores. In Fastrack's case, such a sales promotion reinforces its "young, trendy, and urban" image.

## Package Image

In addition to the product's name, appearance, and features, packaging also conveys the brand's image. For example, the Tide detergent version that predominantly promises stain removal comes in an orange plastic container with a large handle on its side and conveys the "heaviness" of the product, because consumers associate heaviness with the power to remove stains. In contrast, the New Tide Total Care products, which promise scents of fresh morning, rain, and spring days, come in slimmer, slicker packages in brighter shades of orange than the regular Tide, and the handle is angled and congruent with the more sophisticated benefit claim of this version of Tide. The container of the Ivory Snow detergent is white, round, and without a handle; this implies that the detergent should be squeezed into the washer, thus supporting the "gentle cleanliness" claim of this brand.

The perception of scent and the associations made with different aromas vary greatly among individuals. For this reason, it is extremely difficult to convey an "image" of a fragrance. To buyers of perfumes, the only tangible evidence of the product's nature and quality is the packaging, the cost of which often accounts for up to 50% of the total cost of the perfume. A study identified several holistic (or Gestalt) designs of packages, each conveying a distinct, prominent brand impression. For each package type, the study also identified the brand personality features that consumers associate with it. Generic images of the package types and the corresponding perceptions appear in Figure 3.16.

### Notes

## Service Image

Compared with manufacturing firms, service marketers face several unique problems in positioning and promoting their offerings. Because services are intangible, image becomes a key factor in differentiating a service from its competition. Thus, the marketing objective is to enable the consumer to link a specific image with a specific brand name. Many service marketers have developed strategies to provide customers with visual images and tangible reminders of their service offerings. These include delivery vehicles painted in distinct colors, restaurant matchbooks, packaged hotel soaps and shampoos, and a variety of other specialty items. Many service companies feature real service employees in their ads (as tangible cues) and use people-focused themes to differentiate themselves.

PACKAGE	MASSIVE	CONTRASTING	NATURAL	DELICATE	NONDESCRIPT
Shape	a	b	c	d	e
	 <small>Shutterstock</small>	 <small>Aksanova Natalya/Shutterstock</small>	 <small>Ergin/Shutterstock</small>	 <small>Bruce Roff/Shutterstock</small>	 <small>Shutterstock</small>
Perceived as	Robust and unelaborative	Nonharmonious and irregular	Harmonious and archetypical	Muted, sleek, delicate, elaborate, and attention-getting	Simple, clean, discreet, undifferentiable from others
Characteristics	Unexciting, unsophisticated but rugged (i.e., strong, robust)	Exciting and rugged but lacking in the necessary ability (i.e., competence)	Sincere and sophisticated	Competent and sophisticated but not rugged	Low sincerity, unexciting and not robust

Source: U.R. Orth and K. Malkewitz, "Holistic Package Designs..." *Journal of Marketing* 72 (May 2008): 64–81.

FIGURE 3.16 Perceptions of Perfume Bottles

**Notes**

The design of the service environment is an important aspect of service positioning strategy, and sharply influences consumer impressions. For example, targeting the dynamic and technologically oriented Generation Y, many stores significantly increased the sensory stimuli provided within the store, including live DJs, dim lighting, scented environments, loud ultramodern music, flat-screen TVs, and live models. Some Apple stores are open 24 hours and are designed to keep Apple users there even if they are not buying products. Thus, the stores include long tables and chairs with electrical outlets and wireless online access so that Apple users can work on their own projects and also interact with other users. One study indicated that the arousal level within the store environment must match the expectations of the shoppers in order to avoid perceived over- or understimulation.

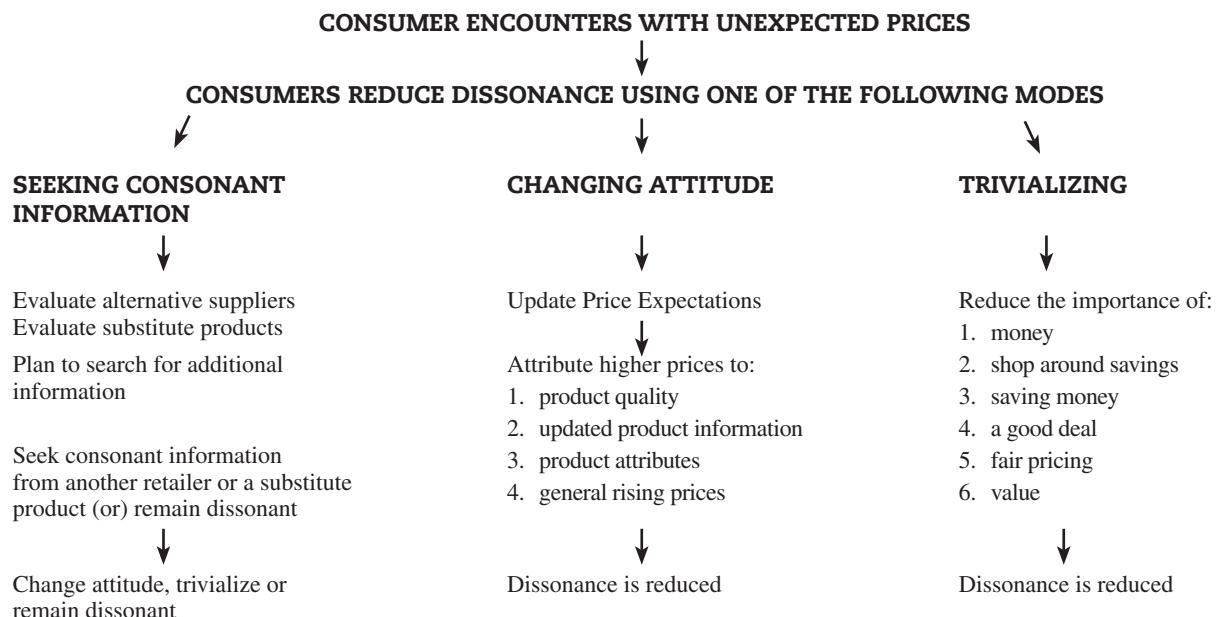
## Perceived Price

**Perceived price** is the customer's view of the value that he or she receives from the purchase. For example, consumers generally perceive a low price for a meal at a fast-food outlet, as well as a high price for a meal at a gourmet restaurant, as consistent with the value that they receive in both instances and therefore as fair. However, many reasonable consumers may argue that paying about \$500 per person for a meal (there are several restaurants in New York City that charge these prices, and the meals do not include wine or alcohol) is unreasonable, because they cannot see how *any* meal can be equivalent to the value of \$500.

How a consumer perceives a price—as high, low, or fair—strongly influences both purchase intentions and post-purchase satisfaction. Consider the perception of price fairness, for example. Customers often pay attention to the prices paid by other customers (such as senior citizens, frequent flyers, affinity club members), and sometimes perceive such differential pricing as unfair. No one is happy knowing he or she paid more (sometimes much more) for an airline ticket or a movie ticket than the person in the next seat. Perceptions of price unfairness affect consumers' perceptions of product value and, ultimately, their willingness to patronize a store or a service. Researchers also discovered that perceived price fairness affects customer satisfaction; this indicates that marketers using differential prices must anticipate customers' potential feelings of being exploited.

Products advertised as "on sale" tend to create enhanced customer perceptions of savings and value. Different formats used in sales advertisements have differing impacts, based on consumers' reference prices. A **reference price** is any price that a consumer uses as a basis for comparison in judging another price. Reference prices can be external or internal. An advertiser generally uses a higher *external* reference price ("sold elsewhere at . . .") in an ad offering a lower sales price, to persuade the consumer that the product advertised is a really good buy. *Internal* reference prices are those prices (or price ranges) retrieved by the consumer from memory. Internal reference prices play a major role in consumers' evaluations and perceptions of value of an advertised price deal, as well as in the believability of any advertised reference price. However, consumers' internal reference prices change. For example, as the prices of flat-screen TVs declined sharply due to competition and manufacturers' abilities to produce them more cheaply, consumers' reference prices for this product have declined as well, and they no longer perceive flat-screen TVs as a luxury product that only a few can afford.

The issue of reference prices is complex and the focus of many studies. For example, one study discovered that fair price, rather than expected price, determined consumers' reference price for a new product category, whereas expected price had more impact than fair price on reference prices for existing product categories. Another study showed that reference pricing coupled with limited-time availability (e.g., regularly \$599, now \$359 and on sale, 3 days only) produced more favorable price and store perceptions than each technique used alone. Still another study illustrated the "right side effect" in relation to consumers' perceptions of discounts. When consumers saw regular and sale prices with the same left digits (e.g., 23 and 22), they perceived larger discounts when the right digits were smaller than 5 than when the right digits were higher than 5. Thus, consumers may perceive a discount from \$23 to \$22 as providing more value than a discount from \$19 to \$18. Another study demonstrated that price discounts immediately increased buying intentions and lowered consumers' future reference prices. Generally, a discount of \$10 is more appealing on a product whose regular price is \$20 than on a product whose regular price is \$60. One study discovered that when consumers thought of their reference prices, a \$10 discount sometimes seemed less appealing when the price was \$20 than when it was \$60. These studies illustrate that marketers must be cautious when raising prices and always consider consumers' reference points when they do so.

**TABLE 3.4 Consumer Reactions to Unexpected Prices**

Source: J. Lindsey-Mulliken "Beyond Reference Price..." *Journal of Product and Brand Management* 12 nos. 2/3 (2003): 141. Emerald Publishing Group

Naturally, consumers tend to believe that the selling prices of market offerings are considerably higher than their perceived fair prices. When an advertised reference price is within a given consumer's acceptable price range, it is considered plausible and credible. If the advertised reference point is outside the range of acceptable prices (i.e., implausible), it contrasts with existing attitudes and will not be perceived as a valid reference point, thus adversely affecting both consumer evaluations and the advertiser's credibility. When consumers encounter prices that are significantly different from their expectations, they feel inharmonious (i.e., dissonant) and engage in "dissonance reduction" (see Chapter 6). They seek additional information, form cognitions that justify the high price, then consider buying other brands or trivialize some aspects of the buying situation. Table 3.4 explains how consumers handle dissonant situations caused by unexpectedly high prices.

### Notes

#### Learning Objective

- To understand how consumers determine the quality of products and services.

## Perceived Quality

Products and services can deliver high quality factually, as determined, say, by experts' judgments of scientific tests. However, if consumers do not perceive offerings as superior products that satisfy their needs and provide value, they will not purchase them, regardless of objective evidence. The perceived quality of products and services is based on a variety of informational cues that consumers associate with the offerings. Some of these cues are intrinsic to the product or service; others are extrinsic. Either singly or together, such cues provide the basis for perceptions of product and service quality. In this section, we first discuss the issues that make evaluating the quality of services more difficult than evaluating the quality of products. We then examine other cues that consumers consider in evaluating quality, including the product's price, its manufacturer, and the store selling it.

### Product Quality

**Intrinsic cues** are physical characteristics of the product itself, such as size, color, flavor, or aroma. In some cases, consumers use physical characteristics (e.g., the flavor of ice cream or cake) to judge product quality. Consumers like to believe that they base their evaluations of product quality on intrinsic cues, because that enables them to justify their product decisions (either positive or negative) as being "rational" or "objective" choices. For example, the package of Hillshire Farm sliced meat was redesigned after studies showed that consumers want to see the meat and care a lot about

**Notes**

how it looks. The new package has a transparent window showing the product. It also has a shallower tub, because consumers perceive neatly fanned-out meat in containers as being of higher quality.

More often than not, however, consumers use **extrinsic cues**—that is, characteristics that are not inherent in the product—to judge quality. For example, though many consumers claim they buy a brand because of its superior taste, they are often unable to identify that brand in blind taste tests. The colors of such products as powdered fruit drinks and orange juice are a more important determinant than their labels and actual taste in determining the consumer's ability to identify the flavor correctly. For example, subjects are likely to view purple or grape-colored drinks as "tart" in flavor, and the orange-colored version as "flavorful, sweet, and refreshing." Many studies have shown that the packaging influences consumers' perceptions of products. For example, a study reported that both consumers who rated popcorn's taste as unfavorable and those who rated the same taste as favorable consumed more of the product when the container size was increased. A study that compared how consumers perceive store brands and national brands discovered that consumers used extrinsic cues as indicators of quality. An experimental study of how people judge the quality of two foods—shrimp and cheese—at two price levels and two consumption situations (i.e., elegant and less elegant surroundings) found out that perceived price had a positive impact on perceived quality among highly involved consumers. In addition, elegant surroundings positively affected the subjects' perceived quality of the foods and the pleasure felt when eating them.

In the absence of actual experience with a product, consumers often evaluate quality on the basis of cues that are external to the product itself, such as price, brand image, manufacturer's image, retail store image, or even the perceived country of origin. For example, Häagen-Dazs, an American-made ice cream, has been incredibly successful with its made-up (and meaningless) Scandinavian-sounding name. The success of Smirnoff vodka, made in Connecticut, can be related to its apparent Russian derivation. One study found that the wine region was the most important determinant of consumers' perceived quality of wines and that Napa Valley and Sonoma had the strongest regional images among American vineyards.

## Service Quality

It is more difficult for consumers to evaluate the quality of services than the quality of products. This is true because of certain distinctive characteristics of services: They are *intangible*, they are *variable*, they are *perishable*, and they are *simultaneously produced and consumed*. To overcome the fact that consumers are unable to compare competing services side-by-side as they do with competing products, consumers rely on surrogate cues (i.e., extrinsic cues) to evaluate service quality. In evaluating a doctor's services, for example, they note the quality of the office and examining room furnishings, the number (and source) of framed degrees on the wall, the pleasantness of the receptionist, and the professionalism of the nurse; all contribute to the consumer's overall evaluation of the quality of a doctor's services. One study found that online dating services generally fail to meet users' expectations because potential daters want to screen prospective partners by "experiential" attributes (e.g., rapport) whereas online dating providers only enable users to screen by "searchable" attributes (e.g., income). The study also found that using "virtual dates" (thus providing a tangible cue about the service) increased users' satisfaction with the online dating service.

Because the actual quality of services can vary from day to day, from service employee to service employee, and from customer to customer (e.g., in food, in waitperson service, in haircuts, even in classes taught by the same professor), marketers try to standardize their services in order to provide consistency of quality. The downside of service standardization is the loss of customized services, which many consumers value.

Unlike products, which are first produced, secondly sold, and subsequently consumed, most services are first sold and then produced and consumed simultaneously. Whereas a defective product is likely to be detected by factory quality control inspectors before it ever reaches the consumer, an inferior service is consumed as it is being produced; thus, there is little opportunity to correct it. For example, a defective haircut is difficult to correct, just as is the negative impression caused by an abrupt or careless waiter.

During peak demand hours, the interactive quality of services often declines, because both the customer and the service provider are hurried and under stress. Without special effort by the service provider to ensure consistency of services during peak hours, service image is likely to decline. Many marketers try to change demand patterns in order to distribute the service more equally over time. For example, some restaurants offer significantly less expensive "early bird" dinners for consumers who come in before 7:00 p.m.

The most widely accepted framework for researching service quality stems from the premise that a consumer's evaluation of service quality is a function of the magnitude and direction of

the gap between the customer's *expectations of service* and the customer's *assessment (perception) of the service* actually delivered. For example, a brand-new graduate student enrolled in an introductory marketing course at a highly reputable university has certain expectations about the intellectual abilities of her classmates, the richness of classroom discussions, and the professor's knowledge and communication skills. At the end of the term, her assessment of the course's quality will be based on the differences between her expectations at the start of the term and her perceptions of the course at the end of the semester. If the course falls below her expectations, she will view it as a service of poor quality. If her expectations are exceeded, she will view the course as a high-quality educational experience.

The expectations of a given service vary widely among different consumers of the same service. These expectations stem from word-of-mouth consumers have heard about the service, consumers' past experiences, the promises made about the service in its ads and by its salespersons, the purchase alternatives available, and other situational factors. If the level of service received significantly exceeds these expectations, the service is perceived as of high quality and generates more customer satisfaction, increased probability of repeat patronage, and favorable word of mouth. Also, marketers should never make promises that they cannot realistically deliver, because such claims raise customers' expectations and significantly increase the likelihood of lower perceived service quality when the service delivered is good, but not outstanding.

The **SERVQUAL scale** measures the "gaps" between customers' *expectations* of the services that they had purchased and their *perceptions* of the services that they had actually *received*. Measuring these discrepancies (or "gaps") includes two factors:

1. **Outcomes**, which focus on whether or not the services purchased were delivered *reliably*. For example, did a flight you took deliver you to your destination?
2. **Processes**, which focus on *how* the core services were delivered. That is employees' responsiveness, assurance, and empathy in handling customers. For example, how polite and understanding were the airlines' people if, say, your flight was delayed and you came close to missing a connection?

The processes enable service companies to exceed, not merely meet, customers' expectations. For instance, Amazon's core service (its "outcome dimension") is selling many types of products and brands. However, Amazon's advantage over competition is exceeding customers' expectations through superior "processes," which consists of its E-book readers and instant and reliable delivery of e-books, advanced database that generates recommendations for customers, shipment tracking system, the ability to preorder books yet to be published months in advance, subscriptions that include unlimited deliveries without shipping fees, and many other options.

### Price/Quality Relationship

Look at the six polo shirts in Figure 3.17. Which two are the most expensive? Write their numbers down. Next, look at endnote 48 for this chapter (the chapter endnotes begin at the end of the text) and write down the names of the stores and designers of the shirts you selected, but do not look at the information for the other shirts. Now, look at the two shirts again and decide whether you still believe they are the most expensive. Then, pick two other shirts and repeat this exercise.

Let's assume that you picked shirts 2 and 3 as the most expensive. After looking at the endnote, you discovered that shirt 2 sells at Macy's and was designed by Polonimo, and shirt 3 sells at Camicia—a fashionable store in New York City's Soho area—and was designed by Bertoliani. You now have three pieces of information (i.e., sensory input): The shirts' photos, the

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**FIGURE 3.17** Which Shirt Is the Most Expensive?

**Notes**

stores that carry them, and their designers' names. Thinking of Camicia, you are likely to mentally "group" (associate) it with other fashionable stores in Soho, and the name Bertoliani probably evokes images of fashionably dressed, perfectly groomed, and athletic Italian men drinking espresso in Rome—the ones you saw featured in countless ads. You now decide that shirt 3 is the most expensive and also the most fashionable. However, your fellow classmate—who also picked shirts 2 and 3 initially—believes that the Polonimo shirt sold at Macy's is the most expensive.

You first saw only the photos of the shirts (sensory input), without any additional information. Then, the information about the stores and designers (more sensory input) determined how you "saw" the shirts in your mind. Your mental image of the shirts you had selected—was your subjective interpretation of the three pieces of visual and written sensory input. Unsurprisingly, your classmate's interpretation of the same information was different. After you study this chapter, you will realize why and how what you just experienced happened, and the key role of perception in consumer behavior. The answer to the question "which shirt is the most expensive?" is listed in endnote 66.

Perceived product value has been described as a trade-off between the product's perceived benefits (or quality) and the perceived sacrifice—monetary and nonmonetary—necessary to acquire it. A **price/quality relationship** forms when consumers rely on price as an indicator of product quality; in short, they believe more expensive products are better. Some consumers who decide according to a price/quality relationship are actually relying on a well-known (and, hence, more expensive) brand name as an indicator of quality without actually relying directly on price per se. Because price is so often an indicator of quality, some product advertisements deliberately emphasize a high price to underscore the marketers' claims of quality. Marketers understand that, at times, products with lower prices may be interpreted as lesser quality. At the same time, consumers rely on the price and brand name when evaluating the product's prestige and symbolic value and use more concrete attributes of a product, such as performance and durability, to judge its overall performance. For these reasons, marketers must understand all the attributes that customers use to evaluate a given product and include all applicable information to counter any perceptions of negative quality associated with a lower price. In one study, subjects rated the pain in their wrist, artificially caused by an electric shock, after taking a pain reliever, which was actually a dummy, placebo pill. Half the subjects were told that the medication they took costs \$2.50 per dose, and the others learned that it costs 10 cents; in reality, all subjects received identical pills. Eighty-five percent of those who received the more expensive pill reported significant pain reduction, whereas only 61% of those who took the cheaper pill reported such relief. Clearly, consumers tend to believe that more expensive medications are more effective; this finding is consistent with previous research showing that consumers perceive generic drugs to be less effective than brand name medications, even though, chemically, the two medications are identical.

In addition to price, consumers also use such cues as the brand and the store in which the product is bought to evaluate its quality. They view price as an indicator of quality if they have little information to go on, or if they have little confidence in their own ability to make the product or service choice on other grounds. When the consumer is familiar with a brand name, or has experience with a product (or service), or the store where it is purchased, price declines as a determining factor in product evaluation and purchase.

Many products and services are sold as "bundles" (e.g., sets of different pens, tickets to a series of ballet performances), and price discounts lead to more sales of bundled products. A study showed that bundle discounts may have unforeseen results in the form of perceptions of lower quality of all the items in the bundle, which will negatively affect future sales when these items are sold individually.

Some price/quality perceptions are related to personal happiness. In one study, the researcher asked readers of a blog to list the 10 most expensive things they had ever bought, and then list the 10 purchases that had brought them the most happiness. Some products—such as boats and expensive weddings—did not deliver happiness per dollar. Still, there was considerable overlap between the most-expensive list and the most-happy list. Many people included their homes, college educations, vacations, and high-priced electronics in both lists.

## **Store Image and Perceived Quality**

Retail stores have images of their own that influence the perceived quality of the products they carry and consumers' decisions about where to shop. These images stem from the merchandise they carry, the brands sold and their prices, the level of service, the store's physical environment and ambiance, and its typical clientele (this can often be determined from the cars parked in the store's parking lot). One study demonstrated that consumers who have a strong positive image of a store did not find negative word-of-mouth about that store credible.

**Notes**

The width and type of product assortment affect retail store image. Grocery retailers, for example, are often reluctant to reduce the number of products they carry out of concern that perceptions of a smaller assortment will reduce the likelihood that consumers will shop in their stores; they carry primarily widely advertised, best-selling brands. In contrast, Whole Foods Markets—a relatively small supermarket chain—has carved itself a profitable niche by carrying a smaller but highly selective range of products in comparison to conventional supermarkets. Whole Foods stores carry organic (perceived as healthier) products, many of which were bought from mom-and-pop producers; all food products carried are screened for artificial ingredients; and the chain no longer sells products with hydrogenated fats. The chain has been much more profitable than conventional supermarkets in spite of its limited product assortment. Clearly, the unique benefit that a store provides is more important than the number of items it carries in forming a favorable store image in consumers' minds. However, because Whole Food's prices are significantly higher than those of other supermarkets, the chain's nickname has become "Whole Paycheck" and made it rough for the company to attract new consumer segments. The company has been planning to open smaller stores carrying less expensive products, but it must first rid itself of its top-dollar reputation, which, unfortunately, has coined a catchy slogan.

Customers often use brand, store image, and price together as a product quality indicators. When brand and retailer images become associated, the less favorable image becomes enhanced at the expense of the more favorable image. Thus, when a low-priced store carries a brand with a high-priced image, the image of the store will improve, whereas the image of the brand will be adversely affected. For that reason, marketers of prestigious designer goods often attempt to control the outlets where their products are sold. When upscale stores sell leftover expensive items to discount stores, they remove the designer labels from these goods as part of the agreements they have with the manufacturers.

Pricing discounts also affect store image. Stores that offer frequent, small discounts on large numbers of items are more likely to be perceived as "discount stores" and less prestigious than stores offering larger discounts on a smaller number of products. This has important implications for retailers' positioning strategies. In times of heavy competition, when it is tempting to hold frequent large sales covering many items, such strategies may result in an unwanted change in store image. For example, Lord and Taylor in New York City, formerly positioned as an upscale, high-class department store, advertises sales so frequently and so often fills its aisles with racks proclaiming bargain prices, that its upscale image has been tarnished, and its customer mix has changed. Marketers must also consider how price reductions of specific products affect consumers' perceptions. Poorly chosen price promotions cause confusion and may detract from consumers' perceptions of the store.

## **Manufacturer's Image and Perceived Quality**

Consumer imagery extends beyond perceived price and store image. Manufacturers who enjoy a favorable image generally find that their new products are accepted more readily than those of manufacturers who have a less favorable or even a "neutral" image. Consumers also associate certain attributes with manufacturers. For example, Apple is perceived as "different" from other computers and smartphones. A Swatch is perceived as commonplace and inexpensive, whereas watches made by Rolex and Patek Philippe are perceived as expensive status symbols.

**Institutional advertising** is promotion that is designed to promote a company's overall image without overtly referring to specific products. For example, an ad for Siemens—a global conglomerate—used the slogan "The world of tomorrow needs answers that last" and featured energy-producing windmills placed in the open seas. The ad positioned the company as innovative, forward looking, and socially responsible, a corporate image that is likely to be strategically beneficial. For example, if residents of American communities located directly on the ocean perceive Siemens favorably, they would not mind seeing Siemens windmills from their homes, and would not object to them, whereas persons with neutral or unfavorable attitudes towards companies that "invade" their communities might object to and even prevent the placing of the windmills.

Although some marketers argue that product and service advertising do more to boost the corporate image than institutional advertising does, others see both types of advertising—product and institutional—as integral and complementary components of a total corporate communications program. When the reputation of Walmart was tarnished by allegations of unfair labor practices, sexual discrimination, and the publication of data indicating that the company caused most of America's trade imbalance with China, the company published ads stating that "Walmart Is Working for Everyone." In addition, the company's executives appeared on TV talk shows and met with community groups and government officials to

**Notes**

dispel the negative associations. Wal-Mart's troubles continued when a consumer advocacy group initiated an ad campaign that posed the question "Where would Jesus shop?" and argued that people of faith should not shop at the store during the holiday season because of the store's bad wages, benefits, and overseas child labor policies. This negative advertising also illustrates using Jesus' "halo effect"—a term discussed earlier.

In Chapter 2 and within the discussion of repositioning, we discussed how banks' advertising triggered irresponsible consumer spending, which contributed to the financial calamity of 2008. Since then, many banks have been running ads that portray them as "warm" and "cozy" corporations. Examples of advertising slogans designed to convey this image include "where bankin's (*sic*) funner (*sic*)," "a better kind of bank," and "we make money with you, not off you." Also, viral messages online can severely, negatively, and almost instantly affect a company's image. For example, Progressive Corporation—an auto-insurance company—sided with a driver who killed another driver whom they had insured, when the deceased driver's family sued the other driver for negligence. Progressive did so to avoid paying \$75,000 to the family of the dead driver. One family member then described, in a blog, how Progressive sided with the killer of a person insured by them. The message "went viral" all over the Internet and generated a lot of angry comments against Progressive, as well as threats by many of its customers to cancel their insurance.

**Learning Objective**

- 7 To understand consumers' perceived risks and how they handle and reduce those risks.

**Notes**

## Perceived Risk

Consumers must constantly make decisions regarding what products or services to buy and where to buy them. **Perceived risk** is the uncertainty that consumers face when they cannot foresee the consequences of their purchase decisions. This definition highlights two relevant dimensions of perceived risk: uncertainty and consequences.

The degree of risk that consumers perceive and their own tolerance for risk taking are factors that influence their purchase strategies. It should be stressed that consumers are influenced by risks that they perceive, whether or not such risks actually exist. Risk that is not perceived—no matter how real or how dangerous—will not influence consumer behavior. The perception of risk is also a function of how the information is presented. For instance, one study discovered that, in evaluating prescription drugs, consumers greatly overestimated the actual likelihood of adverse events when these were described with words such as "common" or "rare." However, when the commercials induced positive moods, consumers engaged in more nuanced evaluation of product risk information and used it in judging the efficacy and other attributes of the products.

In most situations, consumers' perceived risk is a function of multiple factors. The elements of perceived risk are functional risk, physical risk, financial risk, social risk, psychological risk, and time risk, which are listed and explained in Table 3.5.

### Perceived Risk Varies

Consumer perception of risk varies, depending on the person, the product, the situation, and the culture. The amount of risk perceived depends on the specific consumer. Some consumers tend to perceive high degrees of risk in various consumption situations; others tend to perceive little risk. For example, adolescents who engage in high-risk activities, such as fast, complicated, and daring rollerblading or bicycling maneuvers, obviously perceived lower risk than those who do not engage in such high-risk activities. High-risk perceivers are often described as **narrow categorizers** because they limit their choices (e.g., product choices) to a few safe alternatives. They would rather exclude some perfectly good alternatives than chance a poor selection. Low-risk perceivers have been described as **broad categorizers** because they tend to make their choices from a much wider range of alternatives. They would rather risk a poor selection than limit the number of alternatives from which they can choose.

An individual's perception of risk varies with product categories. For example, consumers are likely to perceive a high degree of risk (e.g., functional risk, financial risk, time risk) in the purchase of a LED TV set because it is a very new and, so far, "unproven" product in terms of its superiority over HD TVs.

The degree of risk a consumer perceives is also affected by the shopping situation. At first, many consumers felt uncertain about buying products online. The market dominance that online merchants gained over the years indicates that, because of positive shopping experiences and word-of-mouth, consumers now perceive little risk in online shopping. Obviously, this lower level of perceived risk is due to better technologies that enable buyers to examine the

**TABLE 3.5** The Elements of Perceived Risk

TYPE OF PERCEIVED RISK	DEFINITION	EXAMPLE
Functional risk	Product will not perform as expected.	Can the E-book reader operate a whole day without having to be recharged?
Physical risk	Product can harm self and others; risk to self and others.	Is organic unpasteurized milk safe to drink? (Many states do not permit unpasteurized milk, but many greenmarkets carry it because it is organic.)
Financial risk	Product will not be worth its cost.	Will a new and cheaper model of an LED TV monitor become available six months from now?
Psychological risk	Poor product choice will bruise the consumer's ego.	Will I be embarrassed when my friends see me with a mobile phone that is not a smartphone?
Time risk	Time spent in product search may be wasted if the product does not perform as expected.	Will I be forced to compare all the different carriers' calling plans again if I experience a lot of "dropped calls" with the one I selected?

product online in greater detail and even "use" some products virtually. One study of online banking demonstrated that most consumers want to use online payments (mostly to meet deadlines and avoid past-due late penalties), but their willingness or unwillingness to do so is a function of their perceived risk of the security of online payment systems. Studies also found that higher levels of consumer trust reduced perceived risk regarding shopping online. Two studies discovered that the amount of product information posted on websites affects consumer risk perception and satisfaction, as well as the relationships among perceived risk, satisfaction, intention to revisit, purchase intent, and the process of the decision making itself.

Consumers handle perceived risk differently, and the prominent ways to reduce purchase-related risk are summarized in Table 3.6.

The concept of perceived risk has major implications for the introduction of new products. Because high-risk perceivers are less likely than low-risk perceivers to purchase new or innovative products, it is important for marketers to provide such consumers with persuasive risk-reduction strategies, such as a well-known brand name (sometimes through licensing), distribution through reputable retail outlets, informative advertising, publicity, impartial test results, free samples, and money-back guarantees. Also, consumers can reduce perceived risk by using online resources that enable them to generate side-by-side comparisons depicting detailed charts of the features, prices, and ratings of all the available models within a given product category.

### Notes

**TABLE 3.6** Consumers Can Reduce Perceived Risk

METHOD	DESCRIPTION
Seek information	Consumers seek information about the product and product category through word-of-mouth communication (from friends and family and from other people whose opinions they value), from salespeople, and from the general media. They spend more time thinking about their choice and search for more information about the product alternatives when they associate a high degree of risk with the purchase.
Remain brand loyal	Consumers avoid risk by remaining loyal to a brand with which they have been satisfied instead of purchasing new or untried brands. High-risk perceivers are more likely to be loyal to their old brands and less likely to purchase newly introduced products.
Rely on brand image	When consumers have had no experience with a product, they tend to "trust" a favored or well-known brand name. They often think well-known brands are better and are worth buying for the implied assurance of quality, dependability, performance, and service.
Rely on store image	If consumers have no other information about a product, they often trust the judgment of the merchandise buyers of a reputable store and depend on them to have made careful decisions in selecting products for sale. Store image also provides assurance of return privileges and adjustment in case of dissatisfaction.
Buy the most expensive model or brand	As indicated in the discussion of price/quality relationship, consumers often feel that the most expensive model is probably the best in terms of quality.

## Summary

**Learning Objective 1:** To understand the elements of perception and their role in consumer behavior.

Perception is the process by which individuals select, organize, and interpret stimuli into a meaningful and coherent picture of the world. Perception has strategy implications for marketers because consumers make decisions based on what they perceive rather than on the basis of objective reality. The lowest level at which an individual can perceive a specific stimulus is that person's absolute threshold. The minimal difference that can be perceived between two stimuli is called the differential threshold or just noticeable difference (JND). Consumers perceive most sensory stimuli above the level of their conscious awareness; however, weak stimuli can be perceived below the level of conscious awareness (i.e., subliminally). Research refutes the notion that subliminal stimuli influence consumers' buying decisions.

**Learning Objective 2:** To understand why consumers process only a small amount of the information they receive.

Consumers' selections of stimuli from the environment are based on the interaction of their expectations and motives with the stimulus itself. People usually perceive things they need or want, and block the perception of unnecessary, unfavorable, or painful stimuli. The principles of selective perception include the concepts of selective exposure, selective attention, and perceptual defense. Which stimuli get selected depends on two major factors, in addition to the nature of the stimulus itself: (1) consumers' previous experience as it affects their expectations (what they are prepared, or "set," to see), and (2) their motives at the time (their needs, desires, interests, and so on). Each of these factors can increase or decrease the probability that a stimulus will be perceived.

**Learning Objective 3:** To understand how consumers organize consumption-related information.

Consumers organize their perceptions into unified wholes according to the principles of Gestalt psychology: Figure and ground, grouping, and closure. Each of these concepts has important implications for understanding consumer behavior. The term "figure" refers to the promotional message and "ground" represents the environment or context within which the figure appears. Because consumers are bombarded with stimuli, they often actively seek to avoid promotional messages. Marketers try to obscure the difference between figure and ground so that their ads do not "stand out" from the contents of entertainment, such as movies and TV shows. They often use product placements, which occur when an advertised product (i.e., the figure) is deliberately integrated into a TV show or film (i.e., the ground). The perception of stimuli as groups or chunks of information, rather than as discrete bits of information, facilitates memory and recall. People instinctively try to organize pieces of sensory input into a complete image or feeling (i.e., they seek closure). Thus, if they perceive that a stimulus is incomplete, they feel compelled to figure out its complete meaning.

**Learning Objective 4:** To understand why and how consumers "add" biases to stimuli and the implications of this tendency for marketing.

The interpretation of stimuli is highly subjective and is based on what the consumer expects to see in light of previous experience, on motives and interests at the time of perception, and on the clarity of the stimulus itself. Individuals carry biased pictures in their minds of the meanings of various stimuli, which are termed stereotypes. Sometimes, when presented with sensory stimuli, people "add" these biases to what they see or hear and form distorted impressions. Stereotypes that distort objective interpretation stem from physical appearances, descriptive terms, first impressions, and the halo effect.

**Learning Objective 5:** To understand the elements of consumers' imagery.

Consumers perceive images of products and brands. The perceived image of a product or service (how it is positioned) is more important to its ultimate success than are its actual physical characteristics. Products and services that are perceived distinctly and favorably have a much better chance of being purchased than products or services with unclear or unfavorable images. The main elements of consumer imagery are consumers' perceptions of brands, packages, services, and prices.

**Learning Objective 6:** To understand how consumers determine the quality of products and services.

Consumers' perceived quality of products and services is based on a variety of informational cues that they associate with the offerings. Some of these cues are intrinsic to the product or service; others are extrinsic. Either singly or together, such cues provide the basis for perceptions of product and service quality. In the absence of direct experience or other information, consumers often rely on price as an indicator of quality. How a consumer perceives a price—as high, low, or fair—has a strong influence on purchase intentions and satisfaction. Consumers rely on both internal and external reference prices when assessing the fairness of a price. Products and services can deliver high quality factually, as determined, say, by experts' judgments of scientific tests. However, if consumers do not perceive offerings as superior products that satisfy their needs and provide value, they will not purchase them, regardless of objective evidence.

**Learning Objective 7:** To understand consumers' perceived risks and how they handle and reduce those risks.

Consumers often perceive risk in making product selections because of uncertainty as to the consequences of their decisions. In most situations, consumers' perceived risk is a function of multiple factors. The elements of perceived risk are functional risk, physical risk, financial risk, psychological risk, and time risk. Consumer strategies for reducing perceived risk include increased information search, brand loyalty, buying a well-known brand, buying from a reputable retailer, buying

the most expensive brand, and seeking reassurance in the form of money-back guarantees, warranties, and pre-purchase trials. The concept of perceived risk has important implications

for marketers, who can facilitate the acceptance of new products by incorporating risk-reduction strategies into their new-product promotional campaigns.

## Review and Discussion Questions

- 3.1.** How does sensory adaptation affect advertising effectiveness? How can marketers overcome sensory adaptation?
- 3.2.** Discuss the differences between the absolute threshold and the differential threshold. Which one is more important to marketers? Explain your answer.
- 3.3.** For each of these products—chocolate bars and cereals—describe how marketers can apply their knowledge of the differential threshold to packaging, pricing, and promotional claims during periods of (a) rising ingredient and materials costs and (b) increasing competition.
- 3.4.** Does subliminal advertising work? Support your view.
- 3.5.** How do advertisers use contrast to make sure that their ads are noticed? Would the lack of contrast between the ad and the medium in which it appears help or hinder the effectiveness of the ad?
- 3.6.** What are the implications of figure-and-ground relationships for print ads and for online ads? How can the figure-and-ground construct help or interfere with the communication of advertising messages?
- 3.7.** Why do marketers sometimes reposition their products or services? Illustrate your answer with examples.
- 3.8.** Why is it more difficult for consumers to evaluate the effective quality of services than the quality of products?
- 3.9.** Discuss the roles of extrinsic and intrinsic cues in the perceived quality of: (a) wines, (b) restaurants, (c) smartphones, and (d) graduate education.

## Hands-on Assignments

- 3.10.** Find three print examples of the kind of promotional methods that constitute ambush or experiential marketing. Evaluate each example in terms of the effectiveness of the sensory input provided.
- 3.11.** Define selective perception, and relate one or two elements of this concept to your own attention patterns in viewing print advertisements and online commercials.
- 3.12.** Select a company that produces several versions of the same product under the same brand name (do not use one

of the examples discussed in this chapter). Visit the firm's website and prepare a list of the product items and the benefits that each item offers to consumers. Are all these benefits believable, and will they persuade consumers to buy the different versions of the product? Explain your answers.

- 3.13.** Apply the concepts that address consumers' perceptions of service quality to evaluate this course at this point.

## Key Terms

- absolute threshold 71
- ambush marketing 72
- broad categorizers 100
- closure 81
- consumer imagery 90
- differential threshold (just noticeable difference, JND) 72
- experiential marketing 72
- extrinsic cues 96
- figure and ground 78
- Gestalt psychology 78
- grouping 80
- halo effect 85
- institutional advertising 99
- intrinsic cues 95
- just noticeable difference (JND) 66
- licensing 86
- narrow categorizers 100
- perceived price 94
- perceived risk 100
- perception 66
- perceptual defense 78
- Positioning 90
- price/quality relationship 98
- product placement 79
- reference price 94
- repositioning 68
- selective attention 77
- selective exposure 77
- sensation 69
- sensory adaptation 72
- sensory receptors 69
- SERVQUAL scale 97
- stereotypes 82
- stimulus 69
- subliminal perception 74
- Weber's law 72

## Multiple-choice Questions

- 3-1.** The process by which individuals select, organize and interpret stimuli into a meaningful and coherent picture of the world is termed as:
- Approach
  - Judgement
  - Awareness
  - Perception
- 3-2.** Why Is Brand Repositioning Needed?
- When new offerings flood the market, and the superiority of the established brand has to be reemphasized
  - When a contemporary image is required in some categories due to changing psychographics
  - When brands want to advertise improved offerings
  - All of the above
- 3-3.** What refers to consumers' perceptions of all the components of products, services, and brands, and to how consumers evaluate the quality of marketers' offerings:
- Brand image
  - Package image
  - Service image
  - Consumer imagery
- 3-4.** The risk under which the product will not perform as expected is called
- Functional risk
  - Psychological risk
  - Physical risk
  - Financial risk
- 3-5.** One of the basic principles of perceptual organization that refers to the interrelationship between the stimulus and the environment is:
- stimulus and ground
  - figure and ground
  - grouping
  - closure
- 3-6.** Individuals carry biased pictures in their mind for the meanings of various stimuli, which is termed as:
- Perceived image
  - Stereotypes
  - Brand image
  - Market image
- 3-7.** People's instinct to organize pieces of sensory input into a complete image or feeling is called:
- Grouping
  - Figure and ground
  - Closure
  - Stimulus and ground
- 3-8.** Advertising which refers to using unusual and unexpected stimuli to gain the attention of consumers is termed as:
- Mobile advertising
  - Digital advertising
  - Product placement advertising
  - Shockvertising
- 3-9.** Marketing which allows customers to engage and interact with brands, products, and services in sensory ways in order to create emotional bonds between consumers and marketing offerings is termed as:
- Experiential marketing
  - Relationship marketing
  - Guerrilla marketing
  - Cause marketing
- 3-10.** A consumer who is used to a typical taste of a brand of chocolate (for instance, Cadbury) can get addicted to it. This is an example of
- Enjoyment
  - Gratification
  - Hedonism
  - Indulgence

**Answer Keys:** 3-1. D 3-2. D 3-3. D 3-4. A 3-5. B 3-6. B 3-7. C 3-8. D 3-9. A 3-10. C

## Notes

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## Notes

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# Consumer Learning

## Learning Objectives

- 1 To understand the elements of learning in the context of consumer behavior.
- 2 To understand behavioral learning, classical conditioning, and the roles of stimulus generalization and discrimination in developing and branding new products.
- 3 To understand instrumental conditioning and the objectives and methods of reinforcement.
- 4 To understand the role of observational learning in consumer behavior.
- 5 To understand the elements of information processing, including receiving, storing, and retrieving consumption-related information.
- 6 To understand cognitive learning as a framework for consumer decision-making.
- 7 To understand consumer involvement and passive learning, and their impact on purchase decisions and the retention and recall of promotional communications.
- 8 To understand how to measure the results of consumer learning.

**L**earning is applying past knowledge and experience to present circumstances and behavior. For example, in Figure 4.1, Dove was launched in the year 1957 in the US and it first ventured in the Indian market in 1993 with its soap offering. The brand's heritage was associated with moisturization. The proposition of the brand at a deeper level was associated with the "Real Beauty" and motivating women to be confident about themselves. "Real Beauty", mildness of its ingredients (moisturizers), care and trust were some of the associations of the brand that were extended to other categories like body lotion, face wash, deodorants, and hair oil. Dove consumers have had the opportunity to learn about the brand, associate with its benefits and repeat buy the brand as they feel that the brand has been rewarding. These consumers had, perhaps, used several aspects associated with concepts of learning associated with this chapter. Hence, Dove uses the concept of generalization to extend itself into several categories.

Repetition and reinforcement are important elements of learning in advertising. While repetition means restating the campaign's key message in many forms and through various communication channels, reinforcement involves rewarding those who try the new product.

Next, we discuss the elements of learning and apply them to developing marketing strategies aimed at getting consumers to try and continue buying new products. The chapter concludes with a discussion of the methods used to measure the results of learning experiences.

**FIGURE 4.1** Dove

*Source: Hindustan Unilever Limited*

**Learning Objective**

- 1 To understand the elements of learning in the context of consumer behavior.

**Notes**

## The Elements of Consumer Learning

Learning is the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future, related behavior. **Consumer learning** is a process that evolves and changes as consumers acquire knowledge from experience, observation, and interactions with others and newly acquired knowledge affects future behavior. It ranges from simple and often reflexive responses to marketing stimuli (such as packaging, product colors, and promotional messages), to learning abstract concepts and making decisions about purchasing complex and expensive products.

Not all learning is deliberately sought. Though much learning is *intentional* (i.e., it is acquired as the result of a search for information), a great deal of learning is *incidental*, acquired by accident or without much effort. For example, some ads may induce learning—like the new products under a familiar brand name featured in Figure 4.1—with learning being deliberately sought, whereas other ads are sought out and carefully read by consumers contemplating major purchases. Learning consists of four elements: motives, cues, responses, and reinforcement.

### Motives

Uncovering consumer motives is the primary objective of marketers, who seek to teach consumers how they can fill their needs by buying certain products and brands. Unfilled needs lead to **motivation**, which spurs learning. For example, men and women who want to take up bicycle riding for fitness and recreation are motivated to learn all they can about bike riding and practice often. They may seek information concerning the prices, quality, and characteristics of bicycles and learn which bicycles are the best for the kind of riding that they do. They will also read any articles in their local newspapers about bicycle trails and seek online information about “active vacations” that involve biking or hiking. Conversely, individuals who are not interested in bike riding are likely to ignore all information related to that activity. The degree of relevance, or “involvement,” determines the consumer’s level of motivation to search for information about a product or service and, potentially, engage in learning.

### Cues

**Cues** are stimuli that direct motivated behavior. An advertisement for an exotic trip that includes bike riding may serve as a cue for bike riders, who may suddenly “recognize” that they “need” a vacation. The ad is the cue (or stimulus) that suggests a specific way to satisfy a salient motive. In marketing, price, styling, packaging, advertising, and store displays are cues designed to persuade consumers to fulfill their needs by buying specific products.

Only cues that are consistent with consumer expectations can drive motivation. Thus, marketers must provide cues that match those expectations. For example, consumers expect designer clothes to be expensive and to be sold in upscale retail stores. Thus, high-fashion designers should sell their clothes only through exclusive stores and advertise only in upscale fashion magazines. Each aspect of the marketing mix must reinforce the others if cues are to become stimuli that guide consumer actions in the direction the marketer desires.

### Box 4.1 Capillary Technologies

Cues, at the point of purchase, are an important aspect to consider when consumers shop. With new technologies and changing lifestyles, there are several opportunities for retail outlets to introduce these cues. Capillary Technologies recognized the hassle consumers go through when they are required to enroll themselves in loyalty programs of retailers (filling in forms, etc.). With minimum details of the consumer, they developed a software that captures customer details at the cash counter (including the items a customer may have bought) based on real-time analytics. The customer gets an SMS – even while he is completing the transaction – about the promotional offer of an item he may be interested in, based on his history of purchases at the store. Employing this technique, the company had experienced a much higher redemption of their offers as compared to traditional sales promotional offers.

## Responses

In the context of learning, **response** is an individual's reaction to a drive or cue. Learning can occur even when responses are not overt. The automobile manufacturer that provides consistent cues to a consumer may not always succeed in stimulating a purchase. However, if the manufacturer succeeds in forming a favorable image of a particular automobile model in the consumer's mind, it is likely that the consumer will consider that make or model when he or she is ready to buy a car.

A response is not tied to a need in a one-to-one fashion. Indeed, as noted in Chapter 3, a need or motive may evoke a whole variety of responses. For example, there are many ways to respond to the need for physical exercise besides riding bicycles. Cues provide some direction, but there are many cues competing for the consumer's attention. Which response the consumer makes depends heavily on previous learning; that, in turn, depends on how previous, related responses have been reinforced.

## Notes

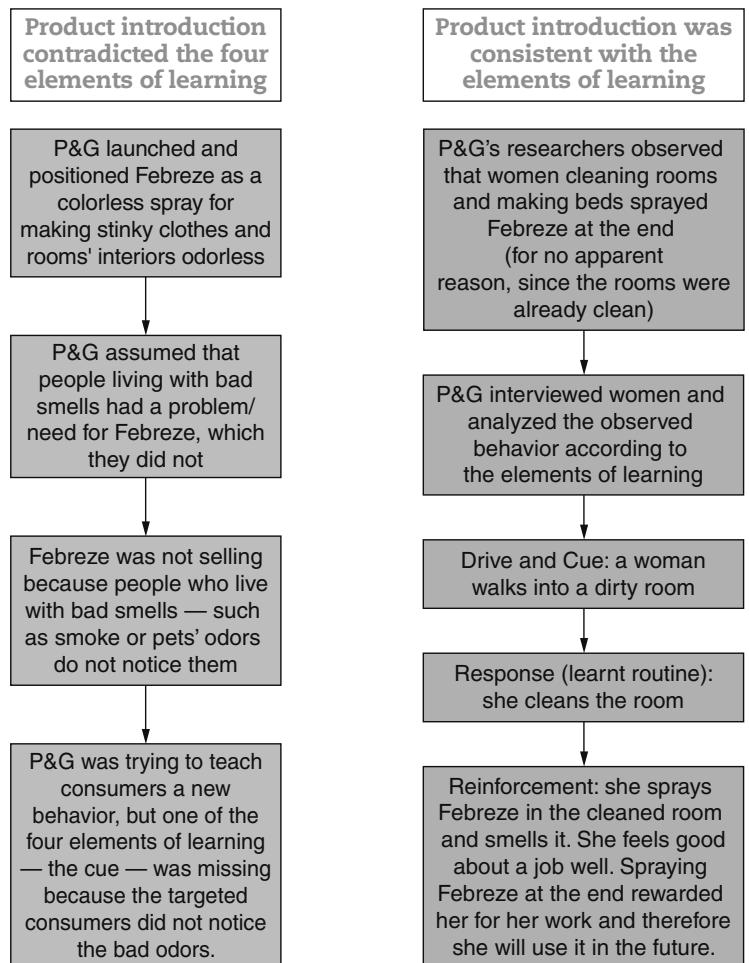
## Reinforcement

**Reinforcement** is the reward—the pleasure, enjoyment, and benefits—that the consumer receives after buying and using a product or service. For the marketer, the challenge is to continue to provide consumers with an ongoing positive product or service, thus reinforcing future purchases. To illustrate, if a person visits a restaurant for the first time, likes the food, service, and ambience, and also feels he or she received value for the money paid, that customer was reinforced and is likely to dine at the restaurant again. If that person becomes a regular customer, the restaurant's owner should further reinforce the customer's continued patronage by, for example, giving the customer a free drink and recognizing the person by name upon arrival. Of course, the quality of the food and service must be maintained, as they are the key elements reinforcing the customer's continued visits. In contrast, if a patron leaves a restaurant disappointed with the quality of the food or the service or feels "ripped off," reinforcement has not occurred. Because of the absence of reinforcement, it is unlikely that the customer will visit the restaurant again.

### Box 4.2 Old Brands and New Communication: Applying Learning Theories

The application of learning theories with appropriate marketing research to find out the appropriateness of visuals/copy can be useful for both new brands and brands with which consumers are familiar. Some of the old brands may trigger a strong brand recognition, but consumers may not have either used them in a while and may hence have forgotten about them (though, at some point in time they were familiar with them), or consumers may have perceived a weak link between the brand (stimulus) and the benefit of the brand (reward). This can happen to a number of well-established brands over a period of time when new brands enter the category. For example, in the category of antacids, currently there are several products in tablet and liquid forms available in the market. Eno is a well-known brand in the category and the brand has been in the market for several decades. In an effort to re-establish itself in consumer memory, Eno came out with an interesting campaign that repositioned the brand vis-à-vis new tablet and liquid variants in the category of antacids. The TV commercial showed Eno in comparison with a tablet and a liquid (both unbranded ones) and explained how the product was more effective than the other two variants. Consumers' sensory store may be receptive to the old and familiar brand and consumers may then think about the ad (if repeated frequently) when they have a need for it. This is how the brand enters the short-term memory of the consumer. When the consumer is exposed to such communication over a period of time, the brand name may enter the long-term memory (the process through which consumers are familiar with several brands like Lifebuoy, Titan, Cadbury or Dettol; consumers through generations have seen their ads in print or in other media). The benefit/satisfaction experienced by consumers on using the product will further strengthen consumers' association with the need, benefits, and pleasure associated with the product.

Sometimes, if the brand is very powerful both in terms of stimulus-reward association as well as brand associations (strength of brand associations), it can be revived even after a prolonged length of time (the brand may not have done much during this period of time). Tiger Balm is one such example.<sup>5</sup> But a brand that is completely out of sync with the changing environment will find it difficult to address both associations and rewards in terms of its offerings. Kodak had introduced Easy Share cameras in partnership with Microsoft (pictures could be transferred easily to PCs) in 2005 and QuickTake camera in partnership with Apple.<sup>6</sup> Despite such efforts, the brand was unable to adapt itself to digital photography. This is even after they had invented the digital camera in 1975!

**Notes**

Source: Charles Duhigg, "How Companies Learn Your Secrets," *New York Times*, February 16, 2012.

**FIGURE 4.2** Procter & Gamble's Febreze

Figure 4.2 applies the four elements of learning to Procter & Gamble's introduction of Febreze, a spray that eliminates bad smells. The chart illustrates the effects of Febreze's initial positioning, which did not follow the principles of learning; the product did poorly. When the product was repositioned in a manner consistent with the principles of learning, it sold much better.

There is no single, universal theory of how people learn. Broadly, there are two models of learning: behavioral and cognitive. Next, we describe these theories and their applications to consumer behavior. Afterwards, we explain how consumers store, retain, and retrieve information, cognitive learning, and how learning is measured.

### Learning Objective

- To understand behavioral learning, classical conditioning, and the roles of stimulus generalization and discrimination in developing and branding new products.

## Classical Conditioning

**Behavioral learning** is sometimes referred to as **stimulus-response learning** because it is based on the premise that observable responses to specific external stimuli signal that learning has taken place. Behavioral learning is not concerned with the *process* of learning, but rather with the *inputs* and *outcomes* of learning; that is, in the stimuli that consumers select from the environment and the observable behaviors that result. Three forms of behavioral learning with great relevance to marketing are classical conditioning, instrumental (or operant) conditioning, and observational (or modeling) learning. Classical conditioning can be used effectively to create subcategories, too. Pond's is a well-known brand. In Figure 4.3, the new subcategory of Men's skin brightness offering (conditioned stimuli) is creatively associated with the unconditioned stimuli of recharge (that elicits associations of recharge of mobile sets that youngsters follow as a ritual).

**Classical conditioning** is viewed as a “knee-jerk” (or automatic) response that builds up through repeated exposure and reinforcement. For instance, if Tyler’s friends compliment him on his expensive Prada boots, he is likely to save money to buy a pair of Prada sneakers. If he sees a Prada ad in a magazine, Tyler will immediately recall his friends’ compliments and feel good about himself and his prior purchase. Ivan Pavlov, a Russian physiologist, developed the concept of classical conditioning. Pavlov maintained that conditioned learning results when a stimulus that is paired with another stimulus that elicits a known response produces the same response when used alone. Pavlov demonstrated what he meant by “conditioned learning” in his studies with dogs. Genetically, dogs are always hungry and highly motivated to eat. In his experiments, Pavlov sounded a bell and then immediately applied a meat paste to the dogs’ tongues, which caused them to salivate. After a number of such pairings, the dogs responded the same way—that is, they salivated—to the bell alone as they did to the meat paste.

Applying Pavlov’s theory to human behavior, consider the following situation: For several years during high school, you always watched your favorite TV sitcom—which begins with the show’s musical theme—with your best friend and every night at 7:00 p.m. Then you and your best friend went to different colleges. After you settled down in your new dorm, at 7:00 p.m. you turned on the TV to watch your favorite sitcom and the show’s musical theme came on. You immediately thought about your friend and felt sad about watching the show alone. Feeling sad when you think about a best friend from whom you are now separated is a natural, human response and is therefore an **unconditioned stimulus** (i.e., a stimulus that occurs naturally in response to given circumstances). Furthermore, before you started watching the sitcom with your friend every night, the show’s musical theme was a neutral stimulus that elicited neither behavior nor any feelings. Later on, while watching the sitcom alone, the same music triggered a particular response—feeling sad—so it has become a **conditioned stimulus** (i.e., a stimulus that became associated with a particular event or feeling as a result of repetition). Feeling sad whenever you hear the music is a **conditioned response** (i.e., a response to conditioned stimulus). The music triggered sadness because of the role of repetition in the process of conditioning. You heard the same musical theme while watching TV with your friend for years, and always at the same time; if you had done so only occasionally, the music would not have triggered sadness. Figure 4.4 depicts Pavlov’s model and an analogous example of classical conditioning.

The strategic applications of classical conditioning to consumer behavior are associative learning, repetition, stimulus generalization, and stimulus discrimination.

### Classical Conditioning in the Indian Context

The form of association imparted by marketers to brands has important implications for how consumers spontaneously connect with brands. Lux soap can be associated with classical and stylish female beauty (for several decades the brand has been using a contemporary top female actor), and Hamam soap with traditional, ethnic beauty, from their past marketing associations. The same company that markets Lux and Hamam, Unilever India, also has Pears soap that has a gentle, mild, and family association. Pepsi has been associated with fun and happy times, with the brand’s use of several cricket and film celebrities in its TVC. The Onida brand of TV was one of the earliest brands in the category to be associated with prestige and status (at a time when TV was considered a status symbol in society). Classical conditioning enables marketers to build and nurture brand associations with specific products.

The following are some examples of how brands have built their associations. It should be noted that as a result of classical conditioning (in the form of associations), brands create a focused perception with regard to consumers: to that extent, classical conditioning is linked to perception (though for conceptual purposes of comprehension, they are treated as distinct academic concepts).

- Margo brand of soap’s associations with neem (which is considered good for the skin) over several years (later endorsed by a celebrity)
- Café Coffee Day’s associations with relaxation and socializing
- Robin Blue’s associations with whiteness of clothes
- Rolex and Omega watches’ associations with prestige of the consumer owning them
- Nike’s associations with a youthful attitude



FIGURE 4.3 Classical Conditioning

Source: Hindustan Unilever Limited

### Notes

**Notes**

- Saffola's association with healthy cooking
- iPhone's associations with technological trends and fashion
- Lux soap's associations with celebrities for several decades

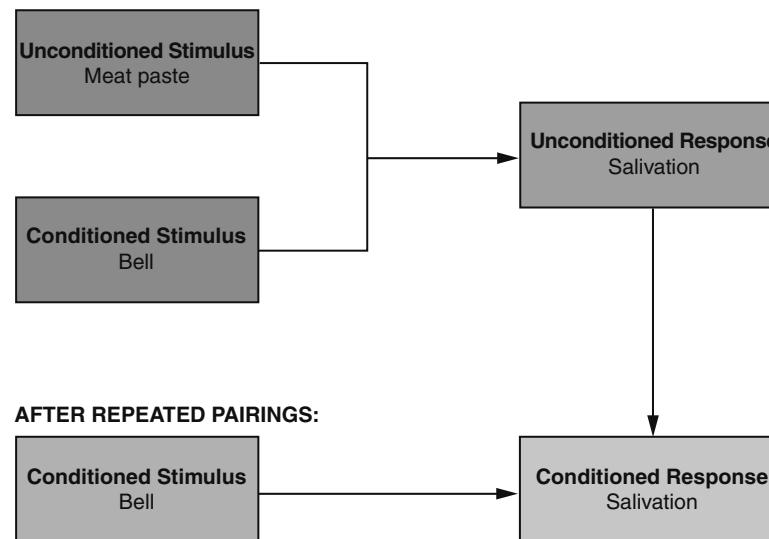


FIGURE 4.4A Classical Conditioning

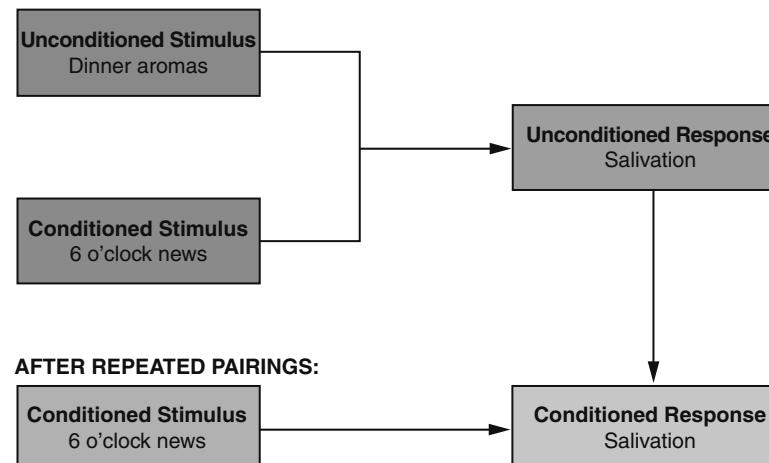


FIGURE 4.4B

**Application 1: Brand Associations – The Dilemma of Retaining or Dissociating**

While one school of thought believes that brands are forever, there is another school that advocates that old brands should be removed to pave the way for new brands when environment changes over time. A good example is the case of Bajaj. Having built brand names like Chetak, Caliber, Kawasaki, and RTZ, the company has successfully removed these brand names and introduced brands like Discover, Pulsar, Boxer, and Platina. During September 2012 Bajaj Discover became the largest selling motorcycle brand in the world, topping Hero Splendor. The decision to withdraw brands and build new brands and associations is both complex and challenging. Later, 'Bajaj' was dropped from Discover and Pulsar to ensure that the other category associations related to Bajaj do not interfere with these strong brands.

## Application 2: What Can a Well-Conditioned Brand Do, Especially When Attitude Creation Is Involved?

Kellogg's, in an attempt to expand its market, had launched an ad comparing its chocolate variant cereal (positioned to children) with rotis, a staple food in most parts of the country.

Kellogg's has a global standing as a multinational brand associated with health. With this campaign through rotis, the brand has also evoked a cultural association. Here, the unconditioned stimulus is the category of cereals rather than the brand. The conditioned stimulus is the Kellogg's brand name and rotis.

It is a good example of attitude creation through classical conditioning associated with the category. Kellogg's, the brand, has been around in India for more than a decade and hence, the conditioning of the brand had been happening for a while.

## Application 3: Counter Segmentation and Classical Conditioning

Titan's Zoop brand of watch had used the concept of brand licensing in an interesting manner. Zoop had a tie-up with the movie 'Iron Man 3'. This was to extend its brand, initially positioned for kids, to youngsters in the range of 22–24 years. Counter segmentation is a concept that involves expanding the segment of the brand to include a new segment (especially, when the original segment has been defined narrowly in terms of its appeal). Titan's strategy for Zoop triggers an association with this strategy.

## Application 4: Power of Associations

Companies use the power of classical conditioning to extend their brands. Boroplus, a well-known antiseptic cream brand, extended itself into Boroplus Health and Fair Winter cream, Boroplus Intensive Therapy cream for knees and elbows, sun screen protection creams, and summer and winter lotions. Parachute Advanced advertised its Knowledge Center to convey the efficacy of 'deep conditioning' as compared to other conditioners. Extending a brand to a knowledge domain enhances the perception about the functional performance of the brand among consumers. Saffola's Heart Foundation is another example of this kind.

Tang, the well-known brand of juice, was launched in 1959, but its sale improved only after NASA had used it on its space flights (associations with space flights were created among consumers).

### Associative Learning

Contemporary behavioral scientists view classical conditioning as learning of associations among events that enable consumers to expect and anticipate events. Rather than being a reflexive action, this is seen as **cognitive associative learning**—not the acquisition of new reflexes, but the acquisition of new knowledge about the world. From this viewpoint, the consumer is an information seeker who uses logical and perceptual relations among events, along with his or her own preconceptions, to form a sophisticated representation of the world.

### Notes

### The Role of Repetition

In advertising, **repetition** is the key to forming associations between brands and fulfillment of needs. For example, having a healthy mouth and good oral hygiene are a human need (i.e., unconditioned stimulus), which many consumers associate with the word "Crest." Why? Because after more than 50 years of *repetitive advertising* and uncountable ads, upon hearing or seeing the name "Crest" consumers think of a premium product for keeping their mouth and teeth healthy and protected from bacteria, diseases, and deterioration. Crest is a *conditioned stimulus* and the consumers' associations are *conditioned responses*. Furthermore, consumers associate Crest with scores of versions of toothpaste, toothbrushes, teeth whitening, flossing, and mouth-rinsing products, all marketed under the Crest brand name. Both the conditioned stimulus and the response are results of hearing or seeing Crest's advertisements again and again—in other words, repetitively.

**Notes**

Repetition increases the strength of the association between two stimuli and slows down forgetting this connection. However, the amount of repetition that aids retention is limited. Although repetition beyond what is necessary for the initial learning aids retention, at some point an individual becomes satiated with numerous exposures, and both attention and retention decline. This effect is called **advertising wear-out**, and marketers reduce it by using different ads expressing the same message or advertising themes, HSBC positions itself as “the world’s local bank.” An advertising campaign, entitled “Different Values,” consisted of about 20 ads centered on the theme that “different values make the world a richer place.” The ads illustrated that one’s point of view is subjective and reflects one’s values and, therefore, the same object can have different meanings depending on one’s culture and viewpoint. The featured objects varied, although the central theme remained the same. For example, a container of pills (the object pictured in one of the ads) may represent “prevention” (e.g., vitamins), “cure” (e.g., antibiotics), or “escape” (e.g., illegal substances).

*Substantive variations* are changes in advertising content across different versions of an advertisement and are appropriate when the marketer wishes to convey more than one product feature. For example, the two ads in Figure 4.5 stress two different attributes of the same product. Varied ads provide marketers with several strategic advantages. Consumers exposed to substantively varied ads process more information about product attributes, and attitudes formed as a result of exposure to such messages are often more resistant to change in the face of competitive attacks.

Although all advertisers use repetition in trying to teach consumers, not everyone agrees on *how much* repetition is enough. Some marketing scholars believe that just three exposures to an advertisement are needed: One to make consumers *aware* of the product, a second to show consumers the *relevance* of the product, and a third to *remind* them of its benefits. This exposure pattern is called the **three-hit theory**. Other researchers suggest that as many as 11 to 12 repetitions are needed to achieve the three objectives. One study indicated that email advertisements that consumers found relevant influenced their learning and attitudes much more than the number of exposures.



Source: Courtesy of Gillette.

FIGURE 4.5

## Stimulus Generalization

According to classical conditioning theorists, learning depends not only on repetition but also on individuals' ability to "generalize." Pavlov found, for example, that a dog could learn to salivate not only to the sound of a bell, but also to similar sounds such as jangling keys or coins. Responding the same way to slightly different stimuli is called **stimulus generalization**.

Stimulus generalization explains why some imitative me-too products succeed in the marketplace: Consumers confuse them with the original product they have seen advertised. It also explains why manufacturers of private-label brands try to make their packaging closely resemble that of the national brand leaders. They are hoping that consumers will confuse their packages with the leading brand and buy their product rather than the leading brand.

There are four strategic applications of stimulus generalization to branding and managing product lines: product line extensions, product form extensions, family branding, and licensing.

### Notes

#### Box 4.3 Generalization in the Indian Context

Eveready introduced LED lanterns running on battery and launched it as a substitute for kerosene-based lanterns in rural India. The product generated ₹75 crores as revenue during the first year, but had to take on duplicates which were of poor quality.<sup>15</sup> This aspect of generalization, linked to the concept of learning, can be found in several categories and brands need to ensure that these duplicates do not erode into their market share.

## Product Line Extensions

**Product line extensions** are additions of related items to an established brand; these are likely to be adopted because they come under a known and trusted brand name. For example, what comes to one's mind upon seeing the V8 symbol? The most likely answer is a small can of vegetable juice sold via vending machines and convenience stores and larger bottles of the brand sold in supermarkets. Most consumers associate drinking vegetable juice and eating vegetables with consuming vitamins, antioxidants, and agents boosting the immune system.

While most consumers associate V8 with vegetables, originally, they did not associate soups with V8. Why did Campbell's (which owns V8), "interfere" with consumers' long-established cognitions by introducing the soups featured in Figure 4.6? Each time consumers bought V8 vegetable juice, they were "rewarded" because the juice tasted good and they were consuming a healthy product. When new products carrying the V8 brand name are advertised, consumers are likely to associate them with the many, prior rewarding experiences of consuming V8 vegetable juice, including the perceived health benefits that are the core of this brand. In learning terms, consumers will apply what they already know about V8 to its new product and probably try the new item. The extension of the V8 line to other products is also a form of family branding, which consists of marketing different products under the same brand name.



Source: Campbell Soup Company

FIGURE 4.6 A Product Line Extension: V8 Soups

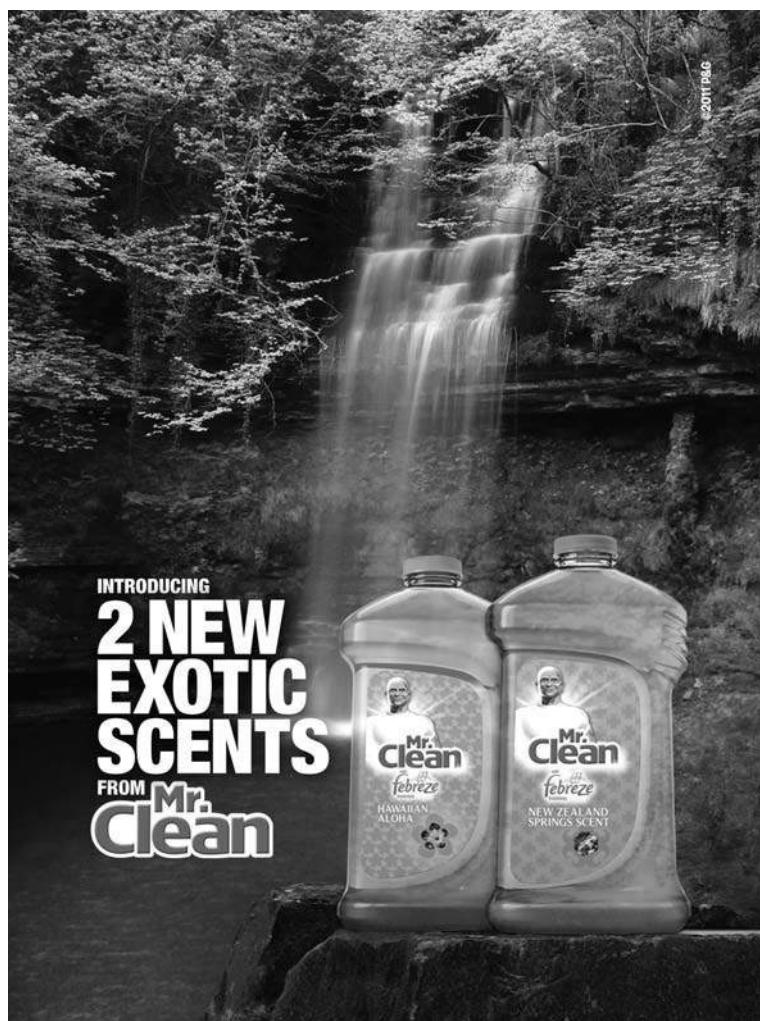


FIGURE 4.7 Mr. Clean's Product Line Extensions

**Notes****Licensing**

**Licensing** is contractually allowing a well-known brand name to be affixed to the products of another manufacturer. The names of designers, manufacturers, celebrities, corporations, and even cartoon characters are attached, for a fee (i.e., “rented out”) to a variety of products, enabling the licensees to achieve instant recognition and implied quality for the licensed products. Some successful licensors include Liz Claiborne, Tommy Hilfiger, Calvin Klein, and Christian Dior, whose names appear on an exceptionally wide variety of products, from sheets to shoes and luggage to perfume.

Corporations also license their names and trademarks to marketers of related products. For example, Godiva chocolates licensed its name for Godiva liqueur. Corporations also license their names and logos for purely promotional purposes: For example, the phrase “Always Coca-Cola” is printed on clothing, toys, coffee mugs, and the like, none of which are made by Coca-Cola.

The number of different products affiliated with a given brand—originating in line and form extensions, family branding, and licensing—will strengthen the brand name, as long as the brand’s owner ensures that the additions are of high quality and consistent with the brand’s image and positioning. Failure to do so will negatively affect consumer confidence and evaluations of all the brand’s products. One study showed that brands that include diverse products are likely to offer more successful brand extensions than brands that include similar products. The study also confirmed that consumers’ reactions to the brand’s extensions are strongly related to the distinct benefits these items provide.

The two Mr. Clean products shown in Figure 4.7 are examples of line extensions under a brand name that has been a best seller since the 1950s and represented by a mascot that consumers view as a strong, tenacious, competent, dependable, and friendly “person” (see Figure 3.2).

**Product Form Extensions**

Offering the same product in a different form but under the same brand is a **product form extension**. For example, Listerine, a mouthwash in the form of liquid and a leading brand, introduced Listerine PocketPacks—a solid form of its product (see Figure 4.8). Clorox Bleach—one of the most recognized brand names among clothing care products—has been sold only as a liquid since its introduction many decades; building upon the brand’s universal recognition as a quality product, the company introduced Bleach Gel.

**Family Branding**

Another strategy stemming from stimulus generalization is **family branding**, which consists of marketing different products under the same brand name. For example, Campbell’s, originally a marketer of soups, continues to add new food products to its product line under the Campbell’s brand name, such as chunky, condensed, kids, and lower sodium soups; frozen meals named Campbell’s Super Bakes; and tomato juice.

## Stimulus Discrimination and Product Differentiation

**Stimulus discrimination**, the opposite of stimulus generalization, is the selection of a specific stimulus from among similar stimuli. The core objective of positioning (see Chapter 2) is to “teach” consumers to discriminate (or distinguish) among similar products (i.e., similar stimuli) and form a unique image for a brand in their minds. Therefore, the objective of marketers’ persuasive messages is to convey a brand’s unique benefits effectively and differentiate it from competition. Unlike the marketers of brands known as “imitators”—which are often obscure or store brands—who hope that consumers will “generalize” by confusing their brands with well-positioned ones, market leaders’ objective is to convince and enable consumers to clearly distinguish (or discriminate) between their products and the imitators.

Most product differentiation strategies are designed to distinguish a product or brand from that of competitors on the basis of an attribute that is relevant, meaningful, and valuable to consumers. It is always difficult to unseat a brand leader once stimulus discrimination has occurred. One explanation is that the leader is usually first in the market and has had a longer period to “teach” consumers (through advertising and selling) to view the brand as the best alternative within a given product category. Apple is a prominent example of differentiating a product. Its early ads explicitly stated that Apple’s innovative products represent a distinctive and extraordinary way of thinking. These ads’ tag line was “Think Different” and they brilliantly conveyed this notion by featuring famous geniuses, such as Albert Einstein and Jim Henson, who thought “outside the box” and came up with ideas that changed the world.

Classical conditioning theory underpins many ways of influencing consumer behavior through repetition, stimulus generalization, and stimulus discrimination. However, although a great deal of consumer behavior is shaped by repeated advertising messages stressing the unique attributes of various brands, consumers also buy the same brands repeatedly because they are continuously rewarded. The role of reinforcements (or rewards) in shaping learning is discussed next.

## Instrumental Conditioning

**Instrumental conditioning (or operant conditioning)** is based on the notion that learning occurs through a trial-and-error process, with habits formed as a result of rewards received for certain responses or behaviors. Like classical conditioning, instrumental conditioning requires a link between a stimulus and a response. However, in instrumental conditioning, the stimulus that results in the most rewarded response is the one that is learned. For example, after visiting stores, consumers know which stores carry the type of clothing they prefer at prices they can afford to pay. Once they find a store that carries clothing that meets their needs, they are likely to patronize it to the exclusion of other stores. Every time they purchase a shirt or a sweater there that they really like, their store loyalty is rewarded (*reinforced*), and they are likely to become repeat customers.

The American psychologist B. F. Skinner constructed the model of instrumental conditioning. According to Skinner, most learning occurs in environments where individuals are “rewarded” for choosing an appropriate behavior. In consumer behavior terms, instrumental conditioning suggests that consumers learn by means of a trial-and-error process in which

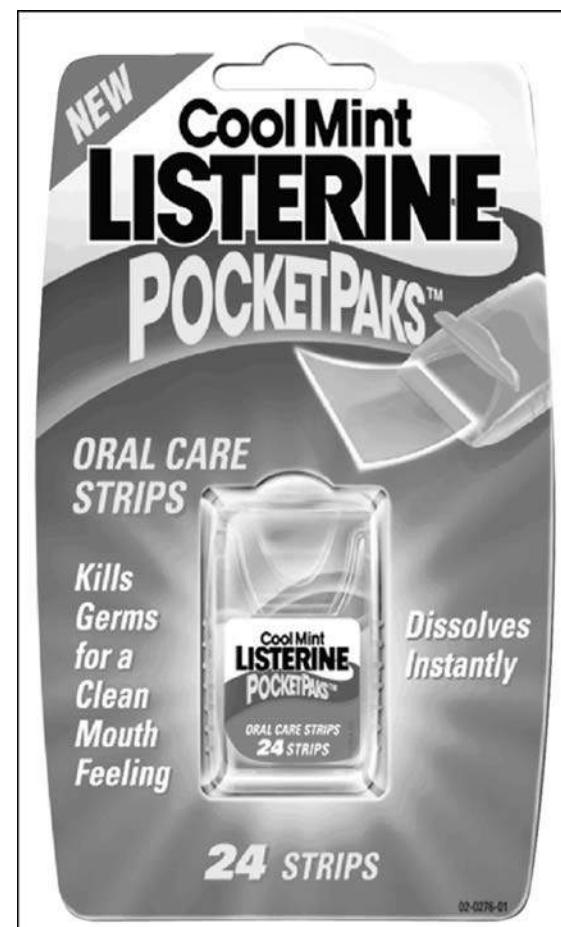
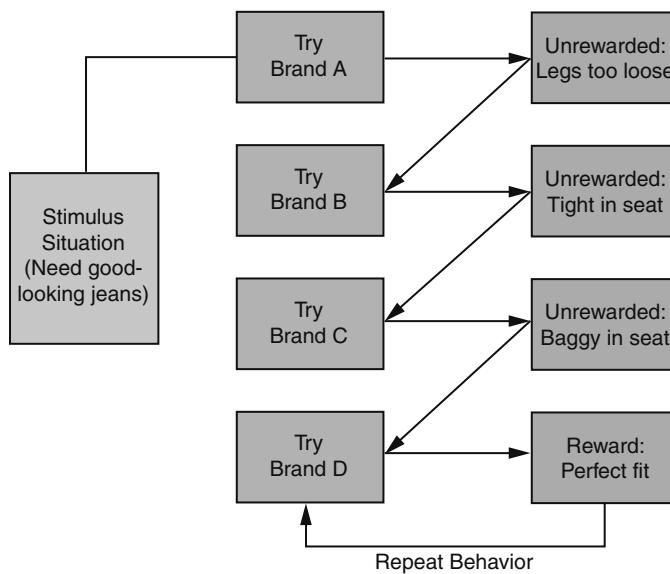


FIGURE 4.8 A Product Form Extension: Clorox Bleach Gel

Source: The Clorox Company

### Learning Objective

- 3 To understand instrumental conditioning and the objectives and methods of reinforcement.

**FIGURE 4.9** A Model of Instrumental Conditioning

some purchase behaviors result in more favorable outcomes (i.e., rewards) than others. A favorable experience is the *instrument* of teaching the individual to repeat a specific behavior.

Like Pavlov, Skinner developed his model of learning by working with animals. Small animals, such as rats and pigeons, were placed in his "Skinner box." If they behaved as Skinner desired—such as pressing a particular lever or pecking keys—he rewarded them with food pellets. Skinner and his many adherents have done amazing things with this learning model, including teaching pigeons to play ping-pong and even to dance. In a marketing context, the consumer who tries several brands and styles of jeans before finding a style that fits her figure (i.e., reinforcement) has engaged in instrumental learning. Presumably, the brand that fits best is the one she will continue to buy. This model of instrumental conditioning is presented in Figure 4.9.

### Applications 1: Habits and Brands – the Usefulness of Automaticity

Recent research views habit as a behavioral action that is triggered by contextual cues – location, social settings, time, and preceding an event. For example, consumers may have soft drinks at their place of work (location); they may visit Café Coffee Day (social setting) when meeting up with friends, have Marie biscuits with tea during evenings (time), and may use Parachute after-shower hair gel before going out to a party (event). Habits – according to this research – gets triggered with stable cues and they are triggered automatically (automaticity is the research stream that is associated with this aspect).

### Application 2: Habits, Script, and Brands

A research study reports that consumers buying a brand for the eighth time are 97% likely to buy it for the ninth time and those marketers have not studied these habits significantly. Habits are unconscious in nature and even the physiology of consumers seems to accept the routine tasks in its habitual mind, as compared to the thinking-based executive mind. Script is a type of schema that has knowledge of the sequence of actions involved in an event. Habits and script together can have a significant impact on enhancing instrumental learning. Bru coffee, launched during the seventies, was associated with the traditional filter coffee and coffee is a habit in most South Indian households. The brand had made an effort to become a part of the consumer's script.

iPod and iTunes have became a part of the habit of millions of consumers. An iPad app introduced by eBay allows the viewer to order items while they are viewing. For instance, a viewer can develop the habit of ordering a fancy item used by an actor while viewing a TV series. A study by Yahoo/Nielson found that 86% of smart phones and tablet users used the app while viewing the show and 26% of them looked for information related to the show they were watching.

The convergence of technologies and the mobile revolution has opened up several possibilities for script and habits. Google + struggled (135 million users and 500 million account holders) to win over brands against Facebook's 1.1 billion users. A Nielson study reported that on an average, an US user spent 6 hours on Facebook as against 6 minutes and 47 seconds on Google +. Habits, perhaps, are an important reason why Facebook has taken a pioneering lead in the world of social networking.

### Application 3: Brand Diffusion and Habits

In instrumental conditioning, other than the response-reinforcement aspect that is instrumental in the formation of loyalty, it may be interesting to note that habit, too, contributes to the reinforcement cycle.

The 'expectation-anticipation-reward-habit' cycle is important for brand loyalty.

Hindustan Unilever had introduced 250 million consumers to the hand washing habit when six million children die every year due to diseases that can be prevented by washing hands. The expectation from the message in the ads of hand wash is the promise of protection from germs, reward (anticipatory) is not falling sick frequently and the habit is washing hands. Lifebuoy, from Hindustan Unilever, perhaps has become a habit among many of the consumers who were introduced to the hand washing practice.

Close up toothpaste has the 12-hour refreshing feeling proposition and the advertisement visuals express the moments with the 'Good morning, Good afternoon, and Good evening' visuals where it is important for the consumer to have refreshing breath. The expectation is protection from bad breath, the reward is the refreshing breath experienced by the consumers and the brand, Close up, becomes a part of the brushing habit or ritual.

### Application 4: Branding and Behavioral Learning Theories

Both classical conditioning and instrumental conditioning can be applied to create brand associations in an environment that is increasingly getting digital. Axe deodorant targets youth in the age group of 18–15 years. The Axe ads received thousands of views on You Tube and there is an opportunity for a brand to be associated with the everyday life of the target segment. Deodorants are chosen more over fragrances in India and the brand made an attempt to create strong associations with its variants. The Axe Dark Temptation was portrayed as being irresistible as chocolate and hence, chocolate associations or words trigger the brand's association. Its 'Call me' campaign resulted in 3.5 million calls to the Axe number. The Axe Angels fan page on Facebook attracted 7,00,000 friends (all these are classical conditioning aspects). Axe Instinct, an online game, was played by three million people and 55% of them were repeat players (instrumental conditioning at work with the repeat players having enjoyed the game-experiential reward).

### Reinforcing Behavior

Skinner distinguished between two types of reinforcement that influence the likelihood that a response will be repeated. The first type, **positive reinforcement**, rewards a particular behavior and thus strengthens the likelihood of a specific response during the same or similar situation. For example, a child receives ice cream when passing an ice cream stand and receives pleasure from eating it. Then, whenever he passes by the stand he asks for ice cream. **Negative reinforcement** is the removal of an unpleasant stimulus and it strengthens the likelihood of a given response during the same or similar circumstances. For example, a child has a cold and also hates swallowing pills. Her mother convinces her to take Advil and her cold symptoms go away (i.e., the unpleasant stimulus is removed). Next time she has a cold, most likely the girl will readily agree to swallow a pill, and might even ask specifically for an Advil. Therefore, marketers of headache remedies use negative reinforcement when they illustrate the unpleasant symptoms of an unrelieved headache, as do marketers of mouthwash when they show the loneliness suffered by someone with bad breath. In each of these cases, the consumer is encouraged to avoid the negative consequences and remove the unpleasant stimulus by buying the advertised product.

#### Notes

Either positive or negative reinforcement can be used to elicit a desired response. However, negative reinforcement should not be confused with *punishment*, which is designed to *discourage* behavior. For example, receiving a speeding ticket and having to pay a fine is not negative reinforcement; it is a form of punishment designed to discourage future speeding. But what constitutes "punishment" is tricky. For example, a driver can perceive the fine as "paying" for a bad behavior and continue speeding; this individual apparently believes that each time he speeds he will merely have to pay for his bad behavior. Therefore, in addition to paying fines, speeding drivers receive "points" on their licenses and can lose their driving rights (and the opportunities to speed) if they speed too many times. In a frequently cited study, researchers discovered that when a day care center started "punishing" parents who picked up their kids late by charging them about \$3, late pickups actually *increased*, because parents viewed the fine as the price for being tardy. The "punishment" actually legitimized being late and *encouraged* the behavior it was designed to lessen.

**Notes**

## Extinction and Forgetting

**Extinction** occurs when a learned response is no longer reinforced and the link between the stimulus and the expected reward breaks down. When consumers become unsatisfied with a service (e.g., at a restaurant), the link between the stimulus (i.e., the restaurant) and expected satisfaction is no longer reinforced and the consumers won't come back. Behavior that is not reinforced becomes "unlearned."

Note that there is a difference between extinction and forgetting. Diners who have not visited a once-favorite restaurant for a long time simply forget how much they used to enjoy eating there and their behavior is "unlearned" because of lack of use rather than lack of reinforcement. **Forgetting** is often related to the passage of time, and thus is also called "decay." Marketers overcome forgetting by contacting customers who stopped buying their products and giving them incentives aimed at persuading the customers to start buying their products again.

## Customer Satisfaction and Retention

Savvy marketers reinforce customer satisfaction by consistently providing high quality. Marketers must provide the best value for the money and simultaneously avoid raising consumers' expectations beyond what the products can deliver. Companies must not assume that more attractive prices and broader product lines will make customers more satisfied. Instead, companies that create personal connections with customers, and offer diverse product lines and competitive prices, because these are the most effective reinforcements, which bring about repeat patronage. Most frequent shopper programs are based on the notion that the more a consumer uses the service, the greater the rewards. Another form of reinforcement is rewarding customers who refer other customers. One study discovered that although rewards increased referrals, there was no difference in referral likelihood between smaller and larger rewards. In addition, for existing customers with strong ties to the marketer providing the reward, these incentives did not increase referral likelihood. However, several studies discovered that satisfied customers are often fickle and disloyal when a lot of competition exists.

## Reinforcement Schedules

Product quality must be consistently high and satisfy customers every time they buy the product—but additional rewards do not have to be offered during every transaction, because *occasional* rewards often effectively reinforce consumers' patronage. For example, airlines occasionally upgrade a passenger at the gate; here, the *possibility* of receiving a reward is the reinforcement and incentive for continued patronage.

Psychologists have identified three reinforcement schedules: Continuous, fixed ratio, and variable ratio. With **continuous reinforcement**, a reward is provided after each transaction, such as a free after-dinner drink or fruit plate always served to regular patrons of a restaurant. A **fixed ratio reinforcement** schedule provides reinforcement every *n*th time the product or service is purchased (say, every third time). For example, a retailer may send a credit voucher to account holders every three months, based on a percentage of the customer's purchases during the prior quarter. A **variable ratio reinforcement** schedule rewards consumers on a random basis. Gambling casinos operate on the basis of variable ratios. People pour money into slot machines (which are programmed to pay off on a variable ratio), hoping for the big win. Variable ratios tend to engender high rates of desired behavior and are somewhat resistant to extinction; apparently, for many consumers, hope springs eternal. Other examples of variable ratio schedules include lotteries, sweepstakes, door prizes, and contests that require certain consumer behaviors for eligibility.

## Shaping

Reinforcement performed *before* the desired consumer behavior actually takes place is called **shaping**. Shaping increases the probability that certain desired consumer behavior will occur. For example, retailers recognize that they must first attract customers to their stores before they can expect those customers to do the bulk of their shopping there. Many retailers provide some form of preliminary reinforcement (shaping) to encourage consumers to visit their stores. For example, some retailers offer loss leaders—popular products at severely discounted prices—to the first hundred or so customers to arrive, because those customers are likely to buy more products at the store rather than only the discounted items. By reinforcing the behavior that is needed to enable the desired consumer behavior, marketers increase the probability that the desired

behavior will occur. Car dealers recognize that to sell new-model cars, they must first encourage people to visit the showrooms and test-drive the cars. They hope that the test drive will result in a sale. Using shaping principles, many car dealers encourage showroom visits by providing small monetary or other gifts to those who test-drive the cars, and a rebate check upon placement of an order. They use a multistep shaping process to achieve the desired consumer learning.

### Massed versus Distributed Learning

As illustrated previously, timing has an important influence on consumer learning. Should a learning schedule be spread out over a period of time, which is termed **distributed learning**, or should it be “bunched up” all at once, which is called **massed learning**? The question is an important one for advertisers planning a media schedule, because massed advertising produces more initial learning, whereas a distributed schedule usually results in learning that persists longer. When advertisers want an immediate impact (e.g., to introduce a new product or to counter a competitor’s blitz campaign), they generally use a massed schedule to hasten consumer learning. However, when the goal is long-term repeat buying on a regular basis, a distributed schedule is preferable. A distributed schedule, with ads repeated on a regular basis usually results in long-term learning that is relatively immune to extinction.

### Notes

## Observational Learning

**Observational learning (or modeling)** is the process through which individuals learn behavior by observing the behavior of others and the consequences of such behavior. For this type of learning to occur, reinforcement must take place. For example, Joe—a commuter— notices that more and more train riders are using e-readers, so he buys one to try it out, knowing that he has 30 days to return it. Then, a conductor whom Joe knows and sees daily compliments him on the purchase and also asks questions about the device. Joe’s purchase was the result of observational learning. Because the conductor’s compliments reinforced his purchase (and also because he likes the device and it works well), Joe decides to keep the device.

Advertisers recognize the importance of observational learning in selecting the models they feature in advertisements, whether celebrities or unknowns. If a teenager sees an ad that depicts social success as the outcome of using a certain brand of shampoo, she will want to buy it. If her brother sees a commercial that shows a muscular young athlete eating Wheaties—“the breakfast of champions”—he will want to eat it, too. Indeed, a lot of advertising is based on observational learning. Many ads feature likeable models achieving positive outcomes to common problem situations through use of the advertised product. Children learn much of their social and consumer behavior by observing their older siblings and parents. They imitate the behavior of those they see rewarded, expecting to be rewarded similarly if they adopt the same behavior. The Ragu ad in Figure 4.10 illustrates a child’s observational learning from his grandfather.

### Box 4.4 Classical Conditioning, Observational Learning, and Brands

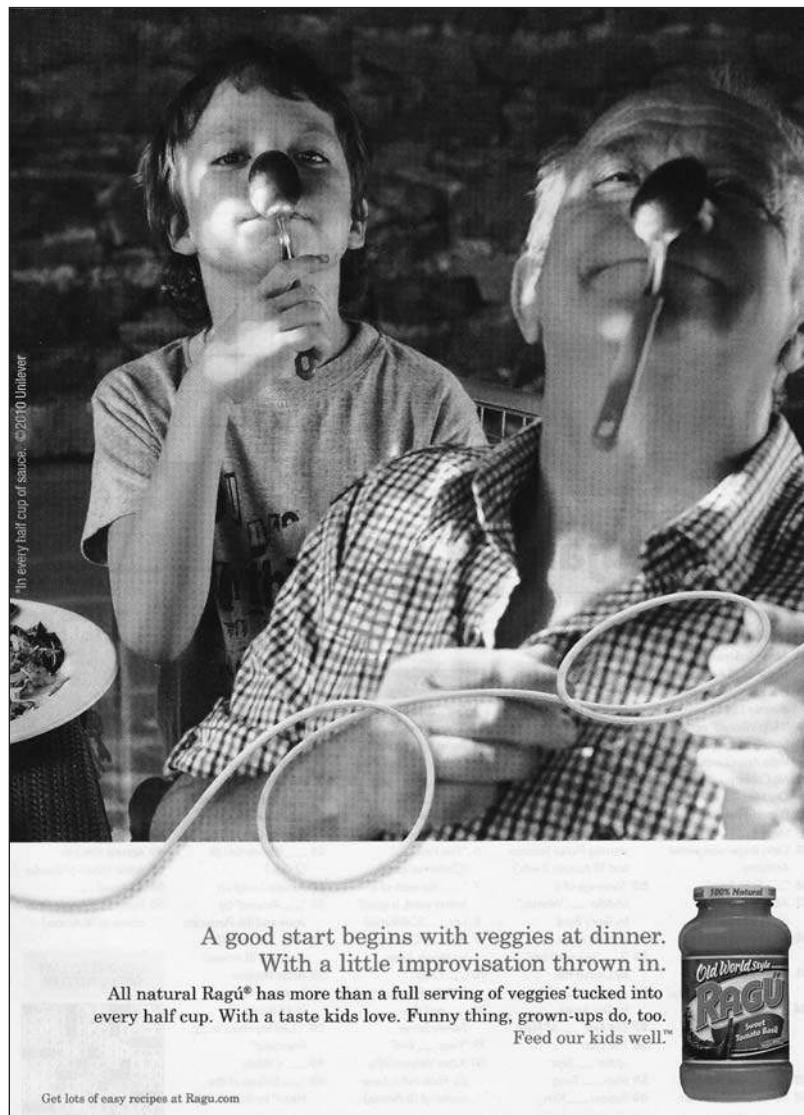
Sensodyne versus Colgate Sensitive toothpaste (both brands are premium-priced ones with therapeutic benefits) provides an interesting example with regard to the application of observational or vicarious learning associated (classical conditioning) to brands. Colgate (a well-known brand in toothpaste category) introduced its Sensitive toothpaste in departmental stores in the early 2000. Subsequently, after a few years it started advertising on TV channels. The ad showed a consumer experiencing agony when she ate something cold (due to sensitivity of teeth) and the pain killing action of the brand was highlighted. It was implied that consumers who had a similar problem would see the ad, put themselves in the position of the model in the ad, and experience the brand (observational learning).

Sensodyne toothpaste (although a new brand in India, it is a multinational brand) advertised the brand being endorsed by a doctor (the visual shows a person in a white coat). It was interesting to note that Sensodyne had overtaken Sensitive in terms of market share within two years of its launch.<sup>34</sup>

This raises interesting questions. Colgate, decades back, used to associate itself (and even now for one of its variants) with doctors. Given the mere exposure of ‘brand–doctor’ association in the category, does such an association work better for a therapeutic offering like Sensodyne? This is despite the powerful Colgate brand name being associated with Sensitive. How should Colgate Sensitive counter the problem? Other marketing mix elements may be important in this scenario, but brand associations play a dominant role in making an impact on consumers in such categories. Pepsodent, a brand of toothpaste from Unilever, too, had launched its higher-priced variants with doctor’s endorsement.

### Learning Objective

- 4 To understand the role of observational learning in consumer behavior.

**Notes**

**FIGURE 4.10** Eating Ragu Is Fun: Observational Learning from Grandfather to Grandson

### Learning Objective

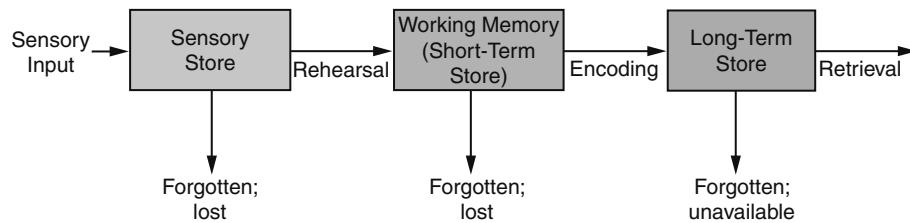
- 5 To understand the elements of information processing, including receiving, storing, and retrieving consumption-related information.

## Information Processing

A lot of learning occurs through consumer thinking and problem solving. Sometimes we resolve purchase-related dilemmas instantly. In other situations, we search for information and carefully evaluate what we learned. This kind of learning, called **cognitive learning**, consists of mental processing of data rather than instinctive responses to stimuli. Therefore, we examine the structure and components of information processing, which are diagrammed in Figure 4.11, before explaining cognitive learning.

The human mind processes the information it receives. Consumers process product information by attributes, brands, comparisons between brands, or a combination of these factors. The number and complexity of the relevant attributes and available alternatives influence the intensity or degree of information processing. Consumers with higher cognitive abilities acquire more product information and consider more product attributes and alternatives than consumers with lesser ability.

The more experience a consumer has with a product category, the greater is his or her ability to make use of product information. Greater familiarity with the product category also increases learning during new purchase decisions for items within the same category. The components of information processing are storing, retaining, and retrieving information.

**Notes****FIGURE 4.11** Information Processing

## Storing Information

The human memory is the center of information processing. Information processing occurs in stages and in three sequential “storehouses” where information is kept: The sensory, short-term, and long-term stores.

### Sensory Store

The **sensory store** is the mental “space” in the human mind where sensory input lasts for just a second or two. If it is not processed immediately, it is lost. All data come to us through our senses, but the senses do not carry whole images, like a camera. Each sense receives a piece of information (such as the smell, color, shape, or feel of a flower) and transmits it to the brain in parallel, where the perceptions of a single instant are synchronized and perceived as a single image for only a brief moment. Because consumers are constantly bombarded with stimuli from the environment, they subconsciously block out a great deal of information that they do not need or cannot use. For marketers, this means that although it is relatively easy to get information into the consumer’s sensory store, it is difficult to make a lasting impression. Furthermore, the brain automatically and subconsciously “tags” all perceptions with a value, either positive or negative; this evaluation, added to the initial perception in the first microsecond of cognition, tends to remain unless further information is processed. This explains why first impressions tend to last and why it is hazardous for a marketer to introduce a product prematurely into the marketplace.

### Short-Term Store

The **short-term store** is where information is processed and held for just a brief period. Anyone who has ever looked up a number in a telephone book, only to forget it just before dialing, knows how briefly information lasts in short-term storage. If information in the short-term store undergoes the process known as **rehearsal**, which is the silent, mental repetition of information, it is then transferred to the long-term store. The transfer process takes from 2 to 10 seconds. If information is not rehearsed and transferred, it is lost in about 30 seconds or less. The amount of information that can be held in short-term storage is limited to about four or five items.

An interesting experiment illustrated how the short-term store operates. A researcher walked over to a pedestrian and asked for directions. While the pedestrian was responding, two workmen carrying a large door walked between the researcher and the respondent; while hidden by the door being moved, the researcher switched places with another person. Only about half the pedestrians noticed that they were talking to someone else afterward.

### Long-Term Store

The **long-term store** is the mental “space” where information is retained for extended periods of time, in contrast to the short-term store, where information lasts only a few seconds. Although it is possible to forget something within a few minutes after the information reaches long-term storage, it is more common for data in long-term storage to last for days, weeks, or even years. A study of three generations of automobile consumers discovered that people’s earliest memories and experiences regarding cars defined what car brands meant to them and affected their brand preferences later in life.

## Application 1 : Routes to Brand Schema

Brand associations reside in schema, and due to competitive pressures, it has become imperative for brands to develop strong associations in tune with their sustainable core proposition (the ability of a brand to sustain, nurture, and reinforce their core propositions or associations). Lifebuoy (germ killing action), Santoor (youthful skin), and Horlicks (health for youngsters) are some examples of brands that have been able to sustain their core associations. There are different routes that brands have to take to strengthen their associations. It should be noted that all these routes offer certain basic ideas; they are not to be viewed as mutually independent approaches.

**Brand Relationships:** Fournier suggested several relationships with brands that can be cultivated by marketers. Interdependence, personal commitment, love, intimacy, partner quality, self-concept, and nostalgic connections are some of them. For example, Dove hair oil hinted at "grandmother's formulation" when it introduced its campaign (nostalgia). The framework may also be useful for a new entrant. A new brand of telecom services can develop association of personal commitment. Telenor, the telecom company, had its field officers posted close to its mobile towers to redress consumer complaints and address their queries. A trusted brand like Life Insurance Corporation can develop "partner quality" associations.

**Brand Love:** Good attributes, strong values (cultural, for example), intrinsic benefits (psychological), self-identify, positive emotions, passionate desire, emotional bonding, and length of use are some of the other aspects through which brands can develop their associations. Parachute Advansed brand advertises the daughter advising her mother about the brand (emotional bonding); Red Bull is all about passion; Fair & Lovely is about social confidence (psychological benefit), and Ujala's blue to be used on white clothes denotes a cultural value.

## Application 2: Associative Network and Branding

Associative network consists of nodes. Any concept can be stored in a node like a brand name, person's image, name of a place. The nodes are linked to form an associative network that will have a schema (one provides a total set of associations concerning a set of nodes). A brand like Titan, for example, may be interested in linking several nodes that have favorable associations of the brand.

There is a powerful link between the classical conditioning aspects and the associative networks created in the long-term memory. While classical conditioning may be limited by certain aspects (like advertising wear out), associative network seems to offer tremendous scope for brands to explore several associations from the view point of strengthening them, at least in the Indian context. Sachin Tendulkar, at one point of time, was endorsing 13–14 brands. While advertising wear out is associated with one brand presented in a familiar format, the same phenomenon could have created celebrity wear out with so much of familiarity and exposure with regard to the usage of celebrities. Perhaps it is the power of the associative networks that have made marketers use the same charismatic celebrity across brands. This scenario presents a worthwhile research proposition. Dove, with its 'mild, trusted, and problem solving' associations, is present in soaps, shampoos, deodorants and hair oil.

Should marketers place ads as a part of a TV program to achieve effective outcomes? The Indian Premier League has over a million viewers, ensuring that brands that are advertised gain through familiarity and repeated exposure. Brands that are established also benefit through such strategies. Placing an ad as part of a TV program will depend on two factors – involvement in the program (as discussed later in the chapter) and relevance or linkage of the advertisement to the program. Consumers who are highly involved in a cricket match may fail to notice an ad for a pain balm if the ad explains the benefit of the brand after a six is scored by a batsman. But in a TV serial centered on a child (theme of the serial), an ad for a tire company, elaborating on how a child is saved from an accident because of the attributes of the brand, may sink in with the audience watching that TV serial.

## Information Rehearsal and Encoding

The amount of information available for delivery from short-term storage to long-term storage depends on the amount of rehearsal it receives. Failure to rehearse an input, either by repeating it or by relating it to other data, can result in fading and eventual loss of the information. Information can also be lost because of competition for attention. For example, if the short-term store receives a great number of inputs simultaneously from the sensory store, its capacity may be reduced to only two or three pieces of information.

**Notes**

The purpose of rehearsal is to hold information in short-term storage long enough for encoding to take place. **Encoding** is the process by which we select a word or visual image to represent a perceived object. Marketers help consumers encode brands by using brand symbols. Kellogg's uses Tony the Tiger on its Frosted Flakes; the Green Giant Company has its Jolly Green Giant. Dell Computer turns the *e* in its logo on its side for quick name recognition, and Apple uses its stylish and distinctive insignia.

Processing and remembering a picture takes less time than learning verbal information, but both types of information are important in forming an overall mental image. A print ad with both an illustration and body copy is more likely to be encoded and stored than an illustration without verbal information. High-imagery copy produces greater recall than low-imagery copy, and marketers realize that almost every ad should include some form of an illustration. In one study, consumers were given goals and then asked to memorize ads. The study found that an ad-memorization goal enhanced attention to the body text, pictures, and brand design. A brand-learning goal produced attention to the body text, but also inhibited attention to the pictorial design. One may conclude that text-dominant ads activate brand learning and pictorial-dominant ads activate ad appreciation.

Encoding of commercials is related to the context in which they are featured. For example, while watching TV, some parts of a program may require viewers to commit a larger portion of their cognitive resources to processing (e.g., when a dramatic event takes place versus a casual conversation). When viewers commit more cognitive resources to the program than the ads, they encode and store less of the information conveyed by a commercial. This suggests that commercials requiring relatively little cognitive processing may be more effective within or adjacent to a dramatic program setting than commercials requiring more elaborate processing. Viewers who are very involved with a television show respond more positively to commercials adjacent to that show and have more positive purchase intentions. Recent exposure to related information also facilitates encoding. A study found that publicity about advertising campaigns before they were started facilitated better recall of brands featured in subsequent advertising.

When consumers receive too much information and then have difficulty encoding and storing it, **information overload** occurs. For example, in product categories where several strong brands are heavily promoted, consumers do not remember product information featured in ads that promote new brands. Consumers can also become cognitively overloaded when they receive a lot of information in a limited time. Such overload leads to consumer frustration, confusion, and poor purchase decisions.

## Information Retention and Retrieval

Information does not merely remain in long-term storage waiting to be retrieved. It is constantly organized and reorganized, as new chunks of information are received and new links among those chunks are created. For example, a memory of a product's name may be activated by relating it to the spokesperson appearing in its advertising.

Product information stored in memory is brand based, and consumers interpret new information consistently with the way in which it has already been organized. One study demonstrated that "brand imprinting"—messages that merely establish the brand's identity—if conducted before presentation of the brand's benefits, facilitated consumer learning and retention of information about the brand. Studies also showed that a brand's "sound symbolism" (a theory suggesting that the sounds of words convey meanings) and the brand's "linguistic characteristics" (e.g., unusual spelling) affected the encoding and retention of the brand name.

A key component of retention is called **chunking**, defined as the process during which consumers recode what they have already encoded; this process often results in recalling additional relevant information. Marketers have studied the kinds and numbers of groupings (or "chunks") of information that consumers can handle. They discovered that consumers' recall declined when the chunks featured in advertisements did not match the ones stored in the consumers' minds. Also, consumers who are more knowledgeable about a product category can absorb more complex chunks of information than less knowledgeable consumers.

**Retrieval** is the process by which people recover information from the long-term store; it is frequently triggered by external cues. For example, when we see a product in the store or on TV, we automatically retrieve the applicable information our brains have stored. If the brand is distinctive and heavily advertised, or if we had a memorable experience using it, the retrieval will be quicker than that for less sought-after brands. Some scientists used brain-imaging technologies, normally used in medicine, to examine information retrieval. For example, when men looked at racy sports cars, their reward centers were activated. In an experiment involving

**Notes**

soft drinks, two different brain regions were at play. When some loyal drinkers of Coke and others of Pepsi tasted two soft drinks with the brands unidentified, their brains' reward system was activated. The respondents were then asked which of the two they liked better. Afterward, they were told the brand of the drink they liked better in the blind taste test. At that point, their brains' memory region (where information regarding brand loyalty is stored) was activated and overrode the preferences the participants indicated after tasting the soft drink, but before knowing which brand they had tasted. That is, if the brand they said they liked better was *not* their regular brand, they changed their minds regarding which drink they liked better during the blind taste test.

Unexpected elements improve consumers' ad retention only when those elements are relevant to the advertising message. For example, an ad for a brand of stain-resistant, easy-to-clean carpet shows an elegantly dressed couple in a beautiful dining room setting where the man inadvertently knocks the food, the flowers, and the china to the floor. The elegance of the actors and the upscale setting make the accident totally unexpected, whereas the message remains highly relevant: The mess can be cleaned up easily without leaving a stain on the carpet. Because this ad is very dramatic, it is likely to be remembered (or retrieved) when the consumer is exposed to any of the elements of the ad thereafter. However, unexpected cues are not the same as incongruent ones. Although consumers notice ads containing cues that are incongruent with the products advertised, they are unlikely to remember them. For instance, a print ad showing a nude woman sitting on a piece of office furniture would very likely attract readers' attention, but would probably not increase the likelihood that the ad purveyor would be remembered or subsequently retrieved. In one experiment, where subjects were manipulated into making choices among four desserts based on memory or on the actual stimuli (the desserts themselves), researchers discovered that memory-based product choices were guided more by feelings (e.g., an urge for tasty food), whereas stimulus-based choices were guided more by deliberative considerations (e.g., the need to follow a sensible diet).

A greater number of competitive ads in a product category leads to lower recall of all brands' advertising claims, because consumers are confused by many competing ads and they find it hard to retrieve information. Under such conditions, ads can activate the retrieval of cues for competing brands. For example, consumers may believe that the long-running and attention-getting television campaign featuring the Eveready Energizer Bunny is an ad for Duracell batteries.

**Learning Objective**

- 6 To understand cognitive learning as a framework for consumer decision-making.

**Notes**

## Cognitive Learning

**Cognitive learning** is the systematic evaluation of information and alternatives needed to solve a recognized but unfulfilled need or unsolved problem. Unlike behavioral learning, which consists of instinctive responses to stimuli, cognitive learning involves deliberate mental processing of information. Cognitive psychologists focus on the roles of motivation and mental processes in producing a desired response, rather than the immediate response to a given stimulus.

Cognitive learning occurs when a person has a goal and must search for and process data in order to make a decision or solve a problem. For a long time, consumer researchers believed that all consumers passed through a complex series of mental and behavioral stages in arriving at a purchase decision. These stages ranged from awareness of the purchase options (exposure to information), to evaluation and preferences regarding the alternatives available, to possibly trying one or more versions of the product, and then buying or not buying it (behavior expressed as adoption or rejection). For example, a consumer looking to purchase a super-slim, point-and-shoot digital camera (the goal) must choose among many brands and models (problem solving). The consumer will first get to know the features of different models (exposure to information resulting in knowledge), then develop preferences and evaluations regarding the different alternatives, and then decide which model to buy and which ones not to purchase (rejection).

The ad for Crest Pro-Health toothpaste in Figure 4.12 is based on cognitive learning. Let's assume that Betty has had her teeth cleaned every six months—as recommended by dentists—and the tartar and plaque on her teeth has been removed regularly. But, as she grew older, her gums became sensitive and occasionally painful. During her regular cleaning, her dentist tells her that she has occasional gingivitis, which is an inflammation of the gums, and advises her to use toothpaste specifically designed to battle this condition. Previously, Betty regarded toothpaste as a "commodity," considered all brands to be similar, and bought whichever brands were on sale. But, following her dentist's advice, she now faces a new problem and unfulfilled need: Finding a toothpaste specifically designed to fight gingivitis. She then sees the Crest ad,

and, although Crest Pro-Health is more expensive, she starts using it. Subsequently, her gums no longer hurt and her dentist compliments her on her excellent oral hygiene. Betty engaged in cognitive learning: She faced a problem, looked for a solution, read about the benefits of Crest Pro-Health in the ad, and started using the product consistently, which resulted in relief from pain and thus reinforced what she had learned.

Researchers developed several models depicting sequential information processing and cognitive learning, which are featured in Table 4.1. Although the models use different terms to designate the sequences they depict, in essence they all follow the three-stage generic sequence listed in the table's leftmost column.

### Notes

One toothpaste  
protects all these areas  
dentists check most:

Ordinary Toothpaste	<b>Crest Pro-Health</b>
<input checked="" type="checkbox"/> FIGHTS CAVITIES	<input checked="" type="checkbox"/> FIGHTS CAVITIES
<input checked="" type="checkbox"/> FIGHTS TARTAR	<input checked="" type="checkbox"/> FIGHTS TARTAR
<input checked="" type="checkbox"/> WHITENS	<input checked="" type="checkbox"/> WHITENS
<input checked="" type="checkbox"/> FRESHENS BREATH	<input checked="" type="checkbox"/> FRESHENS BREATH
<input type="checkbox"/> FIGHTS SENSITIVITY	<input checked="" type="checkbox"/> FIGHTS SENSITIVITY
<input type="checkbox"/> FIGHTS GINGIVITIS	<input checked="" type="checkbox"/> FIGHTS GINGIVITIS
<input type="checkbox"/> FIGHTS PLAQUE	<input checked="" type="checkbox"/> FIGHTS PLAQUE

Introducing Crest Pro-Health. The toothpaste that addresses all these areas dentists check most and has received the ADA seal for: cavities, gingivitis, sensitivity, plaque, and whitening. It also prevents tartar buildup and freshens breath. So if you want to check all these boxes, you know which box to look for.

**Crest** Healthy, Beautiful Smiles for Life.

Source: The Proctor & Gamble Company

FIGURE 4.12 Cognitive Learning: Crest Pro-Health

TABLE 4.1 Representations of Cognitive Learning

GENERIC STAGES OF COGNITIVE LEARNING	TRI-COMPONENT ATTITUDE MODEL	AIDA	INNOVATION ADOPTION	INNOVATION DECISION-MAKING
Knowledge	Cognitive	Attention	Awareness	Knowledge
Evaluation	Affective	Interest and Desire	Interest and Evaluation	Persuasion
Behavior	Conative	Action	Trial and Adoption	Decision and Confirmation

**Learning Objective**

- 7 To understand consumer involvement and passive learning, and their impact on purchase decisions and the retention and recall of promotional communications.

**Notes**

## Consumer Involvement and Hemispheric Lateralization

Initially, marketing scholars believed that complex processing of information applied to all purchases, expensive and cheaper alike. Later on, theorists realized that many purchases, especially routine ones, do not involve extensive information processing and evaluation. Such purchases are of minimal personal relevance, as opposed to highly relevant, search-oriented purchases. This understanding led to the conceptualization and study of consumer involvement.

**Consumer involvement** is the degree of personal relevance that the product or purchase holds for the consumer. **High-involvement purchases** are very important to the consumer (e.g., in terms of perceived risk) and thus provoke extensive problem solving and information processing. Under this scenario, both automobiles and dandruff shampoo can represent high-involvement purchases: The automobile because of its high perceived financial risk (to most people), and the shampoo because of high perceived social risk (to some people). **Low-involvement purchases** are not very important, hold little relevance, have little perceived risk, and provoke limited information processing.

### Measurements of Consumer Involvement

There is great variation in the conceptualization and measurement of consumer involvement. Throughout the marketing research literature, “involvement” has been defined in numerous ways, including product involvement, brand involvement, and advertising involvement. Because there is no universal definition of involvement, there is no single way to measure it. Some measures gauge cognitive factors, such as the importance of a purchase to a buyer and the risk perceived with the purchase; other measures focus on the behavioral aspects of involvement and appraise such factors as the search for and evaluation of product information. The most popular measurement tool is self-administered surveys that assess the consumer’s cognitions or behaviors regarding a particular product or product category, and measure involvement on a continuum (not as a dichotomy). For example, a scale measuring involvement with, say, e-books might require respondents to express their attitudes on five-point, bi-polar **semantic differential scales** on ranges between paired adjectives, such as important—unimportant, relevant—irrelevant, exciting—unexciting, priceless—worthless, and interesting—boring.

### Strategic Applications of Consumer Involvement

Marketers aspire to create customers who are involved with the purchase and view the brand they buy as unique. Many studies have shown that high involvement with the product category, and also perception of a given brand as superior, leads to brand loyalty. Although there is no generalized profile of a highly involved consumer, many studies have investigated the personal characteristics related to involvement level. For example, researchers found a relationship between ethnicity and involvement; appeals portraying Hispanic identities were effective in advertising low-involvement items, but not high-involvement products.

Research indicates that the context in which the promotional message appears has an impact on involvement. One study discovered that consumers who were highly involved in the sports program they watched recalled commercials significantly better than those who were less involved with the program. Another study found that involvement with video games affected brand memory. Players who were initially unfamiliar with the game, but became highly involved with it while learning how to play, recalled many of the brands embedded in the game. When they became experienced players, they became less involved with the game and recalled fewer of the brands it featured. Many marketers now show avatars—animated, virtual-reality, people-like figures—in websites. Avatars have been effective, and studies have found that this is because they often engage consumers in learning about and becoming involved with products and services. One study discovered that *attractive* avatar sales agents were effective in selling to consumers with moderate product involvement, whereas *expert* avatars were more effective sales agent for products with high involvement levels. In addition to increasing product and brand involvement, marketers must also expand customer involvement with their ads; they can use sensory appeals, unusual stimuli, celebrity endorsers, and scores of innovative techniques online to increase the persuasiveness of their promotions.

Highly involved consumers engage in long-term relationships with products and brands, and increasing involvement levels enhances these bonds. The best strategy for increasing the

**Notes**

personal relevance of products to consumers is the same as the core of modern marketing: Providing benefits that are important to customers, differentiating the offering from its competition, improving the product and adding relevant benefits (especially as competition intensifies).

## Hemispheric Lateralization

**Hemispheric lateralization (split-brain theory)** stems from medical research done in the 1960s; its premise is that the human brain is divided into two distinct cerebral hemispheres that operate together, but “specialize” in processing different types of cognitions. The left hemisphere is the center of human language; it is the linear side of the brain and primarily responsible for reading, speaking, and reasoning. The right hemisphere of the brain is the home of spatial perception and nonverbal concepts; it is nonlinear and the source of imagination and pleasure. Put another way, the left side of the brain is rational, active, and realistic; the right side is emotional, metaphoric, impulsive, and intuitive. Some argue that computers emulate many of the sequential functions of the left side of the brain and that we should employ the imaginative, right brain to a greater degree in making business decisions. Figure 4.13 shows an American Airlines ad literally depicting the split-brain theory.

## Passive Learning

A pioneer consumer researcher applied hemispheric lateralization to watching TV. He theorized that when consumers watch advertising on TV, they “passively” process right brain, pictorial information. The researcher considered TV a primarily pictorial medium, and TV viewing as a right-brain activity, consisting of passive and holistic processing of images viewed on the screen. He also maintained that TV is a low-involvement medium. The core of cognitive learning is that consumers deliberate about purchases, seek and evaluate applicable information, form attitudes toward the purchase alternatives available, and then make purchase decisions. According to these models, behavior *follows* the cognitive processing of information. In



Source: Jezper/Shutterstock

**FIGURE 4.13** Hemispheric Lateralization

**Notes**

contrast, advocates of **passive learning** maintain that repeated exposure to TV commercials, which is low-involvement information processing, induces purchases *prior* to consumers' information processing and the formation of attitudes.

As opposed to TV, printed, verbal and static information in newspapers is processed by the brain's left side. Therefore, print media are considered high involvement. Accordingly, the processing of printed advertising takes place in the left brain, and along the cognitive learning sequences featured in Table 4.1. In contrast, advertising that consists mostly of moving images and pictorial information is processed holistically by the right side of the viewer's brain, with minimum involvement.

The right brain's passive processing of information is consistent with classical conditioning. Through repetition, the product is paired with a visual image (e.g., a distinctive package) to produce the purchase of the advertised brand. Accordingly, during passive learning and exposure to low-involvement media, continuous repetition of advertisements is the key factor in producing purchase behavior. This line of thinking also suggests that television commercials are most effective when they are of short (15 or 20 seconds) and repeated frequently. Right-brain information processing underscores the importance of the visual components of advertising. Strong visuals in TV commercials and in-store displays generate familiarity with the brand and induce purchase behavior. Pictorial cues are more effective at generating recall and familiarity with the product, whereas verbal cues (which trigger left-brain processing) generate cognitive activity that encourages consumers to evaluate the advantages and disadvantages of the product.

**Learning Objective**

- 8 To understand how to measure the results of consumer learning.

**Notes**

## Outcomes and Measures of Consumer Learning

For marketers, the goals of consumer learning are increased market share and brand-loyal consumers. These goals are interdependent: Brand-loyal customers are the core of a stable and growing market share, and brands with larger market shares have disproportionately large numbers of loyal buyers. Marketers' promotions are designed to teach consumers for whom the brands promoted provide the best solutions for satisfying unfulfilled needs. Thus, marketers must measure to what extent consumers have learned the information contained in promotional messages. The most popular measures of consumer learning are recognition and recall of messages and attitudinal and behavioral evaluations of brand loyalty.

### Recognition and Recall Measures

The purpose of recognition and recall tests is to determine whether consumers remember seeing an ad and the extent to which they have read it and can recall its content. Recognition tests are based on **aided recall**, whereas recall tests use **unaided recall**. In a **recognition test**, the consumer is shown an ad and asked whether he or she remembers seeing it and can remember any of its salient points. In a **recall test**, the consumer is asked whether he or she has read a specific magazine or watched a specific television show, and, if so, whether he or she can recall any ads or commercials seen, the product and brand advertised, and any notable points about the offerings promoted.

For example, the **Starch Readership Ad Study** evaluates the effectiveness of magazine advertisements according to three criteria: Noticing the ad, associating the ad with the brand advertised, and involvement with the ad (defined as having read most of the ad text). At the start of a Starch survey, respondents are presented with a magazine issue and asked whether they have read it. Those who respond positively are then shown each ad that had appeared in that issue—with the brand name concealed—and asked questions that measure recall and recognition of the ad. The study output consists of tagged advertisements, with the tags showing the percentage of readers who have “noticed” each ad, were able to “associate” the ad with the brand advertised, and “read most” of the ad’s copy. Advertisers can then gauge the effectiveness of each ad by comparing its scores on the Starch measures to similar-sized ads, competitors’ ads, and their own prior ads. Starch also appraises consumers’ intentions to buy and likelihood to engage in word-of-mouth about the product after reading the ad. A study using Starch readership scores demonstrated that consumers received more information from advertisements for *shopping products* (e.g., high-priced clothing and accessories) than from ads for *convenience goods* (e.g., low-priced items purchased routinely). Surprisingly, they also received less information from ads for *search products*, that is, very expensive, durable items purchased infrequently and following an extensive information search. These findings show that marketers may not be including enough information when advertising search products.

## Brand Loyalty

**Brand loyalty** is a measure of how often consumers buy a given brand; whether or not they switch brands and, if they do, how often; and the extent of their commitment to buying the brand regularly. To marketers, a high degree of brand loyalty is the most desired outcome of consumer learning and an indication that they have effectively “taught” consumers a given behavior (i.e., buying the marketer’s brands consistently). Marketers agree that brand loyalty has two components—behaviors and attitudes—and that both must be measured. Attitudinal measures gauge consumers’ overall feelings about the brand, including their future purchase intentions. Behavioral measures focus on observable, factual behaviors, such as the quantity purchased, purchase frequency, and repeated buying.

Behavioral learning scientists who favor the theory of instrumental conditioning believe that brand loyalty results from an initial product trial that was reinforced through satisfaction, which led to repeat and continuous patronage. In contrast, researchers of cognitive learning believe that consumers engage in extensive problem solving, information search, and evaluation of alternatives that eventually lead to a strong brand preference and ongoing purchase behavior. Nevertheless, consumer behavior researchers agree that if a consumer finds many brands in a particular category to be “acceptable,” he or she is unlikely to be brand loyal. Therefore, marketers must differentiate their products from competition so that they stand out and consumers become reluctant to view other brands as “acceptable.”

The degree of brand loyalty depends on three factors: (1) the consumer’s risk aversion or variety seeking; (2) the brand’s reputation and availability of substitute brands; and (3) social group influences and peers’ recommendations. There are three types of brand loyalty:

1. **Covetous brand loyalty** includes no consistent purchase of a given brand, in spite of strong attachment to it.
2. **Inertia brand loyalty** is purchasing the brand because of habit and convenience, but without any emotional attachment to it.
3. **Premium brand loyalty** means high attachment to the brand and repeat purchase.

Low involvement with a given product category results in habitual buying without emotional attachment to any brand (i.e., inertia loyalty). Consumers perceive minor or no differences among brands and buy a brand repeatedly only because of familiarity and convenience. Premium loyalty represents truly brand-loyal consumers. They are committed to the brand, unlikely to switch to other brands, and likely to go out of their way to buy the same brand (e.g., if a supermarket ran out of their brand, they would drive to another store).

## Notes

## Brand Equity

High brand loyalty greatly increases a brand’s monetary value. The term **brand equity** represents the intrinsic value of a brand name. This value stems from the foundations of brand loyalty: The consumer’s perception of the brand’s superiority, the social esteem that using it provides, and the customer’s trust and identification with the brand.

Brands that are heavily promoted for extended periods attain ample name recognition and consumer loyalty, which result is high brand equity. Because of the escalating costs of developing new products and their high failure rates, many companies capitalize on their brands’ equity in the forms of family branding and product line extensions rather than launching new brands. Brand equity facilitates the acceptance of new products, allocation of preferred space by distributors, and charging premium prices. Brand equity is most important for low-involvement purchases, such as inexpensive consumer goods that are bought routinely and with little processing of cognitive information. In such circumstances, the most important strategy is continuous advertising designed to prevent extinction and forgetting.

Brand names are the most valuable assets of marketers of consumer goods and services. Among the best-known brands are Apple, Coca-Cola, Campbell’s, Disney, Google, Hallmark, and Sony. These names are global, “cultural icons” and enjoy powerful advantages over the competition. According to studies, some the highest equity brands are: Among airlines—Alaska/Horizon, Hawaiian, Delta, and United; among luxury cars—Mercedes-Benz, BMW, Lexus, Acura, Infiniti, Porsche, and Audi; among sports apparel—UnderArmour, Nike and Columbia; and among household cleaners—Lysol All Purpose, Clorox, and Mr. Clean Multi-Purpose.

## Summary

**Learning Objective 1:** To understand the elements of learning in the context of consumer behavior.

Learning is the process by which individuals acquire the purchase and consumption knowledge and experience they apply to future, related behavior. Consumer learning is a process that evolves and changes as consumers acquire knowledge from experience, observation, and interactions with others and newly acquired knowledge affects future behavior. It ranges from simple and often reflexive responses to marketing stimuli (such as packaging, product colors, and promotional messages), to learning abstract concepts and making decisions about purchasing complex and expensive products. The elements of learning are motives (drives), cues, responses, and reinforcement.

**Learning Objective 2:** To understand behavioral learning, classical conditioning, and the roles of stimulus generalization and discrimination in developing and branding new products.

Behavioral learning (also referred to as stimulus-response learning) maintains that observable responses to external stimuli signal that learning has taken place. Behavioral learning focuses on the inputs and outcomes of learning; that is, on the stimuli that consumers select from the environment and the behaviors that result. There are three forms of behavioral learning: classical conditioning, instrumental (or operant) conditioning, and observational (or modeling) learning.

Classical conditioning (also known as Pavlovian conditioning) is learning where repetition causes the conditioned stimulus to signal the occurrence of the unconditioned stimulus. The strategic applications of classical conditioning to consumer behavior are associative learning, repetition, stimulus generalization, and stimulus discrimination.

**Learning Objective 3:** To understand instrumental conditioning and the objectives and methods of reinforcement.

Instrumental learning theorists believe that learning occurs through a trial-and-error process in which positive outcomes (i.e., rewards) result in repeat behavior. Both positive and negative reinforcement can be used to encourage the desired behavior. Reinforcement schedules can be total (consistent) or partial (fixed ratio or random). The timing of repetitions influences how long the learned material is retained. Massed repetitions produce more initial learning than distributed repetitions; however, learning usually persists longer with distributed (i.e., spread out) reinforcement schedules.

**Learning Objective 4:** To understand the role of observational learning in consumer behavior.

Observational learning (or modeling) is the process through which individuals learn behavior by observing the behavior of others and the consequences of such behavior. Advertisers recognize the importance of observational learning in their selection of models, whether celebrities or unknowns. Many ads feature likeable models achieving positive outcomes to common problem situations through the use of the advertised product.

**Learning Objective 5:** To understand the elements of information processing, including receiving, storing, and retrieving consumption-related information.

The human mind processes the information it receives. Consumers process product information by attributes, brands, comparisons between brands, or a combination of these factors. The number and complexity of the relevant attributes and available alternatives influence the intensity or degree of information processing. Consumers with higher cognitive abilities acquire more product information and consider more product attributes and alternatives than consumers with lesser ability. The elements of memory are the sensory store, the short-term store (or working memory), and the long-term store. The processes of memory include rehearsal, encoding, storage, and retrieval.

**Learning Objective 6:** To understand cognitive learning as a framework for consumer decision-making.

Cognitive learning is the systematic evaluation of information and alternatives needed to meet a recognized unfilled need or solve a problem. Unlike behavioral learning, which focuses on largely instinctive responses to stimuli, cognitive learning consists of deliberate mental processing of information. Instead of focusing on repetition or the association of a reward with a specific response, cognitive theorists emphasize the role of motivation and mental processes in producing a desired response. Several models of cognitive learning are discussed throughout this book.

**Learning Objective 7:** To understand consumer involvement and passive learning, and their impact on purchase decisions and the retention and recall of promotional communications.

The consumer involvement model proposes that people engage in limited information processing in situations of low importance or relevance to them, and in extensive information processing in situations of high relevance. Hemispheric lateralization (split-brain) theory gave rise to the notion that television is a low-involvement medium that results in passive learning and that print and interactive media encourage more cognitive information processing.

**Learning Objective 8:** To understand how to measure the results of consumer learning.

Measures of consumer learning include recall and recognition tests, and attitudinal and behavioral measures of brand loyalty. Brand loyalty consists of both attitudes and actual behaviors toward a brand, and both must be measured. For marketers, the major reasons for understanding how consumers learn are to teach consumers that the marketers' brand is best and to develop brand loyalty. Brand equity represents the intrinsic value of a brand name. This value stems from the foundations of brand loyalty: The consumer's perception of the brand's superiority, the social esteem that using it provides, and the customer's trust and identification with the brand.

## Review and Discussion Questions

- 4.1.** How can the principles of: (a) classical conditioning and (b) instrumental conditioning be applied to the development of marketing strategies?
- 4.2.** Describe in learning terms the conditions under which family branding is a good policy and those under which it is not.
- 4.3.** Neutrogena, a company known for its “dermatologist recommended” skin care products, introduced a line of shaving products for men. How can the company use stimulus generalization to market these products? Is instrumental conditioning applicable to this marketing situation? If so, how?
- 4.4.** Which form of learning—classical conditioning, instrumental conditioning, observational learning, or cognitive learning—best explains the following consumption behaviors: (a) buying a six-pack of Gatorade, (b) preferring to purchase jeans at a Diesel Store, (c) buying an e-reader for the first time, (d) buying a new car, and (e) switching from one cell phone service to another? Explain your choices.
- 4.5.** Define the following memory structures: Sensory store, short-term store (working memory), and long-term store. Discuss how each of these concepts can be used in the development of an advertising strategy.
- 4.6.** How does information overload affect the consumer’s ability to comprehend an ad and store it in his or her memory?
- 4.7.** Discuss the differences between low- and high-involvement media. How would you apply the knowledge of hemispheric lateralization to the design of TV commercials and print advertisements?
- 4.8.** Why are both attitudinal and behavioral measures important in measuring brand loyalty?
- 4.9.** What is the relationship between brand loyalty and brand equity? What role do both concepts play in the development of marketing strategies?
- 4.10.** How can marketers use measures of recognition and recall to study the extent of consumer learning?

## Hands-on Assignments

- 4.11.** Imagine that you are the instructor of this course and that you are trying to increase student participation in class discussions. How would you use reinforcement to achieve your objective?
- 4.12.** Visit a supermarket. Can you identify any packages where you think the marketer’s knowledge of stimulus generalization or stimulus discrimination was incorporated into the package design? Note these examples and present them in class.
- 4.13.** Find two ads: one targeting the left side of the brain and another targeting the right side. Explain your choices.

## Key Terms

- advertising wear-out *114*
- AIDA *127*
- aided recall *130*
- behavioral learning (stimulus-response learning) *110*
- brand equity *131*
- brand loyalty *131*
- chunking *125*
- classical conditioning *111*
- cognitive associative learning *113*
- cognitive learning *122*
- conditioned response *111*
- conditioned stimulus *111*
- consumer involvement *128*
- consumer learning *108*
- continuous reinforcement *120*
- covetous brand loyalty *131*
- cues *108*
- distributed learning *121*
- encoding *125*
- extinction *120*
- family branding *116*
- fixed ratio reinforcement *120*
- forgetting *120*
- hemispheric lateralization (split-brain theory) *129*
- high-involvement purchases *128*
- inertia brand loyalty *131*
- information overload *125*
- innovation adoption *127*
- innovation decision making *127*
- instrumental conditioning (operant conditioning) *117*
- learning *106*
- licensing *116*
- long-term store *123*
- low-involvement purchases *128*
- massed learning *121*
- motivation *108*
- negative reinforcement *119*
- observational learning (modeling) *121*
- passive learning *130*
- positive reinforcement *119*
- premium brand loyalty *131*

- product form extensions *116*
- product line extensions *115*
- recall test *130*
- recognition test *130*
- rehearsal *123*
- reinforcement *109*
- repetition *113*
- response *109*
- retrieval *125*
- semantic differential scale *128*
- sensory store *123*
- shaping *120*
- short-term store  
(working memory) *123*
- Starch Readership Ad Study *130*
- stimulus discrimination *117*
- stimulus generalization *115*
- three-hit theory *114*
- tri-component attitude model *127*
- unaided recall *130*
- unconditioned stimulus *111*
- variable ratio reinforcement *120*

## Notes

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## Multiple-choice Questions

- 4-1.** Unfilled needs lead to:
- A.** Stimulus
  - B.** Desire
  - C.** Impulsion
  - D.** Motivation
- 4-2.** The reward such as the pleasure and benefits that the consumer receives after buying and using a product or service is:
- A.** Response
  - B.** Reinforcement
  - C.** Accolade
  - D.** Profit
- 4-3.** Who developed the concept of classical conditioning?
- A.** Vladimir Mikhailovich Bekhterev
  - B.** John B. Watson
  - C.** Ivan Pavlov
  - D.** Sigmund Freud
- 4-4.** Purchasing the brand because of habit and convenience, but without any emotional attachment to it is:
- A.** Inertia brand loyalty
  - B.** Covetous brand loyalty
  - C.** Premium brand loyalty
  - D.** Latent loyalty
- 4-5.** The process through which individuals learn behavior by observing the behavior of others and the consequences of such behaviour is called:
- A.** Distributed learning
  - B.** Mass learning
  - C.** Cognitive learning
  - D.** Modeling
- 4-6.** The mental “space” in the human mind where sensory input lasts for just a second or two is:
- A.** Temporary store
  - B.** Short-term store
  - C.** Sensory store
  - D.** Iconic memory
- 4-7.** The process during which consumers recode what they have already encoded:
- A.** Recalling
  - B.** Chunking
  - C.** Retrieval
  - D.** Retention
- 4-8.** Reinforcement performed before the desired consumer behavior actually takes place is called:
- A.** Shaping
  - B.** Continuous reinforcement
  - C.** Fixed ratio reinforcement
  - D.** Variable ratio reinforcement
- 4-9.** Three forms of behavioral learning with great relevance to marketing are:
- A.** Classical conditioning, stimuli conditioning, observational learning
  - B.** Instrumental conditioning, observational learning, modeling
  - C.** Instrumental conditioning, classical conditioning, operant conditioning
  - D.** Modeling, operant conditioning, classical conditioning
- 4-10.** Offering the same product in a different form but under the same brand is termed as:
- A.** Product form extension
  - B.** Product line extension
  - C.** Brand extension
  - D.** Family branding

**Answer Keys:** 4-1. D 4-2. B 4-3. C 4-4. A 4-5. D 4-6. C 4-7. B 4-8. A 4-9. D 4-10. A

## Notes

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# 5

## Consumer Attitude Formation and Change

### Learning Objectives

- 1 To understand what attitudes are, how they are formed, and their role in consumer behavior.
- 2 To understand the tri-component attitude model and its applications.
- 3 To understand the structures of multi-attribute models and their use in altering consumers' attitudes.
- 4 To understand how to alter consumers' attitudes by making particular needs prominent.
- 5 To understand the role of cognitive elaboration in altering attitudes.
- 6 To understand how attitudes can precede behavior in the form of cognitive dissonance and the resolution of conflicting attitudes.
- 7 To understand the ways people assign causality to events and apply this knowledge to consumer behavior.

**A**n attitude is a learned predisposition to behave in a consistently favorable or unfavorable way toward a given object. In the context of consumer behavior, an "object" can be a product, brand, service, price, package, advertisement, promotional medium, or the retailer selling the product, among many other aspects of consumption.

Attitudes are learned from direct experience with the product, word-of-mouth, exposure to mass media, and other information sources that consumers are exposed to. Attitudes reflect either favorable or unfavorable evaluations of the attitude object and motivate consumers to either buy or not buy particular products or brands. Consumers buy products toward which they have positive and favorable feelings; therefore, marketers must ensure that consumers maintain these attitudes following the purchase so that they keep buying same products repeatedly.

Marketers who introduce new items strive to form favorable consumer attitudes toward the new products in order to get consumers try them, like them, and continue buying them. Doing so is difficult because people are often unreceptive to the unfamiliar, at least initially. One way to establish positive consumer attitudes toward new products is to capitalize on products that consumers already like and buy regularly. For example, Figure 5.1 presents an ad for Himalaya's Pure Hands. When a new product is introduced in a market that is unfamiliar with it, the brand has to build an attitude toward both the category and the brand. Hand sanitizer is a very new category in India and so the ad explains the concept of a sanitizer and the necessity for such a product (through the mention of swine flu, along with other infections) in order to build attitudes toward the brand and the category.

**Box 5.1 Apple vs Blackberry –Lessons on Attitude Creation**

Apple has been in the lead the coolest of innovations like iPod, iPhone, and iPad. These offerings offered several "cool" features that several consumers were addicted to – video/picture sharing, seamless connection with apple devices, iTune downloads, linkage s with Nike (Nike Plus), variety of apps that were downloaded several million times. Blackberry created a "cool offering" of receiving emails on the go but failed to evolve such features over a period of time. Its Bold 9000, Storm, BB 10 variants like Play Book<sup>1,2</sup> tablet (without an e mail), and its apps failed to offer features that were as exciting as that of Apple. The "cool" benefits are created through a set of features and consumers who initially like the brand Apple affect-aspect of attitude tend to develop a cognitive structure that underlies the affect. "Apple has fun features that I can share with my friends." is a cognitive association that may merge from such cognitive structures. These structures are difficult to change and when a brand continues to update its features and offerings (same/related or different category), the cognitive structure gets strengthened and can lead to loyalty towards the brand. The word of mouth about Apple may be an outcome of such a combination of such cognition and affect. There needs to be a strong association between attitudes and the beliefs created in the cognitive structure of a brand. The cognitive beliefs that are associated with attitude towards a brand is known as evaluative cognitive consistency<sup>3,4</sup> and hence, brands that have a strong cognitive structure are likely to develop a strong attitude among its consumers.

Micromax and Karbonn mobiles offer low-budget and successful smart phones. The idea of "cool" features at "value-for-money" prices is also an example of the creating strong cognitive structures.



**Notes**

**Good Hand Hygiene**  
is one of the most important ways to prevent infection and illness.

**Himalaya**  
HERBAL HEALTHCARE

Presents the proven alcohol-based hand sanitizer

**PureHands® (GEL)**  
Ensures total hand hygiene



Use of alcohol-based hand sanitizer for prevention of swine flu is recommended by the Centers for Disease Control and Prevention.



Use PureHands:

- After sneezing or coughing (when ill)
- During travel, after using public transport, or after contact with surfaces in public places
- Before and after attending to a sick person
- Kills 99.9% of germs within 30 seconds
- Effective against bacteria, fungi, and viruses

The Himalaya Drug Company  
Uttaranchal 241011, India

**FIGURE 5.1** Building an Attitude Towards the Brand

**Learning Objective**

- 1 To understand what attitudes are, how they are formed, and their role in consumer behavior.

**Notes**

## Attitudes and Their Formation

As consumers, all of us have many attitudes toward products, services, advertisements, the Internet, and retail stores, among many others. Whenever we are asked whether we like or dislike a product (e.g., Black and White cookies), a service (e.g., American Airlines), a particular retailer (e.g., J. Crew), a specific direct-online marketer (e.g., Amazon.com), or an advertising theme (e.g., “Snickers Satisfies”), we are being asked to express our attitudes. By studying consumers’ attitudes, marketers try to determine whether consumers will accept new products the company is considering, gauge why market segments were not persuaded by promotional themes, or learn how target customers are likely to react to new products, packages and the like. To illustrate, Nike or Reebok frequently study consumers’ attitudes towards the functional and aesthetic design of athletic footwear. They regularly gauge reactions to their latest advertising and other marketing messages designed to form and change consumer attitudes. Attitudes are cognitions and not easily observable, but researchers can assess them by asking questions or making inferences from behavior. For example, if a researcher questions a student and discovers that he purchases Lady Gaga recordings from iTunes often and listens to them a lot, the researcher will *infer* that the student likes Lady Gaga and has a positive attitude towards her (and also towards iTunes).

Attitudes are directed at objects, such as products, product categories, brands, services, promotional messages, websites, media, retailers, and many other entities. We must note that although attitudes generally lead to behavior, they are not synonymous with behavior. Sometimes, attitudes reflect either a favorable or an unfavorable evaluation of the attitude object, which might or might not lead to behavior. Attitudes might propel consumers *toward* a particular behavior or repel them *away* from such.

## Consumers Learn Attitudes

Consumers form new attitudes and also change existing attitudes. They often form positive attitudes towards new items under the same brand that they have been buying repeatedly and have been satisfied with. Nevertheless, consumers often try new products, product models, and different brands. If such trial purchases meet or exceed their expectations, then they develop favorable attitudes toward those objects. Generally, the more information consumers have about a product or service, the more likely they are to form attitudes about it, either positive or negative. However, if the product is irrelevant to them, the consumers will not cognitively process any of the available and applicable information. Furthermore, consumers often use only a limited amount of the information available to them. Typically, only two or three prominent beliefs about a product play a role in the formation of attitudes, and less important beliefs carry little weight. Therefore, advertisements should be focused on the key points that differentiate products from competitors, and not detail too many of the products’ features.

How do consumers form their initial attitudes toward “things”? For example how do young adults form attitudes toward Hanes or Calvin Klein underwear, or J. Crew or Gap casual wear, or Anne Klein or Brooks Brothers business clothing? Would they buy their underwear, casual wear, and business clothing at Walmart, Sears, Saks Fifth Avenue, or Nordstrom? How do family members and friends, admired celebrities, mass-media advertisements, and even cultural memberships, influence the youngsters’ attitudes about buying apparel? Why do some attitudes persist for a long time while others change often? Marketers must know the answers to such questions in order to influence the applicable attitudes. Next, we discuss the sources and factors that play a role in determining consumers’ attitudes towards marketing objects.

### Application 1: Components of Attitude in Branding Action

TVS advertised its XL Super moped using the three attitudinal components that may have an impact on both the attitude towards the brand as well as the attitude of consumers towards the ad. The ad started with the conative component of “no cheque book required and easy instalment buy”, a criterion that would appeal to the non-urban buyer too. The ad also had a sense of belongingness indicating “our vehicle and the vehicle for our village” (affectionate aspects) and was positioned as a reliable vehicle (cognitive). Given the fact that mopeds are themselves a part of the non-urban culture, the ad’s message had blended well with the product.

## Application 2: Category Involvement and Involvement with Brands

Attitudes and involvement levels are linked. They have an important impact on how consumers get involved in a category versus the brands in the category. This is important as consumers getting associated with brands due to persuasive advertising may behave differently from those who are involved both with the product category as well as the brands in the category. Usually, in an evolved category in terms of penetration, such as tea, consumers are likely to be acquainted with the category and will be able to differentiate between the ads of brands. Red Label (Nature care variant) advertised its proposition of providing immunity that prevents consumers from falling ill. But in a relatively less-penetrated category like toothpaste, brands may have to create category involvement along with a proposition for brands to diffuse into the market faster. Such an approach is required to ensure that brands do not get lost in the advertising clutter.

### Sources of Attitude Formation

Personal experience, family and friends, media, the Internet, and (increasingly) social media strongly affect attitudes. A primary source of attitudes toward products is the consumers' direct experiences in trying and evaluating them. Recognizing the importance of direct experience, marketers attempt to get consumers to try new products by offering cents-off coupons, free samples, and other inducements. If consumers try and like the new products, they will form positive attitudes and buy them again. In addition to personal experience, the family strongly impacts people's initial shopping-related attitudes (see Chapter 10). For instance, young children who were rewarded for good behavior with sweet foods and candy often retain a taste for (and positive attitude toward) sweets as adults.

#### Notes

Marketers increasingly use online advertising to shape the attitudes of small and specialized consumer niches, because new technologies enable them to customize advertising messages and also some products. Online, marketers can target consumers on the basis of their demographic, psychographic, or geo-demographic profiles with personalized product offerings (e.g., watches or sets of golf clubs for left-handed people), and messages demonstrating that they understand consumers' special needs and desires. Targeted online marketing can shape attitudes more effectively than other media because the promotional messages address the needs and concerns of precise micro-segments, whereas messages carried by traditional media generally reach diverse and large segments, as well as many consumers who have neither need for nor interest in the product advertised. Research has also shown that attitudes stemming from direct experience (e.g., product usage) are more enduring and resistant to competitors' messages than attitudes originating from promotional messages only (i.e., those developed without trying the product).

### Attitude Formation Toward Product Categories/Brands

Though a number of articles deal with attitudes towards brands, marketers are not interested only in brands. They are also interested in product categories, especially when new product categories come into a market. Brands can diffuse in a specific market only when awareness about a new product category is created and a favorable attitude is built up toward these categories. When a new product category is introduced, the market does not usually have too many brands. Washing machines, vacuum cleaners, and water filters are a few examples in the Indian context. Consumers form an attitude toward the category as for Zero B, discussed earlier. A small section may start trying out the product. The new category gets diffused through word of mouth and also through communication strategies of the few brands in the market. It takes time for a category to be "created" in the minds of a larger number of consumers. Once many consumers start using the product, consumer familiarity with regard to the product category is established. Digital watches, for instance, were introduced in the late 1970s when not many consumers were familiar with automatic watches. But now digital watches are well-accepted and consumers are familiar with the product category. A number of brands enter a new category over a period of time. This results in a number of positioning strategies and brand associations/images. Eventually, consumers develop attitudes toward various brands. This, in turn, affects their decision-making with regard to brand preferences. The marketing implication is that the pioneer in a new product category should build its brand effectively to ensure that consumers have a top-of-the-mind recall with respect to the brand. Videocon in washing machines and Aquaguard in water filters seem to have effectively adopted this approach when they entered the market early. Samsung and LG were late entrants in several categories of durable products. But these brands have been able to create very

### Box 5.2 Brands in the Gold Category and Credibility Factor Linked to Celebrities

Gold is a part of the Indian culture and the southern markets of India accounts for 40% of the total sales. There have been branded offerings in the category and retail brands have advertisements that feature male celebrities like Amitabh Bachchan. Likeability and a feeling of trust are core associations linked to gold. While women are consumers who eventually use the offerings, the strategy of using male celebrities is to get the male member's attention with regard to the choice of the retail outlet. It is interesting to see that most of the celebrity brand ambassadors have a strong association with the type of roles that they have donned in movies. The aura of trust and credibility associated with these roles and the respective celebrity is likely to influence the affective element of the attitudes of consumers.

### Box 5.3 Category Building and Brand Building

A good example of how a brand had developed a category and also ensured that it had built its brand is the case of Dabur's Real juices.<sup>8</sup> The brand was introduced in 1997 and it created beliefs about the benefits of pure juices (concept-selling using cognitive beliefs). It had created 20 flavors, introduced a film celebrity to show case the benefits of healthy pure juices (an affective support of introducing a celebrity to be associated with the brand to provide support to the cognitive beliefs on the benefits of juices), and launched the Activ sub-brand to reflect the cognitive beliefs concerning "no added sugar, vegetable plus fruit combinations, and added fibre." The brand had a market share of 52% as on September 2012 (one and a half decades after introduction of the brand in the category). The brand had not only created the category, but had also ensured that its brand image (perception) was being cultivated over a period of time.

#### **Notes**

positive attitudes among consumers with their products and marketing communication. These brands now have a substantial share of the market in a number of categories.

### The Role of Personality Factors

Personality traits significantly influence the formation of attitudes. For example, individuals with a high **need for cognition** (i.e., those who crave information and enjoy thinking) are likely to form positive attitudes in response to promotions that include a lot of detailed, product-related information. In contrast, consumers who are relatively low in this need are more likely to form positive attitudes in response to ads that feature attractive models or celebrities, or other peripheral cues about the products advertised. Attitudes toward new products are particularly influenced by personality characteristics related to one's innovativeness (see Chapter 3).

### Attitudes Are Consistent with Behaviors

Similar attitudes consistently lead to the same behaviors. However, despite their consistency, attitudes are not permanent and can change either seldom or frequently. Normally, we expect consumers' behavior to correspond with their attitudes. For example, if a study showed that Mexican consumers prefer Japanese cars over Korean automobiles, we would expect that a Mexican consumer will buy a Japanese car when he replaces his current vehicle. However, circumstances often disrupt the consistency between attitudes and behavior. For example, the Mexican consumer might be unable to afford the car he prefers and buy the Korean car instead. In this case, affordability is a "situational" factor.

### Box 5.4 Ahead of Its Time?

Vacumizer was a brand that offered to preserve freshness of food. It was launched in the mid-nineties with a unique concept of a pump being used to create a vacuum to preserve food and, thereby eliminating the rancidity that may set in after the food is cooked and stored. The product offering was ahead of its time as consumers did not want freshness benefit for such a purpose. Creating beliefs and attitudes in tune with the needs of consumers at a given point in time is important.

## Attitudes Occur within Situations

Attitudes occur within and are affected by situations. In this context, “situations” are events and circumstances that influence the relationships between attitudes and behaviors at particular times. Situations can cause consumers to behave in ways seemingly inconsistent with their attitudes. For instance, if Margaret purchases a different brand of sun protection lotion each time she runs low, her brand switching may reflect a negative attitude toward towards the brands she has tried. In reality, she may have purchased different brands because she wanted to save money and bought only the ones on-sale. The opposite may also be true. If Edward stays at a Hampton Inn each time he goes out of town for business, we may erroneously infer that he has a particularly favorable attitude toward Hampton Inn. In fact, Edward may find Hampton Inn to be merely “acceptable” and prefer to stay at the Hilton or Marriott. However, because he owns his own business and travels at his own expense, he may feel that Hampton Inn is “good enough.”

Consumers may have different attitudes toward a particular object, each corresponding to particular circumstances. For instance, when Scott replaces his old station wagon, he considers buying a new SUV, so that he can drive his children and their friends to after-school and weekend activities comfortably. However, when he realizes how expensive driving the SUV to work—30 miles each day—would be, he reconsiders his intention. Then, he speaks with a co-worker who owns a Ford Escape Hybrid SUV and finds out that his colleague is very satisfied with the car’s gas mileage. The gas mileage is better than Scott’s old car and he finds the car affordable. He then purchases a Ford Escape so that he can save money on gas and drive his children and their friends to their after-school and weekend activities.

When studying attitudes, researchers can easily misinterpret the relationship between attitudes and behavior, unless they consider the context of the situation. Table 5.1 lists situations that might influence consumer attitudes.

### Notes

**TABLE 5.1 Examples of Situations That Influence Attitudes**

PRODUCT/SERVICE	SITUATION	ATTITUDE
Energizer Batteries	Hurricane is coming	“I know that the hurricane is going to knock out my electricity, so I’d better be prepared.”
Mini Cooper	Buying a new car	“With gas prices so high, I’ve got to trade in my SUV and buy a car that gets 30 mpg!”
Cheerios	High cholesterol	“They’ve been advertising how Cheerios can lower cholesterol for so long that it must be true.”
The Wall Street Journal	Extra cash on hand	“I have to decide whether to invest in stocks or just put my money in a money market fund.”
Delta Airlines	Friend’s bachelor party	“My friend’s bachelor party is in Las Vegas, and I want to be there.”
Maxwell House Coffee	Need to stay awake	“I had a late date last night, but I’ve got a lot of work to do this morning at the office.”
Stouffer’s Easy Express Meals	Want dinner at home	“I’m tired of eating out night after night.”

## Application 1: Category Beliefs, Brand Beliefs, and the Changing Environment

In recent times, it is interesting to see shifts in category and brand beliefs as marketers use advertising to alter or create these changes. Tea is a drink traditionally associated with refreshment and hedonic taste. Red Label’s (Nature care variant) positions the brand as a beverage that adds to health or prevents ailments. Tea, biscuits (from Britannia), cereal (Quaker oats), juices (Tropicana), and milk additives (Horlicks and Bournvita) are several categories that have their messages on the health platform. On the other hand, the two-wheeler brands like Duro 125 positions itself as a functionally-oriented (its press ads) vehicle with 15–18 features when several competitive brands are using the symbolic appeal. In this era of proliferation of brands, a brand would want to take the decision of sustaining or not sustaining the traditional belief systems associated with the respective category, within a category. Johnson & Johnson, the dominant brand in the baby-care product category, had an advertisement that had a doctor endorsing the brand for her baby. The affective component associated with the legendary mother-baby relationship in the J&J ad was backed up with a cognitive argument (the doctor endorsing the brand for her baby).

## Application 2: Kellogg's Cereals and Cultural Habit

When Kellogg's entered India in the nineties, its proposition of using cold milk with its cereals (western consumers are used to mixing cold milk) was not accepted by the consumers. The feeling was that using cold milk with cornflakes would not taste good. But over a period of time, Kellogg's realized that Indians preferred to use hot milk, a strong cultural habit in India. After almost two decades, a 2013 ad of the brand showed a mother and son at the dining table with the mother suggesting that they add hot milk (instead of the son's suggestion of adding cold milk) and chocolate sauce to the cereals. This example illustrates the consumer behavior's conceptual axiom that a brand should follow entrenched cultural practices rather than opposing. This seems to have had realistic value in this example of Kellogg's cereals.

### Learning Objective

- 2 To understand the tri-component attitude model and its applications.

### The Tri-component Attitude Model

Researchers constructed several models that explain how attitudes affect behavior. First, we examine the tri-component model, and then describe multi-attribute frameworks. The **tri-component attitude model** maintains that attitudes consist of three components: Cognitive, affective, and conative, as shown in Figure 5.2.

#### Box 5.5 Retailers, Technology, and Attitudes

Tesco provides an interesting example of backing up its low prices with effective strategies that provides conative strength. Using the latest technology, the company introduced "price munch", a promotional initiative.<sup>10</sup> Before the customer checks out of the store, the products selected by him or her are screened for competitive prices by the retailer. If the prices are lower at Tesco, a message is generated as "Congratulations, your shopping at Tesco was cheaper." If the prices are higher at Tesco, there is a voucher issued for the price difference! No wonder, at Tesco, redemption rate of promotional coupons is 14% when the industry average is around one per cent.

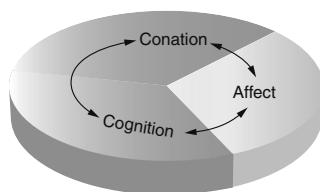
### The Cognitive Component

The **cognitive component** consists of a person's *cognitions*, that is, the knowledge and perceptions of the features of an attitude object that the person acquired from direct experience with the attitude object and information from various sources. This knowledge and perceptions commonly are expressed as *beliefs*; that is, the consumer believes that the attitude object possesses or does not possess specific attributes. Table 5.2 illustrates the beliefs of a hypothetical consumer about two TV technologies. In Figure 5.3, Park Avenue, a well-established brand with strong cognitive aspects with regard to its features, has entered the women apparel offerings. Cognitive beliefs about a brand is a powerful driver when a brand wants to become a gender-specific brand.

### The Affective Component

The **affective component** represents the consumer's *emotions* and *feelings* regarding the attitude object, which are considered *evaluations*, because they capture his or her global assessment of the attitude object (i.e., the extent to which the individual rates the attitude object as "favorable" or "unfavorable," "good" or "bad").

Affect-laden experiences also manifest themselves as "emotionally charged states" (e.g., happiness, sadness, shame, disgust, anger, distress, guilt, or surprise). These and other emotional states may enhance or amplify the experience itself, as well as subsequent recollections. For instance, if a person visiting a shopping center feels particularly joyous during shopping there, he will spend more time doing so and recall with great pleasure the time spent at the



**FIGURE 5.2** Tri-Component Attitude Model

**TABLE 5.2** Beliefs about Two TV Technologies

PRODUCT ATTRIBUTE	LED TV	3D TV
Off-angle viewing	Image fades slightly from the right.	Excellent image from all angles.
Screen reflectivity	Small	Medium.
Motion blur	Negligible	Negligible.
Color saturation	Excellent	Good.
Remote control ease of use	His friend had used it easily when they watched TV together.	His friend has had the TV for 3 months, but could not use it without consulting the manual.
Compatibility with cable company's DVR.	His friend said it took him 15 minutes to connect the TV and DVR.	His friend had to call the cable company and have them come to his house to connect the TV and DVR.



Source: Park Avenue

### Notes

**FIGURE 5.3** Park Avenue for Women

**TABLE 5.3 Measuring Consumers' Feeling and Emotions about Aramis Aftershave**

For the past 30 days you have had a chance to try Aramis Aftershave. We would appreciate it if you would identify how your face felt after using the product during this 30-day trial period. For each of the words below, please mark an "X" in the box corresponding to how your face felt after using Aramis Aftershave.

VERY	NOT AT ALL					
Relaxed	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Attractive looking	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Tight	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Smooth	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Supple	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Clean	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Refreshed	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Younger	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Revived	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Renewed	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

**TABLE 5.4 Semantic Differential Scales Measuring Consumers' Attitudes Toward Aramis Aftershave**

Compared to other aftershaves, Aramis aftershave is:

Refreshing	[1]	[2]	[3]	[4]	[5]	[6]	[7]	Not refreshing
Fragrant	[1]	[2]	[3]	[4]	[5]	[6]	[7]	Not fragrant
Pleasant	[1]	[2]	[3]	[4]	[5]	[6]	[7]	Unpleasant
Appealing to others	[1]	[2]	[3]	[4]	[5]	[6]	[7]	Unappealing to others

### Notes

shopping center. In addition, he may encourage his friends to visit the center. Table 5.3 illustrates the measurement of consumers' feelings and emotions toward a product.

Another measure of a person's emotions toward an object, shown in Table 5.4, is a **semantic differential scale**, which is a type of rating scale consisting of a series of bi-polar adjectives (e.g., good/bad, pleasant/unpleasant) anchored on a continuum. Many researchers believe that a person's attitude can be derived directly from this measure because, presumably, the scales reflect beliefs cognitions, as well as emotions toward the attitude object.

### The Conative Component

The **conative component** reflects the likelihood that an individual will undertake a specific action or behave in a particular way with regard to the attitude object. In consumer research, the conative component is treated as an expression of the consumer's *intention to buy*. Buying intention scales are used to assess the likelihood of a consumer purchasing a product or behaving in a certain way. Table 5.5 shows examples of intention to buy measures. Interestingly, consumers who are asked to respond to an intention to buy question appear to be more likely to actually make a brand purchase for positively evaluated brands (e.g., "I will buy it"), as contrasted with consumers who are not asked to respond to an intention question. This suggests that a positive brand commitment in the form of a positive answer to an attitude intention question positively affects the actual brand purchase.

**TABLE 5.5** Intention-to-buy Measures

Which of the following statements best describes the chance that you will buy Aramis Aftershave the next time you purchase an aftershave?

- I definitely will buy it.
- I probably will buy it.
- I am uncertain whether I will buy it or not.
- I probably will not buy it.
- I definitely will not buy it.

How likely are you to buy Aramis Aftershave during the next three months?

- Very likely
- Likely
- Uncertain
- Unlikely
- Very unlikely

**Notes**

Ketchups and soups are categories that have a low penetration in the Indian context. Kissan and Maggi are well-known brands that have been adopting several strategies to enhance the penetration level of these categories. Tasty Treat, an offering from Big Bazaar, (private label) found that consumers were not happy with their kids handling glass bottles of ketchups (for several decades these offerings, advertised for children, have been only available in glass bottles). This conative component that acted as a barrier for purchasing sauces was addressed by the company and it introduced the offering in child-friendly pouches. The brand not only sold a significant number of the offering but also saved on supply chain and production costs. The brand's soup, too, was built on the conative component associated with the habit of drinking soup. The company found that consumers preferred soups in specific quantities and developed appropriate sizes of cups that took into consideration the size of the servings preferred by consumers. Five million servings of soup were sold within two months of the launch of the offering. While several attitudinal strategies focus on cognitive and affective aspects, an emerging marketing context also offers a lot of potential for conative component if insightful consumer behavior is applied.

**Application 1: Attitudinal Components and Brands**

## Cognitive appeals

- Hero Honda created a memorable campaign with its "fill it, shut it, forget it" to highlight its effective mileage.
- Kinetic Honda, the first gearless scooter introduced in India, associated itself with "Himalayan" rally to build the belief that is suitable for Indian roads.
- Gold Plus jewellery with its karatometer (that indicated the purity of gold) enhanced its credibility in a market where credibility is sought after by consumers.
- Activa (scooter) launched a campaign on its mileage and features.
- Affective appeals
- Onida TV developed the tagline "Owners pride, Neighbour's envy" to create a feel good factor about its quality.
- Red bull, the energy drink is associated with consumption pleasure.
- Though Horlicks is built on cognitive appeals, the "mother-child" relationship is a part of the visual that provides the affective appeal.
- Fastrack watches used the "hip and cool" factor to appeal to youth.
- Pleasure, the brand of scooter launched for women by TVS, is based on the likability arising out of "self-reliance, independence, and non-conformist" attitude shown in the brand's ads.

## Application 2: Conative or Intent to Act Aspect of the Attitude

Conative or intent to act is a useful component that can readily be connected with the sales promotional offers at the modern retail outlet in the Indian context. Generally, the sales promotion schemes at, for instance, Reliance Mart are likely to appeal to a large number of consumers from diverse backgrounds. Also, these sales promotional offers are also quite different and more attractive than what is generally found even in large stores.

Conative component is also useful when a brand promises a futuristic benefit like a savings schemes from Tanishq as saving in gold is a part of the Indian culture. Also, Quaker oats and Kellogg's cereals promise good health (when there is considerable awareness on health issues).

Convenience is another motivating factor that can enhance the conative component. Glam-Up powder cream is a brand that promises to add value to make-up within a minute.

## Altering Consumers' Attitudes

Altering consumer attitudes is an important marketing strategy. The goal of leading brands is to strengthen and maintain the existing positive attitudes of customers, so that they will not succumb to competitors' special offers and other inducements designed to win them over. In contrast, in product categories, such as detergents—where Tide is the primary brand—or athletic shoes—where Nike dominates the market—competitors often try to change the strong and positive attitudes consumers have toward the market leaders in an attempt to get consumers to switch brands.

Changing attitudes about products and brands is difficult because consumers frequently resist evidence that challenges strongly held attitudes or beliefs and tend to interpret any ambiguous information in ways that reinforce their preexisting attitudes. There are two primary strategies for changing consumers' attitudes: Changing an offering's overall image, or referring to specific product attributes. Next, we discuss the first strategy. In the following section, which explains multi-attribute models of attitudes, we address the second approach.

### Changing Beliefs about Products

The strategy of changing beliefs in order to change attitudes concentrates on changing beliefs or perceptions about the brand itself. This is by far the most common form of advertising appeal. Advertisers constantly are reminding us that their products have "more" or are "better" or "best" in terms of some important product attribute. For example, an ad for Kraft's Miracle Whip claims that using this product makes a tastier turkey sandwich than mayonnaise does. To support this claim, the ad points out that Miracle Whip has "more flavor and half the fat" of mayonnaise.

Information aimed at changing an attitude must be compelling and repeated many times if it is to overcome people's natural resistance to abandoning established attitudes.

### Changing Brand Image

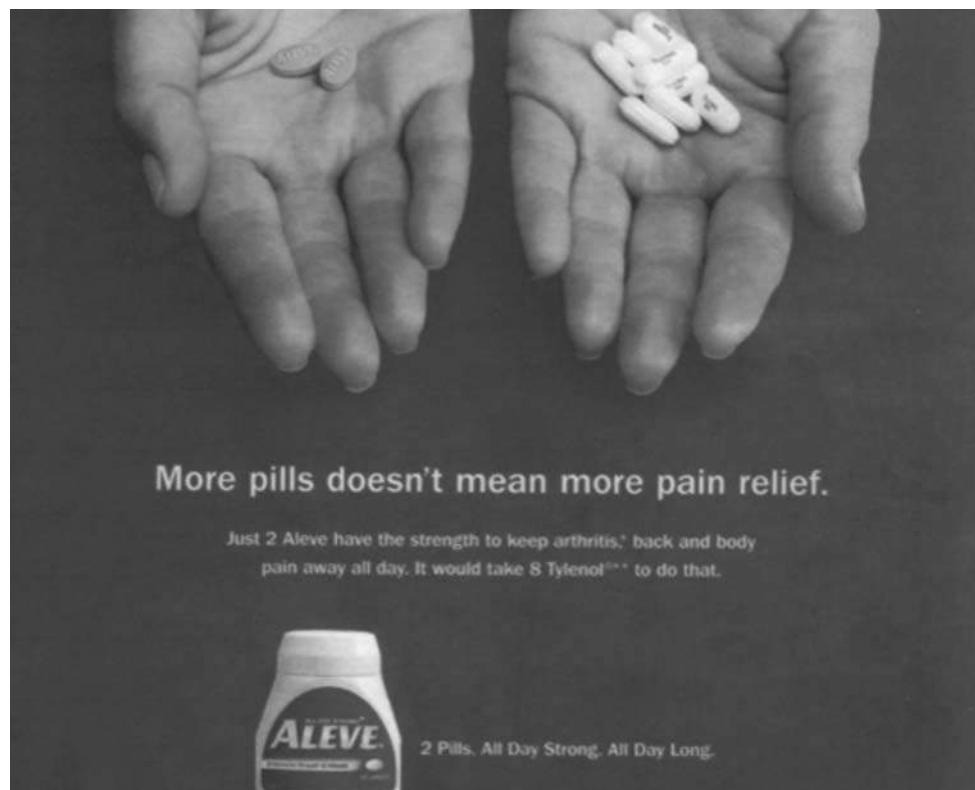
The strategy of changing brand image consists of attempting to alter consumers' *overall* assessment of the brand; marketers employ this approach by using inclusive promotional statements designed to set their brands apart from the competition. Examples of such statements include "this is the largest-selling brand" or "the one others try to imitate." An AT&T campaign was designed to enhance the brand's image without any references to products or services offered under the brand name. AT&T's slogan "Rethink 'possible'" was developed to change the attitudes of many who felt overwhelmed by technology in its favor and to increase consumers' confidence in technology, with taglines such as "It's what you do with what we do." As another example, many ads have used the well-recognized phrase "A New Beginning" to bolster a brand's overall image and revive consumer interest.

### Changing Beliefs about Competing Brands

Another attitude-change strategy involves changing consumer beliefs about competitors' brands or product categories. For instance, an advertisement for Eclipse chewing gum makes a dramatic assertion of the brand's superiority over other gums by stating: "Most other gums just mask bad breath. We kill the germs that cause it." The ad for Aleve in Figure 5.4 refutes the notion that more pills relieve pain more effectively than fewer pills, and is designed to establish unfavorable attitudes toward Tylenol.

**Box 5.6 Emerging Markets and Building Beliefs**

Emerging economies present unique challenges to marketers, and attitudes may be useful in such contexts. Pepsi test marketed Gluco+, a beverage with electrolytes and glucose, and Lehar Iron Chusti, a snack fortified with iron. With 55% of Indian women in India being anaemic, these offerings were targeted at rural markets with the price point of ₹2–5 (conative aspect being considered). The challenge of marketers in such a context is to develop cognitive beliefs associated with health and a large number of the target segment are daily wage earners. A combination of promotional tools (advertising, messages in local events, sampling, and even customized visuals for rural population) may be required to build such cognitive beliefs.



*Source: Bayer Healthcare LLC.*

**FIGURE 5.4** Changing a Belief: “More Pills Doesn’t Mean More Pain Relief”

## Multi-attribute Attitude Models

**Multi-attribute attitude models** portray consumers’ attitudes as functions of their assessments of the objects’ prominent attributes. First, we discuss the attitude-toward-object model and the use of product attribute in changing consumers’ attitudes and developing new products. Next, we discuss the attitude-toward-behavior model, the theory of reasoned action, the theory of trying to consume, and the attitude-toward-ad model.

### Learning Objective

- 3 To understand the structures of multi-attribute models and their use in altering consumers’ attitudes.

### Box 5.7 Contrasting Routes to Nurture Brand Attitude

Sustainable core proposition is an axiomatic route to brands; there may be some exceptions and a brand may deviate from this well-entrenched concept but still nurture an attitude that it had built for many years. Dettol's core proposition of germ killing action or "Be 100% Sure" is sustaining the strong attitudes it had built. Its 1979 campaign had the headline, "Who carries the sword that protects". The brand has 80% share of the market in antiseptic lotions, is the leader in the liquid hand wash market with about 50% share, has 8% share in soaps and has about 10.2% in its kitchen gel (used for utensil cleaning despite strong brands in the category).

Cadbury 5 Star had the proposition of "Deliciously Rich you hate to share it" in the seventies and was a "togetherness bar" in the eighties, a confidence fix during the early nineties, a motivational bar during the late nineties, had a relationship association (boy-girl) during 2001, turned to humor and taste in 2003 that continued in 2005 and the bar was associated with indulgence in 2008. In 2010, "Suresh-Ramesh" campaign was introduced with its humor featuring two brothers. The important change had been that the product was evolving; in this case, the traditional chocolate bar was softer. The digital campaign, "NO hard fillings" too had created significant user-generated content on the internet. In 2014 5Star positioned itself as a cure for "seriousness" and also introduced a sub-brand called Chomp. Dettol was a brand that had followed the sustainable core proposition route to maintain its attitudes and 5 Star is a brand that followed a different route including a different imagery. The context and the category along with the target segment decide the brand's associations in the long term; what is eventually required for a brand is to strengthen consumers' attitude towards it.

Source: Delshad Irani, "The Shaken and the Stirred," *The Economic Times*, December 18, 2013; Amit Bapna, "A Clean Break," *The Economic Times*, December 18, 2013; Ravi Balakrishnan, "A Star Is Born," *The Economic Times*, March 5, 2014.

#### Notes

### Attitude-toward-object Model

The **attitude-toward-object model** maintains that a consumer's evaluation of a product is a function of:

1. The extent to which the product has (or lacks) each of a given set of attributes.
2. The importance of each of these attributes to the consumer.

In other words, consumers generally have favorable attitudes toward those brands that they believe have better performance on the attributes that they view as important than other brands, and unfavorable attitudes toward those brands that they feel do not meet these criteria.

In a study done to illustrate this model, 96 marketing students rated three brands of smartphones—iPhone, Blackberry, and Android—along the 11 attributes listed in Table 5.6. These ratings represent the students' beliefs regarding the extent to which each brand possesses a specific attribute. Students then indicated the level of importance attached to each attribute. Subsequently, the researchers multiplied the importance "weights" by the ratings for each phone. For example, "long battery life" emerged as the most important attribute in a cell phone (3.77 out of a total of 5 possible points), and the iPhone scored higher on this attribute than the other two phones (2.64), which contributed to its high overall rating. Among the three brands, Blackberry was the only one with a physical keyboard, and therefore scored the highest on this feature (3.34), but this feature has the second-lowest importance rating (1.9), which lowered Blackberry's overall rating.

The totals show that respondents believed that the iPhone is far better than the other two models—but we must note that such perceptions do not necessarily represent the *actual* facts. For example, let's assume that, in reality, the Blackberry's screen resolution is much better than the iPhone's, although consumers *believe* that the iPhone has a better screen. As we already established in our discussion of positioning (Chapter 2), what matters most is how consumers *perceive* the product. Therefore, considering the (hypothetical) results of this study, Blackberry's marketer should promote the brand's screen resolution in its ads in order to "correct" consumers' misperceptions of its product.

Marketers use the attitude-toward-object model in developing promotions designed to change consumers' attitudes in favor of the brands advertised. They do so by adding new product attributes, changing consumers' perceptions of attributes, and also developing new products after researching consumer preferences.

**TABLE 5.6 Application of the Attitude-Toward-Object Model**

ATTRIBUTE	ATTRIBUTE'S IMPORTANCE	IPHONE		BLACKBERRY		ANDROID	
		PRES- ENCE OF ATTRI- BUTE	PRES- ENCE × IMPOR- TANCE	PRES- ENCE OF ATTRI- BUTE	PRES- ENCE × IMPOR- TANCE	PRES- ENCE OF ATTRI- BUTE	PRES- ENCE × IMPOR- TANCE
Long battery life	3.77	2.64	9.9528	2.34	8.8218	2.31	8.7087
High-resolution screen	3.1	3.62	11.222	2.15	6.665	2.97	9.207
Voice-activated commands	1.8	3.49	6.282	2.25	4.05	2.61	4.698
Carrier provides unlimited data transmission	3.52	3	10.56	2.62	9.2224	2.48	8.7296
Carrier does not require long-term contract	2.43	1.79	4.3497	1.66	4.0338	1.95	4.7385
High-quality camera	3.12	3.51	10.9512	2.07	6.4584	2.84	8.8608
Camera has a flash	2.98	3.44	10.2512	2.62	7.8076	2.83	8.4334
High-resolution video recording	2.52	3.3	8.316	1.93	4.8636	2.67	6.7284
Carrier provides external unlimited data storage	2.72	2.82	7.6704	2.36	6.4192	2.52	6.8544
Physical keyboard	1.9	1.16	2.204	3.34	6.346	2.18	4.142
Smartphone allows multitasking	3.36	3.38	11.3568	2.57	8.6352	2.72	9.1392
TOTALS			93.1161		73.323		80.24

Multimedia-based interactive teaching for children requires creating an attitude among children, as shown in Figure 5.5. The ad uses a celebrity who can relate to the target segment.

### Notes

#### Adding an Attribute

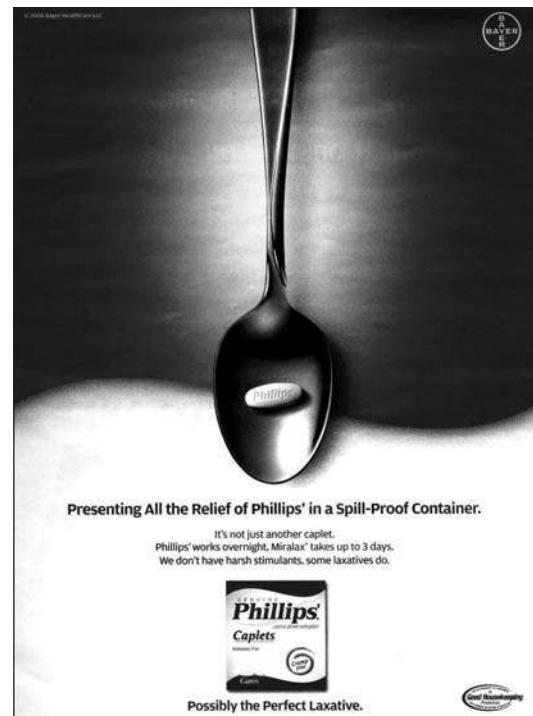
Adding a product or brand attribute means either adding an attribute that previously was ignored or adding one that represents an improvement or innovation. For example, to add a previously ignored or unknown attribute or benefit, an ad might point out that yogurt has more potassium than a banana (a fruit associated with a high quantity of potassium). The comparison of yogurt and bananas can enhance attitudes toward yogurt among consumers who wish to take in more potassium.

Another form of adding an attribute is innovation. To illustrate, a bottle of Wish-Bone Salad Spritzer™ includes a pump that enables consumers to spray a mist of dressing on a salad, thus allowing them to control how much dressing they put on salads more precisely. Figure 5.6 shows an ad for Phillips' Caplets, which are a new form of laxative, because laxatives previously were available only as liquids. The new caplets are also "cramp free," which is a newly added attribute. In addition to portraying an innovative attribute, the ad is also aimed at changing beliefs about a competitor: Within the small print, the ad states that the Phillips' laxative works overnight, whereas its competitor—Miralax—takes up to three days to have an effect. Sometimes, *eliminating* a product feature may change attitudes favorably. For example, after conducting consumer studies, many marketers of personal care products now offer unscented or alcohol-free items.

Source: Pearson India Education Services Private Limited



FIGURE 5.5 Edurite from Pearson



Source: eckitt Benckiser

FIGURE 5.6 Adding Product Attributes: Caplets (Not Liquids) and Also Cramp Free

### Notes

#### Changing the Perceived Importance of Attributes

In the discussion of benefit segmentation (Chapter 2), we illustrated how different brands provide consumers with different benefits and how they are positioned accordingly. For example, in headache remedies, there is the division between aspirin (e.g., Bayer), acetaminophen (e.g., Tylenol), and naproxen sodium (e.g., Aleve). Marketers of personal care items sell multiple versions of the same product that provide somewhat different, narrowly defined benefits, in order to maintain or gain market share. For instance, Colgate Total provides 12 hours of germ fighting, Colgate Max Fresh wipes out bad breath, and Colgate Sensitive Pro-Relief is for people who have sensitive gums.

Some companies discover product attributes that most consumers pay little or no attention to and feature them in ads. Apparently, Dole discovered that some buyers of prepackaged fruit are unaware that other brands do not immerse the fruit in 100% fruit juice. The objective of the ad in Figure 5.7 is to use consumers' unawareness to differentiate Dole's product.

#### Developing New Products

Marketers often use the attitude-toward-object model during the development of new products. Consider the following hypothetical example: The Tropicana company is planning to add a new item to its product line. The company's market researchers identified four attributes as the key determinants in consumers' attitudes toward orange juice: Amount of pulp, degree of sweetness, strength of flavor, and color. Then, Tropicana conducted a three-stage study:

1. Using the scales shown in Figure 5.8A, the researchers asked consumers who drank orange juice regularly to describe their "ideal" juice, along the four attributes.
2. Realistically, Tropicana could not produce the "ideal" juice, because it could not offer it at a competitive price. Instead, the respondents rated a "concept" juice representing a product that Tropicana *could* sell. The "concept" juice was similar to the "ideal" one, but not identical.
3. Tropicana *made* an "actual" new orange juice, which consumers tasted and rated.

**Notes**

Source: Reckitt Benckiser

**FIGURE 5.7** Changing the Importance of an Attribute: Real Fruit Must Be Packaged in Real Fruit Juice

As Figure 5.8B shows, compared with the “ideal,” the “actual” product had too little pulp and was far too sweet, but the flavor of both products was nearly the same. Regarding color, it appears that although Tropicana did not match the ideal or the product concept, the company improved the color in the actual product by making it closer to the ideal. These findings indicate that Tropicana must change the “actual” product so that it matches consumers’ preferences, by making it less sweet and adding pulp.

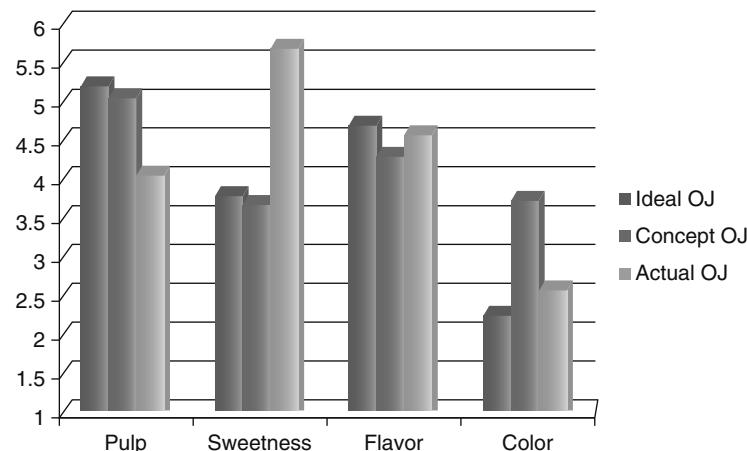
### Attitude-toward-behavior Model

The **attitude-toward-behavior model** captures the individual’s attitude toward *behaving* or *acting* with respect to an object, rather than merely the person’s attitude toward the object itself. Using the attitude-toward-behavior model to understand consumers may sometimes be more useful than using the attitude-toward-object model. For instance, a consumer looking for a new car might like Lexus cars (i.e., *positive* attitude towards the *object*), but not be ready or willing to buy an expensive Lexus (i.e., a *negative* attitude towards the *behavior* associated with the *object*).

A Taiwanese study examined consumers’ attitudes toward the *act* (or behavior) of shopping online and revealed that these attitudes reflected nine desired benefits: (1) effectiveness and modern, (2) purchase convenience, (3) information abundance, (4) multiform and safety, (5) service quality, (6) delivery speed, (7) homepage design, (8) selection freedom, and (9) name familiarity.

**Notes**

	1	2	3	4	5	6	
No pulp	<input type="checkbox"/>	Lots of pulp					
Not sweet	<input type="checkbox"/>	Very sweet					
Weak flavor	<input type="checkbox"/>	Strong flavor					
Dim orange	<input type="checkbox"/>	Bright orange					

**FIGURE 5.8A** Semantic Differential Scales**FIGURE 5.8B** The “Ideal,” “Concept,” and “Actual” Compared

### Theory of Reasoned Action

Like the tri-component model, the **theory of reasoned action (TRA)** incorporates the cognitive, affective, and conative components. Additionally, it holds that researchers must measure the *subjective norms* that influence a person's intention to act before gauging the level of intention. Subjective norms are the person's feelings as to what relevant others (e.g., family, friends, roommates, co-workers) think of the action the person contemplates. That is, would they support the anticipated action or not. For example, if a student wanted to get a tattoo but first considered whether her parents or boyfriend would approve or disapprove of her contemplated behavior, her consideration of others' opinions is her subjective norm.

Two factors underlie subjective norms: *normative beliefs* that the individual attributes to relevant others, and the individual's *motivation to comply* with the preferences of the relevant others. For example, consider an urban young woman buying a Hero Pleasure scooter. This purchase is positioned on self-reliance and independence of the user (user imagery). There are four aspects associated with this situation: (1) Outcome of the purchase as perceived by the consumer (2) The likability of the outcome as perceived by the consumer (3) What relevant others would think of the purchase (4) The motivation of the consumer to comply with the preferences of those relevant others.

**Box 5.8 Branding Lessons from My Name Is Khan**

*My Name is Khan (MNIK)*, a movie that appealed to audiences across age-groups and socio-economic classes, had linkages with the concepts of consumer behavior that are as important as the charismatic star cast. The movie used a combination of attitudinal concepts anchored in a cultural environment and some topical issues.

**Box 5.8 (Continued)****The Mood**

There is a long history of Hindu–Muslim interaction and it has become an important part of Indian culture in recent times. Further, people in this part of the world are just about recognizing that differently-abled people need to be treated with special care. Even major cities and public places lack the facilities that are required for them as compared to the Western world. Inter-communal interaction and autism, associated with the main character in the movie, sets the mood for the movie (mood is a non-stimuli-specific emotional state that is lower in intensity than an emotional stimulus and can be a product, service, movie, person or any information input to any of the sensory organs).

**Cognitive Beliefs and Affective States**

Drawing upon the cognitive and affective aspects of attitudes, *MNIK* delves into several beliefs that are a part of the culture or viewers' psyche:

- A person who has autism cannot think rationally all the time
- A woman settled abroad can take up hair styling as a profession without the social stigma generally attached to such a profession in India
- There is animosity against a particular religion based on some negative acts allegedly committed by a small cross-section of people belonging to the religion
- There is always hope for the husband and wife to unite even against the odds
- Fate plays havoc with a happy family
- There is a need to go to the rescue of people affected by natural disaster
- Indians can gain recognition in the USA (this has been innovatively used by the writer by bringing in autism to achieve this recognition)
- People belonging to a particular religion are not treated well at the port of entry in the USA

All these beliefs have been converted into affective or emotional states in the movie.

In several product categories, branding depends on the extent to which a brand can use emotional or symbolic meanings or associations. A brand like Volvo, known for its safety (cognitive aspects), showed an advertisement that had several people talking about how they were saved from accidents by the brand (emotional). In a similar manner, *MNIK* converts beliefs into emotional states. This is in tune with the mood that was set by the initial frames.

Every belief is converted into emotions and the range of emotions portrayed in the movie are in line with the Plutchik's theory on emotions.\* They use both positive and negative emotions to convert beliefs into emotions. Gerald Zaltman, a pioneering qualitative researcher in the area of consumer behavior, observed that marketers rarely use negative emotions and even while they use positive emotions, they do not explore many ways of using such emotions. *MNIK* uses a range of executions to reflect positive and negative emotions. For instance, joy and happiness are captured in the hero's first meeting with the heroine in a beauty parlor (mildly pleasant), his "marry me" (surprise and delight) pestering, and the final wedding (ecstasy) reflect the range of positive emotions. Indian culture involves showing both positive and negative emotions. This is portrayed in the opening of a new parlor by the heroine (happiness) and also the grief expressed in scenes of loss and despair in the movie. The heroine's screams of despair and hatred after losing her son are also examples. The bewilderment of the hero in not understanding the gravity of the situation due to his disorder after the violent death of his son (horror), the help rendered by the hero to marooned people (compassion) and, in the process, recalling his son (nostalgia), create high emotional states. There is also a ritualistic element associated with religion in the prayer scenes. The emotional or the affective state associated with any product or service is important because it is the "overall evaluation" of the product in the mind of the consumer (viewer, in this case). While there are many movies that showcase a variety of emotions, the systematic conversion of cognitive beliefs associated with specific cultures into affective states, and the type, frequency, and range of emotions used in the movie makes this product stand out from the viewpoint of attitude creation.

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(Continued)

## Box 5.8 (Continued)

**"Intention to Act": Conative Aspects**

Cognitive and affective aspects have an impact on the conative component of attitudes. In this case, it is associated with the word-of-mouth associated with MNIK. The digital buzz associated with the movie when this piece was written was around 7 million results produced through just one search engine. At least a part of the buzz may have happened after the movie was launched. The cumulative charisma of the star cast (who have been around for quite some time) adds to emotional states, enhancing the likeability factor associated with the movie.

*Note:* A version of this text has been published by S Ramesh Kumar in Hindu Business Line, March 18, 2010. ([www.thehindubusinessline.com/catalyst/2010/03/18/stories/2010031850070200.htm](http://www.thehindubusinessline.com/catalyst/2010/03/18/stories/2010031850070200.htm)) The text has been used with permission.

*Source:* \*Robert Plutchik, *Emotions and Life: Perspectives from Psychology, Biology, and Evolution* (Washington, DC: American Psychological Association, 2002).

**Notes****TABLE 5.7 Potential Impediments to Trying to Consume****PERSONAL IMPEDIMENTS**

"I wonder whether my nails will be long enough by the time of my wedding."

"I want to try to lose 2 inches off my waist by my birthday."

"I'm going to try to get us tickets for the Jimmy Buffet concert for our anniversary."

"I'm going to attempt to be able to run 5 miles by my birthday."

"I am going to increase how often I exercise from three to five times a week."

"Tonight I'm not going to have dessert at the restaurant."

**ENVIRONMENTAL IMPEDIMENTS**

"Only the first 500 people at the football game will receive a team cap."

"Sorry, the Jaguar you ordered didn't come in from England on the ship that docked yesterday."

"There are only two cases of Merlot in our stockroom. You better come in sometime today."

"I am sorry. We cannot help you. We are closing the gas station because of an electrical outage."

**Theory of Trying-to-Consume**

The **theory of trying-to-consume** represents cases where the outcome of a contemplated action (e.g., a purchase), stemming from a positive attitude, is uncertain, but is still being pursued by the consumer. A person trying to consume faces two types of obstacles that may prevent the desired outcome (see examples in Table 5.7):

1. **Personal impediments**, such as a consumer who is trying to find "just the right tie" to go with a suit, for less than \$50, or a person trying to lose weight, but loves cookies.
2. **Environmental impediments**, such as the reality that "just the right tie" costs more than \$50, or realizing that one cannot continue eating cookies and lose weight, and that there are no low-calorie cookies that taste good.

Researchers have also studied situations where consumers *fail to try to consume*, and identified two reasons why they do so. First, such consumers do not recognize all the consumption options available. Secondly, they prefer to self-sacrifice or delay gratification.

**Attitude-toward-the-ad Model**

The **attitude-toward-the-ad model** proposes that the feelings consumers form when they see and hear ads significantly impact their attitudes towards the brands advertised.

Research among Asian Indian U.S. immigrants has explored attitudes toward 12 advertisements and purchase intention of six different products that the ads featured. The study found a positive relationship between attitude toward the advertisement and purchase intention for each of the advertised products; that is, if consumers liked the ad, they were more likely to purchase the product. Other consumer research that examined general attitudes toward advertising in

**Notes**

Bulgaria and Romania (recent members of the European Union) found that consumers in those nations were more positive about the institution of advertising (i.e., as a marketing tool) than they were about the actual advertisements used to promote products and services. Furthermore, while the main personal use of advertising in Bulgaria was information acquisition, the entertainment value of advertising was the strongest personal use in Romania.

As shown on Figure 5.9, Oreo positioned itself to teenagers with its overall “attitude towards the brand” dimension (as the world’s No. 1 biscuit brand). Also, Figure 5.10 shows how Ashirwad, from ITC, has created an attitude towards the brand in categories associated with commodities.



Source: Mondelez International

**FIGURE 5.9** An Ad Visual of Oreo



Source: ITC

**FIGURE 5.10** An Ad Visual of ITC

## Application 1: Affect and the Value Offered by a Brand

Sometimes, even brands with strong cognitive beliefs need to be careful while formulating advertising appeal associated with affective aspects (under the assumption that the affective appeal will add to the strong cognitive appeal). Honda's Jazz car launched itself with the affective appeal that questions the seriousness of the individual ("Why so serious"). The brand ended up offering a discount of ₹1.75 lakhs to sell off its stock. The attitudinal aspect may not be the only reason for the brand's performance, but it may be one of the important aspects.

## Application 2: Cognitive Beliefs and Brand's Credibility of Arguments

While developing cognitive beliefs, brands must take strong arguments and counter-arguments into consideration. Strong arguments are those that present the facts in a convincing manner and counter-arguments are thoughts of consumers that go against the arguments that are presented. A brand positioned itself as the "brain food" for children. Product claims included several cognitive beliefs like "33% key brain nutrients", the iron in the brand was "bioavailable" and that it contained Omega 3. The findings that were reported in the website of Food Safety and Standards Authority of India (FSSAI) was that most of the claims were not backed up scientifically and the offering cannot be marketed as "brain food". Changing the Motivational Functions of Attitudes

### Learning Objective

- 4 To understand how to alter consumers' attitudes by making particular needs prominent.

### Notes

## Changing the Motivational Functions of Attitudes

Sometimes marketers must try to change negative consumer attitudes about their products, companies, or marketing practices. Frequently, the negative attitudes are not the result of bad products or promotion, but stem from uncontrollable circumstances. For example, several years ago, the U.S. Food and Drug Administration advised pregnant or nursing women and also young children to eat less canned tuna, due to concerns about the bioconcentration of mercury, a neurotoxin, in the fish. Subsequently, consumption of the three main brands of canned tuna—Bumble Bee, Chicken of the Sea, and StarKist—declined substantially. The three competing brands commissioned an advertising campaign to reverse consumers' negative feelings toward canned tuna. The theme of the campaign was "Tuna the Wonderfish," and through TV and online commercials, print ads, digital screens, posters, and materials placed in gyms and health clubs, it humorously portrayed that eating tuna is fun. Online, "tunathewonderfish.com" featured recipes and wacky characters called "the tuna lovers," and sang the praises of tuna with slogans such as "tuna is good for your heart," "part of a healthy diet," and "great on the go." These messages were designed to restore consumers' confidence in tuna by telling them that eating tuna is not only healthy, but also fun. The product's marketers knew that consumers liked canned tuna but were hesitant to eat it because of information that, although directed at a relatively small segment (i.e., pregnant women), negatively affected the perceptions of many consumers.

The reasons (or motivations) behind people's attitudes are known as "functions." Changing attitudes by appealing to consumers' motivations is known as the **functional approach**. Accordingly, attitudes are classified into four functions: The utilitarian function, ego-defensive function, value-expressive function, and knowledge function.

### The Utilitarian Function

The **utilitarian function** stems from the belief that consumers' attitudes reflect the utilities that brands provide. When a product has been useful or enabled us to perform certain tasks in the past, our attitude toward it tends to be favorable. One strategy for changing attitudes in favor of a product is by demonstrating to consumers that the product possesses a utilitarian purpose(s) that they may not have considered. The ad in Figure 5.11 illustrates how Lysol Wipes are more utilitarian than paper towels.



**FIGURE 5.11** An Appeal Based on the Utilitarian Function: Paper Towels Spread Germs but Lysol Wipes Kill Them



**FIGURE 5.12** Appealing to the Ego-Defensive and Value-Expressive Functions: If You Discover That Your Pants No Longer Fit, Would You Still Believe That Prepared Salads Contain Few Calories?

### The Ego-defensive Function

The **ego-defensive function** maintains that people form attitudes in order to protect themselves from sensing doubt and to replace uncertainty with feelings of security and confidence. For example, many consumers believe that salads from restaurants or salad bars—commonly eaten during lunch—are healthy and not fattening. The Healthy Choice ad in Figure 5.12 refutes this belief by humorously stating that such salads are fattening, unlike Healthy Choice, which is positioned as an “honestly labeled healthy lunch.” The reference to honesty implies that the other offerings are not labeled correctly.

### The Value-expressive Function

The **value-expressive function** maintains that attitudes reflect consumers’ values and beliefs, and that marketers can create ads that either support or refute these notions. For example, many nutrition-conscious consumers probably believe that prepared salads are healthy and low in calories. In addition to appealing to the ego-defensive function, the ad in Figure 5.12 also challenges the false belief that prepared salads are healthy and nutritious.

### Notes

#### Box 5.9 Value-expressive Function and Youth Brands

Hero Pleasure, a scooter positioned towards women, advertised with the message “Why should boys have all the fun?” Value-expressive function is indicated and this aspect is likely to appeal to young girls who are independent, outdoor-oriented, and are on par with boys in terms of their ambitions, hopes and, dreams.

## The Knowledge Function

The **knowledge function** holds that people form attitudes because they have a strong need to understand the characters of the people, events, and objects they encounter. Therefore, many firms use ads centered upon the consumer's "need to know." Accordingly, marketers often try to alter consumers' attitudes in favor of their brands by providing them with facts of which they were unaware. For instance, a message for a new allergy medication might include a bar graph demonstrating the product's superiority by contrasting its allergy symptom relief abilities with those of other allergy medications. The V8 Fusion ad in Figure 5.13 appeals to the knowledge function because it provides consumers with a fact that they may have not known.

### Box 5.10 Brands and Attitudinal Functions

The Indian context offers examples of how attitude is associated with specific motivational functions. Charms, a brand of cigarette, advertised as "Charms is the way you are" and sold in denim like packaging during the eighties (currently, cigarette ads are banned in India), 5 Star (Cadbury) as the "togetherness" bar, and Close up with its "close up" smile were the earliest brands to make use of the value-expressive function. Marico's Heart Foundation provided the knowledge function by highlighting health benefits, Vim (liquid variant) advertises on how it effectively cleans a "set of vessels" economically (providing the utility function), and Nomarks soap brand advertises about removing pigmentation, pimples, and other marks indicating the benefit of ego-defensive function (by which the user protects his/her self-image).

## Associating Brands with Worthy Objects or Causes

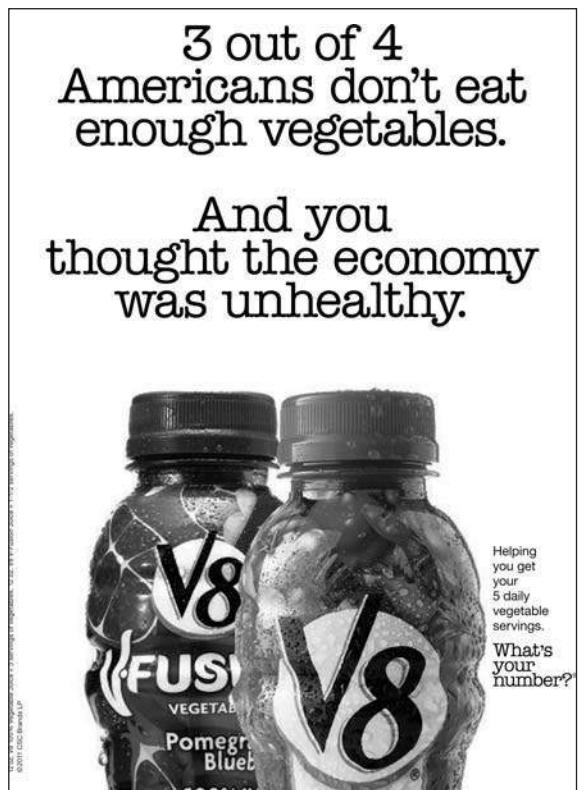
Another way to influence attitudes is to relate them to social or cultural events. The ad for Method detergent in Figure 5.14 associates the product with a worthy cause—ecological concern—by mocking mainstream detergents that come in huge and environmentally harmful jugs.

Research into brand-cause alliances has investigated the relationship between the "cause" and the "sponsor." One study found that although both the brand and the cause benefited from such alliances, less familiar causes benefited more from association with a positive brand than did highly familiar causes. The results of another study indicated that if corporate sponsors do not explicitly reveal their motives for a company-cause or a product-cause association, consumers will form their own beliefs about the connection between the company or brand and the cause. This indicates that sponsors should tell consumers the reasoning behind their sponsorships, rather than allowing consumers to guess, possibly incorrectly, why the sponsorship was formed.

### Box 5.11 Overall Attitude and a New Entrant Brand

Traditionally, well-entrenched brands had created the an overall attitude towards brands –Kores, an old brand of photo copier had the tagline "Your guarantee of good impression", Phillips had "If its Phillips you are sure" and Maruti's Esteem had the ad campaign where the son after receiving bad marks asks his dad if they can go for a drive in the car (Esteem) to cheer up the father's bad mood on seeing his marks.

Renault Duster, an instant success in the Indian market, went in for a campaign that stated "60000 Customers, 29 Awards, No. 1 in Customer Satisfaction, All In Just 10 months". Overall attitude towards a brand, especially a new brand that had demonstrated success through its sale numbers in a short period of time, is an unusual usage of the concepts of attitude.



**FIGURE 5.13** An Appeal Based on the Knowledge Function: Americans Do Not Eat Enough Vegetables, but You Can



**FIGURE 5.14** Associating Method Detergent with Ecological Concerns

## The Elaboration Likelihood Model

The **elaboration likelihood model (ELM)** proposes that attitudes can sometimes be changed by either one of two different routes to persuasion—a central route or a peripheral route—and that the cognitive elaboration related to the processing of information received via each route is different. The central and peripheral routes to persuasion reflect **extensive** and **limited problem solving** (see Chapter 14), and also correspond with **high-** and **low-involvement purchases** (see Chapter 5). The premise of this model is that consumers carefully evaluate the merits and weaknesses of a given product when they consider the purchase to be very relevant. Conversely, consumers engage in very limited information search and evaluation (or little cognitive elaboration) when the purchase holds little relevance or importance for them. Thus, for high-involvement purchases, the **central route to persuasion**—which requires considered thought and cognitive processing—is likely to be the most effective marketing strategy. For low-involvement purchases, the **peripheral route to persuasion**—which requires relatively little thought and information processing—is likely to be effective. In this instance, because the consumer is less motivated to exert cognitive effort, learning occurs through repetition, the passive processing of visual cues, and holistic perception. Highly involved consumers use attribute-based information to evaluate brands, whereas less-involved consumers apply simpler decision rules. In marketing to highly involved consumers, the quality of the argument presented in the persuasive message, rather than the imagery of the promotional message, has the greater impact on the consumption decision.

The route to persuasion has important implications for promotion. For example, comparative ads (see Chapter 7) are more likely to be processed centrally (purposeful processing of message arguments), whereas noncomparative ads are commonly processed peripherally (with little message elaboration and a response derived from other elements in the ad). A study demonstrated that the correlation between a consumer's product involvement and objective product knowledge was higher for *utilitarian* products than for products designed to bring about pleasure (termed *hedonic* products); for hedonic products, the correlation between subjective knowledge and product involvement was higher than for utilitarian products. Assuming that *subjective*

### Learning Objective

- 5 To understand the role of cognitive elaboration in altering attitudes.

### Notes

**Notes**

knowledge is the result of interpreting the imagery presented in the ad (i.e., the peripheral route) and that *objective* knowledge is the outcome of the factual information the ad provides (i.e., the central route), marketers should consider the product's degree of utilitarianism in selecting either the central or peripheral route in promoting that product.

The central route applies to attitude change when a consumer's motivation or ability to assess the attitude object is high; that is, attitude change occurs because the consumer actively seeks out information relevant to the attitude object itself. When consumers exert the effort to comprehend, learn, or evaluate the available information about the attitude object, learning and attitude change occur via the central route.

In contrast, when a consumer's motivation or assessment skills are low (i.e., low involvement), learning and attitude change occur via the peripheral route and without consumer processing of information that is relevant to the attitude object itself. In such cases, attitude change often is an outcome of secondary inducements such as cents-off coupons, free samples, beautiful background scenery, great packaging, or the encouragement of a celebrity endorsement. Research indicated that, in some low-involvement situations, both central and secondary inducements initially played equal roles in evoking attitudes. However, the central inducement had the greater "staying power"; that is, over time it was more persistent than the secondary one. Additionally, among subjects low in product knowledge, advertisements with terminology and factual data—that is, the central route—produced more favorable attitudes toward brands and ads than secondary cues.

### The Ideal Point Model (IPM)

Given the diversity of segments and preferences in the emerging market (with associated demographics and psychographics), the **ideal point model (IPM)** can be used to explore the different dimensions associated with attitudes toward existing brands. This opens up several possibilities for brand managers to segment the market based on attitudinal aspects. Practising marketing managers will find the IPM effective in measuring attitudes. This model captures consumer perception on the "ideal" brand (with ideal features) and compares their perception on existing brands. The components of the IPM are given in Table 5.8.

If the model is applied to a brand of TV, say, "A," the following attributes can be identified.

1. Picture quality
2. Audio quality
3. Usefulness of special features
4. Handling ease
5. Esthetic appeal
6. Compactness

**TABLE 5.8 The Ideal Point Model**

$A_b$	Attitude toward the brand
$W_i$	Importance of attitude $i$
$L_i$	The 'ideal' performance on attitude $i$
$X_i$	Beliefs about a brand's actual performance on attitude $i$
$n$	The number of salient features

Consumers can mark the ideal brand and rate A on the attributes, on a scale of 7 [(1) given to reflect low perception and (7) to reflect high perception about the respective attribute]. The application can, for example, result in the analysis as given in Table 5.9.

The formula for attribute  $A_b$  toward the brand can be applied as:

$$A_b = \sum_{i=1}^n W_i(L_i - X_i)$$

For Brand A, the resulting value is 28.

**TABLE 5.9** Analysis of Attributes Following the Ideal Point Model

ATTRIBUTE	IMPORTANCE (WI)	IDEAL (LI)	BRAND A (XI)
Picture quality	7	4	3
Audio quality	4	3	2
Special features	3	2	2 (usefulness)
Handling ease	3	1	1
Esthetic appeal	2	4	1
Compactness	1	3	1

**Notes****Implications of the Model**

A brand can find out how close it is to the “ideal” brand. A value of “0” is ideal because at this point the brand is the ‘ideal’ brand. The higher the value of a brand, the further away it is from the “ideal” perception of the brand. (the negative sign does not alter the value, as the objective of the model is to measure the distance of a brand from the “ideal” brand.  $|W_i(L_i - X_i)|$  is to be considered.) A brand can improve its attributes and move closer to the “ideal” brand. In the example, except the usefulness of special features, Brand A is further away from the ideal brand on all aspects and requires improvement on these aspects. A brand can shift the importance associated with an attribute. Brand A, for example, can alter the importance on esthetic appeal (on which it is below the ideal brand) through an advertising campaign that stresses the attributes on which it is ranked high. The approach needs to be preceded by research on consumer perception toward this new attribute/benefit. For example, if a shampoo brand wants to shift the importance of attributes by introducing a new benefit—“spreading action to make the roots stronger”—the perception of the consumer needs to be captured before the brand uses this attribute.

**Elaboration Likelihood Model (ELM)**

When a consumer’s motivation or assessment skills are low (e.g., low involvement), learning and attitude change tend to occur via the *peripheral route* without the consumer focusing on information relevant to the attitude object itself. In such cases, attitude change often is an outcome of secondary inducements (e.g., rupee-off coupons, free samples, beautiful background scenery, great packaging, or the encouragement of a celebrity endorsement). Research indicates that even in low-involvement conditions (e.g., such as exposure to most advertising), in which both central and secondary inducements are initially equal in their ability to evoke similar attitudes, it is the central inducement that has the greatest “staying power”—that is, over time it is more persistent. Additionally, for subjects low in product knowledge, advertisements with terminology result in the consumer having a better attitude toward the brand and the ad.

An offshoot of the ELM is the *dual mediation model (DMM)*. The DMM adds a link between attitude toward the ad and brand cognitions. It acknowledges the possibility that the central route to persuasion could be influenced by a peripheral cue (i.e., attitude toward the ad). Thus, this model demonstrates the interrelationship between the central and peripheral processes. This model has recently been used in a research study that concluded that an advertisement’s effect is important in the formation of an attitude, and therefore the DMM can be employed to explain how advertising impacts consumer behavior.

## Cognitive Dissonance and Resolving Conflicting Attitudes

So far, our discussion has maintained the traditional (and rational) view that consumers develop their attitudes *before* taking action (e.g., “Know what you are doing before you do it”). However, there are theories that refute the “attitude precedes behavior” perspective. Specifically, cognitive dissonance theory and attribution theory provide different explanations as to why and how behavior sometimes *precedes* attitude formation.

**Cognitive dissonance** occurs when a consumer holds conflicting thoughts about a belief or an attitude object. For instance, after consumers have made a commitment to buy an important and pricy object—for example, made a down payment on a new house or an expensive car—they often begin to feel cognitive dissonance when they think of the unique, positive qualities of the alternatives not selected (“left behind”). When cognitive dissonance occurs after a

**Learning Objective**

- 6 To understand how attitudes can precede behavior in the form of cognitive dissonance and the resolution of conflicting attitudes.

**Notes**

purchase, it is called **post-purchase dissonance**. Because expensive and important purchases require compromise and choice among similar alternatives (e.g., similar homes in the same community), post-purchase dissonance in such instances commonly occurs, and leaves consumers with an uneasy feeling about their behavior (the purchase decision). Thus, marketers must ensure that these consumers resolve conflicting cognitions by changing their attitudes to conform to their behaviors.

In the case of post-purchase dissonance, attitude change is an *outcome* of an action or behavior already undertaken. The conflicting thoughts and dissonant information that follow a purchase induce most consumers to change their attitudes so that the attitudes become consonant with their purchase behaviors. What makes post-purchase dissonance relevant to marketing strategists is the premise that marketers must help consumers reduce the unpleasant feelings created by the thoughts about alternatives that were “given up.” Consumers can reduce their post-purchase dissonance in several ways:

1. Rationalize their decisions.
2. Seek advertisements that support their choices (while avoiding dissonance-creating competitive ads).
3. Try to “sell” friends on the positive features of the purchase made (i.e., “the consumer as a sales agent”).
4. Look to satisfied owners for reassurance (e.g., meet homeowners in the community where the newly purchased house is located).

For example, consider a young man who has just purchased an engagement ring for his girlfriend and then sees the following magazine ad: “How can you make two months’ salary last forever?” Because the purchase was expensive and the groom-to-be is likely to be experiencing dissonance, the ad might relieve his conflicts because it says that although the engagement ring did cost a great deal, the future bride will cherish it for the rest of her life.

Researchers have discovered different types and levels of dissonance. A study of durable consumer goods identified three segments of dissonant consumers: High-dissonance segment, low-dissonance segment, and “concerned about needing the purchase” segment. As described earlier, consumers can try to reduce cognitive dissonance on their own. In addition, marketers can help consumers do so through ads specifically aimed at reinforcing consumers’ decisions. For example, complimenting consumers on their wise decisions, offering them stronger

#### Box 5.12 Creating, Nurturing, and Changing Attitudes

There are several approaches to creating and nurturing attitudes. Sometimes, the pioneering brands need to create an attitude. Brylcreem, Palmolive, and Clinic were some of the brands that were associated with the category of hair creams. HMT was associated with watches for a very long time. Titan used both the value-expressive function (lifestyle of gifting) to create an attitude towards its brand and strengthened it using the ego-defensive function (“Be More”). Titan Eye+’s advertisement, “Frames start at ₹395. Compliments come free,” uses the ego-defensive function. While digital cameras are generally associated with the knowledge function, Canon’s “My Ixus, My Style” emphasizes the value-expressive function. Colgate’s Total’s “12-hour protection,” using a celebrity suggests more of a utilitarian function. Marico’s [www.heartfoundation.com](http://www.heartfoundation.com) provides information (knowledge function) on several aspects of heart care. Tata’s Croma has a Web site that provides insights on choosing several kinds of durable categories. Santro used a **comparative advertising** featuring several brands when it entered the Indian market (knowledge function). Kinetic Honda introduced a sophisticated form of scooter (when consumers had developed an attitude toward conventional scooters). It created an attitude by sponsoring the Himalayan rally to reflect the fact that the product was as good as a conventional scooter (knowledge function). The utilitarian function is reflected in product benefits. Horlicks is a milk additive that emphasizes the benefits. It has positioned itself as one that is good for physical and mental growth. In its ads, Sugar Free uses a combination of value-expressive and utilitarian function, situating the product in an emerging culture of health and fitness. Procter & Gamble initiated a social cause-based marketing program by which every unit of purchase with regard to some of its brands contributed to a social cause (association with a cause). IFB, which is advertising its dishwasher, has the caption “Housework on your mind” (utilitarian function), with a visual of a lady in a formal, executive dress suggesting that it would be useful for a working woman.

The type of target segment is important in deciding the specific approach to be employed to create an attitude. With all its “coolness”, an iPod or iPhone may require a knowledge-based approach if the target segment consists of youth using Facebook or Orkut and are oriented toward a high-cognitive need as a part of their personality

**Notes**

guarantees or warranties, increasing the number and effectiveness of purchase-related contacts (e.g., post-purchase contacts by real estate agents to new home buyers who are waiting to close on the property), or providing more detailed information about the product while it is on order. In reducing dissonance, personal contacts may be more effective than advertisements; several studies indicated that most buyers believe that advertisers stretch the truth about their products in their promotions. A study suggested that overly aggressive salespeople actually induce dissonance because consumers feel that they were “pushed” to make the purchases. Conversely, skilled salespeople can reduce dissonance by providing information and reassurance, and even turn consumers into loyal customers.

### Resolving Conflicting Attitudes

Attitude-change strategies are designed to resolve actual or potential cognitive conflicts between two attitudes. For example, George is conservative on social issues, a devoted Episcopalian, and also an active Republican. During one presidential elections, the Republican nominee for president was significantly less conservative than George and also a member of another religion. Therefore, George's attitudes conflicted: He wanted to vote for his party, but disliked the party's nominee. George faced a dilemma and had three options: (1) Not vote at all, although he has never missed voting; (2) Vote for the Democratic candidate, which was utterly unacceptable; or (3) Develop more positive attitudes about the Republican candidate and vote for him. After attending the Republican convention as a delegate, speaking to other delegates, listening to the speeches, and even briefly meeting the nominee for president, George decided that the candidate's positions on social issues were, after all, close to his own and also became less concerned regarding the nominee's religion. Thus, George resolved his conflicting attitudes by altering them in favor of the only voting option that was consistent with his past behavior.

In fact, the party's officials recognized that many other Republicans felt the same way that George did before the convention, and they hired marketing consultants whose task was to take measures to change such attitudes. The consultants taught delegates how to address the doubts of their peers during seemingly spontaneous, casual conversations. Also, the speeches and films about the candidate, shown during the convention, included subtle appeals and cues designed to resolve conflicting attitudes. In essence, these measures resembled the strategies that savvy marketers use in similar situations. Of course, George and many others with similar, initial conflicting attitudes were unaware that these strategic communications were taking place during the convention.

## Assigning Causality and Attribution Theory

As a group of loosely interrelated social psychological principles, **attribution theory** attempts to explain how people “assign causality” (e.g., blame or credit) to events, on the basis of either their own behavior or the behavior of others. In other words, a person might say, “I contributed to the American Red Cross because it really helps people in need,” or “He tried to persuade me to buy an LED, rather than a 3D TV, because he'd make a bigger commission.” In attribution theory, the underlying question is *why*: “Why did I do this?” “Why did he try to get me to switch brands?” Making inferences about one's own or another's behavior is an important factor in understanding attitude formation and change.

Many companies sponsor socially beneficial events and causes because they hope that consumers would attribute their efforts to “genuine concern.” Research indicates that better “matches” between sponsors and events or causes result in more favorable consumer attributions. Evidence also suggests that consumers are willing to reward high-effort firms (i.e., they will pay more for and/or evaluate the product higher) if they feel that the company has made an extra effort to make better products or provide better consumer services.

### Self-perception Attributions

**Self-perception attribution** reflects the way people see themselves in the causalities they form about prior behaviors and the attitudes they develop thereafter. It is useful to distinguish between *internal* and *external* attributions. Let us assume that Bradley has just used video-editing software for the first time and his video of his South American vacation was well liked by the members of his photography club. After receiving the compliments, if he had thought: “I'm really a natural at editing my digital videos,” his statement would reflect an *internal attribution*, because

**Learning Objective**

- 7 To understand the ways people assign causality to events and apply this knowledge to consumer behavior.



**FIGURE 5.15** Internal Attribution for Texting and Driving Accidents

he had given himself credit for the outcome (e.g., his ability, his skill, or his effort). In contrast, if Bradley concluded that his work was due to a user-friendly video-editing program, the assistance of another club member, or just “luck,” he would be making an *external attribution*. In the external attribution Bradley might think, “my great video is beginner’s luck,” whereas in the internal attribution he thought that “the video is good because of me.”

Marketers can feature either internal or external attributions in promotions. For instance, ads for video-editing software should persuade users to *internalize* their successful use of the software. If they attribute their photos’ quality to their skills rather than the software’s capabilities, they would probably buy its new versions. Alternatively, if users *externalize* their success, they would attribute it to “beginner’s luck,” which is unrelated to the software itself and unlikely to get them to buy updates and advanced editions. Research indicated that appealing to internal attributions persuaded consumers to consider buying the products advertised.

According to the principle of **defensive attribution**, people generally accept (or take) credit for success (internal attribution), but assign failure to others or outside events (external attribution). Thus, promotional messages should encourage consumers to perceive themselves as the reasons for their success and reassure them that the advertised products will always make them feel this way. Similarly, persuasive messages aimed at getting people to abandon and refrain from socially undesirable behavior should appeal to internal attributions. The OMG ad in Figure 5.15, whose tagline is: “GET THE MESSAGE,” bluntly tells drivers who text and drive to attribute the calamities they cause to their own (internal) behavior and not to external causes (e.g., traffic, road conditions).

### Notes

#### Foot-in-the-door Technique

The **foot-in-the-door technique** consists of getting people to agree to large requests after convincing them to agree to a small and modest request first. The rationale behind this method is that agreeing to a small request creates a bond between the requester and the requestee. After fulfilling a modest request, the requestee is likely to fulfill a larger request because of several reasons. First, the requestee does not want to disappoint the requestor, with whom he feels he has bonded. Secondly, the requestee actually becomes interested in the objective of the request. As discussed earlier, cognitive dissonance theory indicates that people tend to develop attitudes to justify prior actions. People’s compliance with minor requests and subsequent compliance with more substantial requests is based on the premise that individuals look at their prior behavior (e.g., compliance with minor requests) and conclude that they are the kind of persons who generally agree to requests from others (i.e., an internal attributions). For example, someone who has donated \$25 to the Michael J. Fox Foundation for Parkinson’s Research is more likely to make a subsequent \$100 donation than a person who was asked to donate \$100 to begin with. The initial request of \$25 was a “foot in the door,” and “paved the way” towards a more substantial request.

Some research into the foot-in-the-door technique focused on understanding how specific incentives (e.g., cents-off coupons of varying amounts) influence consumer attitudes and subsequent purchase behavior. It discovered that different-size incentives created different degrees of internal attribution, which, in turn, led to different amounts of attitude change. For instance, individuals who tried brands without any inducements, or bought brands repeatedly, formed increasingly positive attitudes toward the brands (e.g., “I buy this brand because I like it”). In contrast, individuals who received samples were less likely to form positive attitudes about the brands they had tried (e.g., “I tried this brand because it was free”).

Contrary to expectations, bigger incentives do not always lead to positive attitude changes. If an incentive is too big, marketers run the risk that consumers will externalize the cause of their behavior to the incentive (i.e., "I did it because I got a large incentive, but I didn't really like the product") and be *less* likely to change their attitudes and purchase the brand again. Instead, what seems most effective are *moderate* incentives, which are significant enough to stimulate initial purchase of the brand, but still small enough to encourage consumers to internalize their positive usage experiences and create positive attitude changes.

In contrast with the foot-in-the-door technique is the **door-in-the-face technique**, in which a large, costly first request that is likely to be refused is followed by a second, more realistic, and less costly request. In certain situations, this technique may be more effective than the foot-in-the-door technique.

### Notes

## Attributions Toward Others

In addition to understanding why people develop causalities about their own behaviors, it is important to understand how they make attributions towards others. As already stated, every time a person asks "why?" about a statement or action of another or other persons (whether family members, peers, salespeople, or marketers), attribution theory applies. To illustrate, in evaluating the words or deeds of, say, a salesperson, a consumer tries to determine whether the salesperson's motives are in his best interests. If he views the salesperson's motives favorably, the consumer is likely to respond accordingly. Otherwise, the consumer is likely to reject the salesperson's words and purchase elsewhere. Suppose, for example, that a consumer orders a new Canon digital point-and-shoot camera from Amazon.com. Because the consumer is going on vacation, she agrees to pay for next-day delivery by FedEx, instead of relying on Amazon's free five-day shipping. If the package with the camera does not arrive when it should, the consumer can attribute the failure to either one or both "others." That is, she can blame Amazon (failing to get the product out on time), FedEx (failing to deliver the package on time), or both (a dual failure). Alternatively, if the weather was very bad, she might attribute the delivery failure to the weather and to neither Amazon nor FedEx.

## Attributions Toward Objects

Researchers have also studied consumers' attributions toward objects, which, in the context of marketing, are the products and services purchased. Specifically, when consumers wish to find out why a product met or failed to meet their expectations, they can attribute the product's successful or unsatisfactory performance to the product itself, to themselves, to other people or situations, or to some combination of these factors. To recap an earlier example, when Bradley successfully edited a video of his vacation, he could attribute that success to the software (product attribution), to his own skill (self or internal attribution), to a fellow member in his photo club who helped him (external attribution), or to all three.

## Analyzing Self-attributions

After people have made attributions about a product's performance or a person's words or actions, they often attempt to figure out whether the inferences they have made were correct. To illustrate, let's consider two scenarios: (1) an alumnus who is considering donating a large sum to the

**TABLE 5.10** Reviewing Self Attributions

SCENARIO	DISTINCTIVENESS	CONSISTENCY OVER TIME AND VARIED SITUATIONS	CONSENSUS
An alumnus considering donating money to his MBA program	How distinctive will my contribution be? Do many others make larger donations? Will I become part of a select group if I donate?	Can I afford to donate regularly? Will I be able to contribute money if the university asks for a special donation (e.g., for building a new student center)?	If I ask my friends, would most of them agree that I should make a donation, or will their opinions vary?
An amateur photographer who sees that, when printed on the latest HP printer, her photos look much better	Am I the only one who sees this marked difference, or do other notice the same?	Will I see the same superiority of the HP printer when I take other photos? Or is the advantage I see mostly a function of what this particular photo shows?	If I ask my friends, would most of them agree that my pictures look better when printed on the HP printer, or would some notice the difference and others not?

university where he earned his MBA; and (2) an amateur photographer who is contemplating buying a new and expensive photo printer. Both situations require a substantial outlay of funds, and the fact that they are considered demonstrates that the two persons have made initial attributions of causality: The alumnus believes that the donation will improve the MBA program's reputation and growth, and the photographer believes that the printer

will enhance the quality of her work. Both persons are likely to seek reinforcement for their initial attributions, and researchers have identified three factors that they are likely to consider when doing so: Distinctiveness, consistency, and consensus. Table 5.10 explains these factors and describes the photographer and alumnus's hypothetical deliberations.

## Summary

**Learning Objective 1:** To understand what attitudes are, how they are formed, and their role in consumer behavior.

An attitude is a learned predisposition to behave in a consistently favorable or unfavorable way toward a given object. In the context of consumer behavior, object is interpreted broadly to include the product, brand, service, price, package, advertisement, promotional medium, retailer selling the product, and many other aspects. Attitudes are learned from direct experience with the product, word-of-mouth, exposure to mass media, and other information sources. Attitudes reflect either favorable or unfavorable evaluations of the attitude object and they motivate consumers to either buy or not buy particular products or brands. Consumers buy products toward which they have favorable inclinations, so marketers must ensure that consumers maintain positive attitudes following purchases and remain loyal customers.

Attitudes are relatively consistent with the behavior they reflect. However, despite their consistency, attitudes are not necessarily permanent; they do change, and sometimes even frequently. Attitudes occur within and are affected by situations, events or circumstances that influence the relationship between attitudes and behavior. Personality traits significantly influence attitudes.

**Learning Objective 2:** To understand the tri-component attitude model and its applications.

The tri-component attitude model proposes that attitudes consist of three components: Cognitive, affective, and conative. The cognitive component represents the knowledge and perceptions of the features of an attitude object. The affective component reflects emotions and feelings, which are considered evaluations, because they capture the person's global assessment of the attitude object. The conative component is the likelihood that an individual will undertake a specific action or behave in a particular way with regard to the attitude object (i.e., consumer's intention to buy).

**Learning Objective 3:** To understand the structures of multi-attribute models and their use in altering consumers' attitudes.

Multi-attribute attitude models portray consumers' attitudes as functions of their assessments of the objects' prominent features. Multi-attribute models include the attitude-toward-object model, the attitude-toward-behavior model, the theory of reasoned action, the theory of trying-to-consume, and the attitude-toward-ad model. Multi-attribute models can be used when adding product attributes, changing consumers' perceptions of attributes, and developing new products.

**Learning Objective 4:** To understand how to alter consumers' attitudes by making particular needs prominent.

Altering attitudes according to consumer motivations is termed the functional approach, which classifies attitudes into four functions: The utilitarian, ego-defensive, value-expressive, and knowledge functions. Associating a brand with a well-liked object can also alter attitudes.

**Learning Objective 5:** To understand the role of cognitive elaboration in altering attitudes.

Attitudes can sometimes be changed by either one of two different routes to persuasion, depending on the degree of cognitive elaboration used when consumers process information. One route requires extensive thought and cognitive processing, and is typically employed in situations where consumers are highly involved and perceive a lot of risk regarding the purchase considered. The second route, which requires relatively little thought and information processing, occurs during less important purchases.

**Learning Objective 6:** To understand how attitudes can precede behavior in the form of cognitive dissonance and the resolution of conflicting attitudes.

In most cases, attitudes precede and guide behavior. Sometimes, consumers act first and only afterward develop attitudes about actions already undertaken, which creates conflicting thoughts about the attitude object. Because important purchase decisions (i.e., buying a new home) require compromise and choices among similar alternatives, post-purchase conflicts are common. Marketers must ensure that customers resolve cognitive conflicts by changing their customers' attitudes to conform to their behavior.

**Learning Objective 7:** To understand the ways people assign causality to events and apply this knowledge to consumer behavior.

People assign causality (i.e., blame or credit) to events, their own behaviors, and the behaviors of others. The way people see themselves is reflected in the causalities they form about prior behaviors and the attitudes they develop thereafter. In trying to change consumption-related attitudes, especially with regard to products that require self-participation, marketers must understand how people make attributions, toward others and objects, and also how they analyze their own attributions.

## Review and Discussion Questions

- 5.1.** Explain how situational factors influence the degree of consistency between attitudes and behavior.
- 5.2.** Because attitudes are learned predispositions to respond in particular ways, why don't marketers measure only purchase behavior and ignore attitudes?
- 5.3.** Explain a person's attitude toward visiting Disney World in terms of the tri-component attitude model.
- 5.4.** How can the marketer of a "nicotine patch" (a device that assists individuals to quit smoking) use the theory of trying-to-consume? Using this theory, identify two segments of smokers that the marketer should target and explain how to do so.
- 5.5.** Explain how can the product manager of a breakfast cereal change consumer attitudes toward the company's brand by: (a) Changing beliefs about the brand, (b) Changing beliefs about competing brands, (c) Changing the relative evaluation of attributes, and (d) Adding an attribute.
- 5.6.** The department of transportation of a large city is launching an advertising campaign that encourages people to switch from private cars to mass transit. How can the department use the following strategies to change commuters' attitudes: (a) Changing the basic motivational function, (b) Changing beliefs about public transportation, (c) Using self-perception theory, and (d) Using cognitive dissonance.
- 5.7.** Should the marketer of a popular computer graphics program prefer consumers to make internal or external attributions? Explain your answer.
- 5.8.** A college student has just purchased a new Apple iPad. What factors might cause the student to experience post-purchase dissonance? How might the student try to overcome it? How can the retailer who sold the computer help reduce the student's dissonance? How can the computer's manufacturer help?

## Hands-on Assignments

- 5.9.** Find two print ads, one illustrating the affective component and the other illustrating the cognitive component. Discuss each ad in the context of the tri-component model. Why has each marketer taken the approach it did?
- 5.10.** What sources influenced your attitude about this course before it started? Has your initial attitude changed since the course started? If so, how?
- 5.11.** Describe a situation in which you acquired an attitude toward a new product through exposure to an advertisement. Describe a situation in which you formed an

attitude toward a product or brand on the basis of personal influence.

- 5.12.** Find advertisements that illustrate each of the four motivational functions of attitudes. Describe how each ad either reinforces an existing attitude or is aimed at changing an attitude.
- 5.13.** Think back to the time when you were selecting a college. Did you experience dissonance after you had made a decision? Why or why not? If you did experience dissonance, how did you resolve it?

## Key Terms

- affective component 142
- attitude 136
- attitude-toward-behavior model 151
- attitude-toward-object model 148
- attitude-toward-the-ad model 154
- attribution theory 163
- central route to persuasion 159
- cognitive component 142
- cognitive dissonance 161
- comparative advertising 162
- conative component 144
- defensive attribution 163
- door-in-the-face technique 164
- ego-defensive function 157
- elaboration likelihood model (ELM) 159
- extensive problem solving 159
- foot-in-the-door technique 164
- functional approach 156
- high-involvement purchases 159
- Ideal Point Model (IPM) 160
- knowledge function 158
- limited problem solving 159
- low-involvement purchases 159
- multi-attribute attitude models 147
- need for cognition 140
- peripheral route to persuasion 159
- post-purchase dissonance 161
- self-perception attribution 163
- semantic differential scale 144
- theory of reasoned action 152
- theory of trying-to-consume 154
- tri-component attribute model 142
- utilitarian function 156
- value-expressive function 157
- word-of-mouth 136

**Case Two:****Procter & Gamble****Febreze “Breathe Happy Campaign Launch”**Lead Agency: **GREY****Strategic Challenges****Febreze was once a breath of fresh air in the category, but the competition caught up.**

In 1998, Febreze entered the air care category with a revolutionary product. Rather than simply perfuming the air, its unique formula actually eliminated odors on fabrics and replaced them with a fresh scent. Febreze became known as THE odor-eliminating brand and enjoyed great success. Recognizing a good thing when they saw one, the competition responded by launching similar products that provided the same benefit. “Brand Health” data indicated that P&G had lost its distinct positioning. The company once “owned” odor elimination, but now shared this equity with competitors Glade (category leader by dollar share) and Airwick (third in the category by dollar share).

**Air care brands became indistinguishable.**

As competitors expanded to offer products similar to Febreze, the category became nebulous. Innovation from any camp was replicated and marketing efforts were immediately countered. Products became increasingly similar with indistinguishable claims. Almost all advertising featured generic imagery, presenting freshness fantasies in idealized worlds. Toxic levels of advertising diluted P&G’s marketing efforts and made people unable to tell the brands apart.

**Cynical consumers ceased to believe brand claims and Febreze growth declined.**

Research revealed that the company’s audience (25- to 65-year-old moms who want constant assurance that their homes are clean and fresh) had grown cynical about the category’s advertising. Because many cheaper, less advanced brands were making similar claims but did not live up to their promises, people struggled to know whom to believe, and became skeptical about all air care products. Consumers concluded that all brands’ claims were overinflated and bought lower-priced products. With Febreze costing up to three times more than its competitors, P&G struggled to sustain sales.

**Objectives**

1. Restore faith in Febreze’s odor-eliminating capabilities in a way consumers will remember.
2. Generate buzz for the Febreze brand and its advertising.
3. Restore the distinctiveness of the Febreze brand.

**Insights****People’s reactions to bad smells are stronger than their reactions to nice ones.**

Focus groups reaffirmed that P&G’s audience wanted to create a “welcoming home” by keeping it clean, tidy, and fresh, and that they were concerned about bad smells destroying this atmosphere. The threat of malodors did not only make them uncomfortable, but triggered passionate descriptions of unpleasant smells, reflecting their disgust of uncleanliness. P&G realized that focusing on the problem rather than the solution could help Febreze stand out among the other brands.

**What we smell can be more important than what we see.**

In-home interviews helped P&G understand Febreze’s role in creating a “welcoming home” in greater depth, uncovering the most influential insight: When judging if a home is “welcoming,” a messy-looking home can still be clean, but a smelly home can *never* be clean. This was best encapsulated by one respondent’s comment on the issue: “When you walk into an unappealing room, you can close your eyes, but you can’t turn off your nose.”

**Smelling is believing.**

Observations of shoppers in stores revealed that consumers were spraying the product in the aisle after picking it off the shelf. This indicated that firsthand experience of the product is vitally important in influencing the consumer’s choice of a brand.

### The Big Idea

*Involve real people in visceral experiences to prove that Febreze makes even the filthiest places smell nice, no matter what they look like.*

### Questions

1. Apply the principles of perception to the three insights listed in the case.
2. Are the three objectives aimed at repositioning Febreze? Explain your answer.
3. How would P&G determine whether the campaign's objectives have been achieved?
4. On You Tube, you can find several commercials that "brought to life" the "big idea." Describe three of them and discuss their persuasive effectiveness.
5. Several versions of Febreze are now on the market (febreze.com). Apply the concept of benefit segmentation to three of them.

*Source:* Effie Worldwide, Effie Showcase Winners. Reprinted by permission. Febreze is a 2012 Bronze Effie Winner. For information on Effie's programs for students, visit the Collegiate Effies at [www.effie.org](http://www.effie.org)

**Case Three:*****Lifebuoy/Unilever Asia Private Limited  
“Superfast Handwash”***Lead Agency: **Lowe Lintas and Partners****Target Markets**

The three markets chosen—India, Saudi Arabia, and Pakistan—were the most significant to Unilever because of their sizes and growth opportunities. If it did not “fire” in these markets, Unilever would not be a viable player in the global liquid handwash market.

*India:* The largest and most valuable among all of Unilever’s markets. Lifebuoy was an established brand in India in bar soaps, but the brand’s closest competitor owned more than half the market in the liquid handwash category.

*Saudi Arabia:* The largest market in the Middle East, where Unilever faced a dominant competitor that was growing even larger.

*Pakistan:* The second largest market in the Indian subcontinent, with two strong Unilever competitors.

**Strategic Challenges**

In the three countries, antibacterial handwash was widely used, but there were established antibacterial liquids that have been household names for years.

To illustrate the importance of consumers’ need for the product and knowledge of its effectiveness, let’s consider Argentina. Because of a swine flu outbreak, public messaging exhorted people to wash with soap but did not specify antibacterial soap. Hence, consumers questioned the necessity of an antibacterial soap.

Because Lifebuoy Handwash was high-priced, it was expected to appeal to higher-income groups. This was a difficult issue because, in India, the brand’s bar soaps were popular among lower-income groups.

In each of the three markets, competitors offered “all powerful” antibacterial solutions. Consumers perceived these products as “germ killers” that offered long-lasting, all seasons protection.

In Pakistan, India, and Saudi Arabia, Lifebuoy had to create a unique image. It was a new, high-priced entrant to the liquid handwash category, and could not easily take on dominant competitors.

Across the three countries, Unilever wanted to target higher-income mothers who were potential handwash users and convince them to use Lifebuoy Handwash for their families. These mothers had kids aged between 4 and 12 years and were using competitive brands. When it came to protection, the target mothers believed that their families deserved the best and were not willing to compromise. This gave Unilever a foot in the door opportunity. If the company could convince these mothers that Lifebuoy offered the *best* protection, it had a chance to capture meaningful market shares.

**Objectives**

1. Increase preference for Lifebuoy among higher-income segments (defined by a socioeconomic classification index).

This would be tracked by a consumer household panel that Unilever commissioned through a retail audit agency.

2. Establish the Lifebuoy proposition as unique and differentiate it from the competition.

This would be tracked by using quantitative research among consumers after the communication had run for at least a month to measure recall of messaging.

**Insights**

Through lab research, Unilever could claim that Lifebuoy were better than competitors’ products on germ kill: it could kill *even more* germs.

During consumer research studies, when the results of the lab research were shown to them, consumers said this was unbelievable. Proof or no proof, they were unwilling to budge. That’s when Unilever realized that beating competitors by going head to head against them would not work.

During the same lab tests that showed that Unilever’s product killed *more* germs than the competitors’ products, the R&D scientists also discovered that Lifebuoy could kill germs *faster* than the competing products. In fact, Unilever’s handwash could protect hands from germs in 10 seconds, whereas all other handwashes took one full minute to do so!

This was exciting, but Unilever did not want to make the same mistake as before of just using facts and figures to position its product. Rather than going in with just the *claim* (what good is a faster handwash anyway?), the company looked extensively for a consumer angle to frame the “faster kill” claim. It was while observing children’s habits that the company hit a gold mine!

Universally, children are always in a rush or lazy while doing things they don’t particularly enjoy (e.g., eating vegetables, doing their homework, etc.). *When it comes to hand-washing, it is no different.* For kids, it is an unnecessary chore that they do as quickly as possible, as they just want to be finished with it.

*So, regardless of how many germs anyone claimed that their product would kill, it would all be rendered useless by the habits of children, who always wash in a hurry.*

The campaign titled “Superfast Handwash” used the underlying insight on children’s behavior not only to make germ protection in just 10 seconds new and relevant for Lifebuoy, but also to render the competition’s perceived high ground on germ protection vulnerable. The double blow of a new parameter of time, combined with the lens of children’s habits, managed to dislodge the company’s competitors as the last word in germ protection in consumers’ minds.

### The Big Idea

**Lifebuoy Superfast Handwash: 99.9% germ protection in just 10 seconds—because children are always in a hurry, especially when it comes to hand-washing.**

### Questions

1. Design one TV commercial (a story board) and one print ad that “bring to life” the “big idea.”
2. Why didn’t Unilever use factual-information (e.g., results of lab tests) about the “faster kill” to differentiate Lifebuoy from competition?
3. How did Unilever use qualitative and quantitative research (see Chapter 16) to develop the positioning claim for Lifebuoy?
4. Does the name “Lifebuoy” convey the product’s core benefit effectively? Why or why not?
5. Over time, should Unilever combine the “more germs” and “faster kill” claims into positioning Lifebuoy?
6. It is unlikely that competitors would let Unilever take market shares away from them in the liquid antibacterial handwash category. How can they fight Unilever?

*Source:* Effie Worldwide, Effie Showcase Winners. Reprinted by permission. Superfast Handwash is a 2012 Bronze Effie Winner. For information on Effie’s programs for students, visit the Collegiate Effies at [www.effie.org](http://www.effie.org)

## Multiple-choice Questions

- 5-1.** What becomes a Sources of Attitude formation?
- Personal experience
  - Family and friends
  - Media
  - All of the above
- 5-2.** A learned predisposition to behave in a consistently favorable or unfavorable way toward a given Object is called:
- Bias
  - Perceptive
  - Attitude
  - Prejudice
- 5-3.** Which component reflects the likelihood that an individual will undertake a specific action or behave in a particular way with regard to the attitude object?
- Conative component
  - Affective component
  - Cognitive component
  - Emotional component
- 5-4.** Which component represents the consumer's emotions and feelings regarding the attitude of the Object?
- Emotional component
  - Conative component
  - Intellectual component
  - Affective component
- 5-5.** A memorable campaign with its tag "fill it, shut it, forget it" to highlight its effective mileage was given by:
- Bajaj
  - Yamaha
  - Hero Honda
  - TVS Suzuki
- 5-6.** The model which captures the individual's attitude toward behaving or acting with respect to an object is:
- Attitude-toward-object model
  - Attitude-toward-behaviour model
  - Attitude-toward-brand model
  - Attitude-toward-market-model
- 5-7.** Which is the function that stems from the belief that consumers' attitudes reflect the utilities that brands provide?
- Utilitarian function
  - Ego-defensive function
  - Value-expressive function
  - Knowledge function
- 5-8.** Which model proposes that the feelings consumers form when they see and hear ads significantly impact their attitudes towards the brands advertised?
- Attitude-toward-object model
  - Attitude-toward-behaviour model
  - Attitude-toward-brand model
  - Attitude-toward-the-ad-model
- 5-9.** Which is the model that proposes that attitudes can sometimes be changed by either a central route or by a peripheral route?
- Ideal point model
  - Analysis of attributes model
  - Elaboration likelihood model
  - Dual mediation model
- 5-10.** Among the below techniques, in which a large, costly first request that is likely to be refused is followed by a second, more realistic, and less costly request?
- Foot-in-the-door technique
  - Door-in-the-face technique
  - Analysis-attribution technique
  - Attribution-analysis technique

**Answer Keys:** 5-1. D 5-2. C 5-3. A 5-4. D 5-5. C 5-6. B 5-7. A 5-8. D 5-9. C 5-10. B

## Notes

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## Notes

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# 6

## Persuading Consumers

### Learning Objectives

- 1 To understand the elements and persuasive capabilities of communication, as well as the barriers to effective communication.
- 2 To understand the distinctions between broadcasting and narrowcasting.
- 3 To understand how to design persuasive messages effectively.
- 4 To understand the effectiveness and limitations of prominent advertising appeals.
- 5 To understand how to measure the effectiveness of advertising messages.

**C**OMMUNICATION IS the transmission of a message from a sender to a receiver via a medium of transmission (also named "channel"). In addition to these four components—sender, receiver, medium, and message—the fifth essential component of communication is **communication feedback**, which alerts the sender as to whether the intended message was, in fact, received. Senders encode their messages by using words, pictures, symbols, spokespersons, and persuasive appeals, and then the receivers decode them. If the messages are to be persuasive, the receivers must decode the messages as the senders intended (see Figure 6.5).

Marketers (the message senders) can choose among numerous persuasive appeals when they design and send advertising messages to consumers (the receivers). The advertising appeal used is the **encoding** of the message. The following ads represent four prominent persuasive appeals. Figure 6.1 shows that when parliamentary elections were held in India, a brand had used a slogan that had striking similarity to an ad campaign of a political party. The brand, Fevicol, had used humor in a contextual manner. Humor is the most widely used advertising appeal. The ad in Figure 6.2 depicts fear and is from a campaign urging victims of domestic violence to seek help before their conditions becomes deadly (the explosives represent abusive fists). Fear is effective in discouraging negative behaviors such as drug abuse and distracted driving. The ad in Figure 6.3 shows a (rather mild) sex appeal. Sex appeals have "stopping power," but must be used carefully, as they may distract consumers from the product advertised if used unwisely. The ad in Figure 6.4 compares washing clothes with added Clorox Bleach to using detergent only. The ad actually "admits" that clothes can be laundered without Clorox. Later on, we explore the advantages and risks of acknowledging alternatives, such as not using the product at all (i.e., a two-sided message), or even mentioning competing brands by name (i.e., comparative advertising) in promotional messages.

**Notes**

**FIGURE 6.1** Humorous Appeal



*Source: photo copyright Curtis Johnson*

**FIGURE 6.2** A Fear Appeal: Family Peace Center



FIGURE 6.3 A Sexual Appeal: ALT Magazine

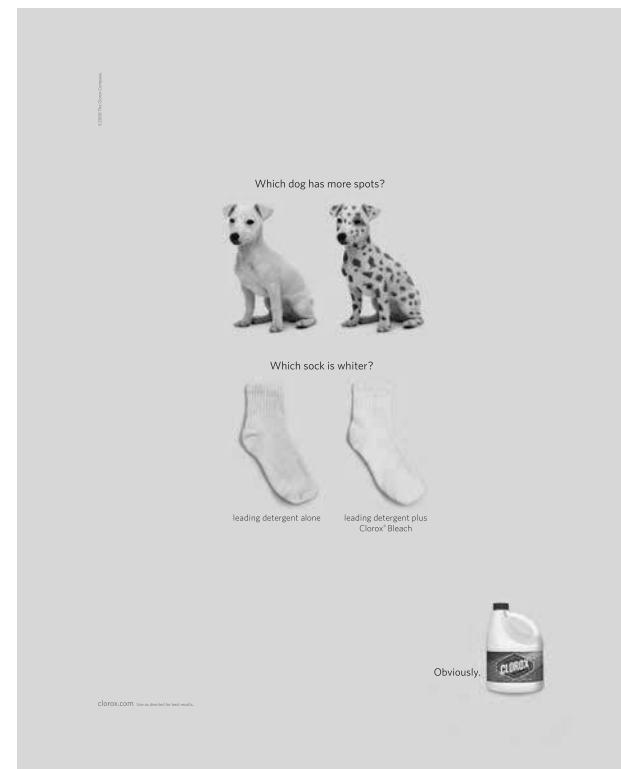


FIGURE 6.4 A Two-Sided Message

We begin with a discussion of the elements of communication and overcoming barriers to effective communication. Next, we present two models of media communications: Broadcasting and narrowcasting. Thereafter, we explain the correct structure of persuasive messages and discuss the advantages and limitations of the most popular advertising appeals. After transmitting their ads, marketer must measure the effectiveness of their messages, and they do so by employing the methods discussed in the last section of this chapter.

### Learning Objective

- To understand the elements and persuasive capabilities of communication, as well as the barriers to effective communication.

### Notes

## The Communication Process

Communications can be either impersonal or interpersonal. In marketing, the sources of **impersonal communications** are messages that companies transmit through their marketing departments, advertising or public relations agencies, and spokespersons. The targets, or receivers, of such messages are usually a specific audience or several audiences that the organization is trying to inform, influence, or persuade. The senders of **interpersonal communications** may be either **formal sources** (e.g., a salesperson in a physical or virtual retail location) or **informal sources** (e.g., peers with whom the consumer communicates face-to-face or via electronic means). The key factor underlying the persuasive impact of a personal or interpersonal message received from either a formal or informal source is the source's credibility; that is, the extent to which the

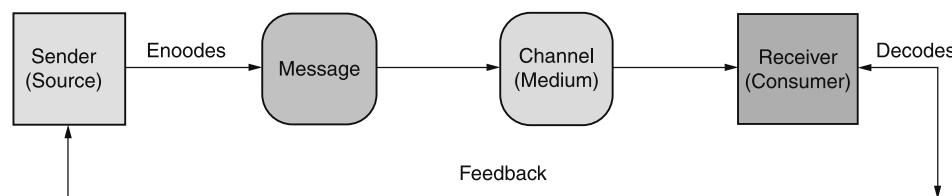


FIGURE 6.5 Communication Model

receiver trusts and believes the source sending the message. The influence of interpersonal sources can have a great effect on consumers' shopping patterns, and the perceived honesty and objectivity of the sender of the communication can have an enormous impact on how the communication is accepted by the receivers (see Chapter 9).

Compared with impersonal communications in mass media, a key advantage of interpersonal communications is their ability to obtain *immediate* feedback through verbal as well as nonverbal cues. Experienced speakers are very attentive to feedback and constantly modify their messages based on what they see and hear from the audience. Immediate feedback is the factor that makes personal selling so effective, because it enables the salesperson to tailor the sales pitch to the expressed needs and observed reactions of each prospect. Similarly, immediate feedback in the form of inattention serves to alert the college professor to jolt students who text during class. The professor can abruptly and dramatically stop the lecture, firmly ask the "texters" to leave the classroom, and state that the material covered at that point would appear on the next exam. The British Airways ad in Figure 6.6 focuses on the importance of interpersonal communications.

In consumer behavior terms, the sender of the message can be a marketer transmitting an advertisement to consumers or a person telling another consumer about a product. This chapter focuses on the marketer as the source, whereas Chapter 9 discusses consumers as the sources of messages that are transmitted via **word-of-mouth**. **Media** are the channels for transmitting communications. **Traditional media** are the original communications channels that advertisers have used and are generally classified as print (news papers, magazines, billboards) and broadcast (radio, television); these media are impersonal because all receivers get the same message, and the communications are one-way because the receivers cannot interact with the senders. **New media** are online channels, social networks, and mobile electronic devices. These media are drastically more advanced than traditional media because they allow marketers to send personalized messages to individual consumers who can respond to the messages immediately. These responses indicate to marketers whether or not their persuasive efforts have been effective. Chapter 8 explores both forms of media.

Several "barriers" affect the accuracy with which consumers interpret messages. The most prominent ones are selective exposure and psychological noise.

## Selective Exposure

**Selective exposure** refers to consumers' selectivity in paying attention to advertising messages. They read ads carefully for products they are interested in and tend to ignore advertisements that have no interest or relevance to them. Furthermore, technology provides consumers with increasingly sophisticated means to control their exposure to media. Consumers can now control their exposure to mass media and avoid commercials while watching TV by using the pause function when a string of commercials starts and then quickly returning to the broadcast once the ads are over. Viewers can also **time shift** by recording TV shows and viewing them at their leisure while skipping over commercials. Readers of newspapers and magazines online can create personalized editions of these publications and avoid many ads, and satellite radio allows consumers to avoid hearing radio ads altogether. Caller ID, phone answering machines, the government's "do not call" list, and other devices allow consumers to screen out telemarketing and other unsolicited contacts from marketers.

## Notes



Source: British Airways

FIGURE 6.6 The Importance of Interpersonal Communication

**Notes**

## Psychological Noise

Just as telephone static can impair a phone conversation, **psychological noise** in the form of competing advertising messages or distracting thoughts can affect the reception of a promotional message. A viewer faced with the clutter of nine successive commercial messages during a program break may actually receive and retain almost nothing of what he has seen. Similarly, an executive planning a department meeting while driving to work may be too engrossed in her thoughts to “hear” a radio commercial. Marketers use the following strategies to overcome or limit psychological noise:

1. Repeated exposure to an advertising message surmounts psychological noise and facilitates message reception. Thus, repeating an ad several times is a must (see Chapter 5). The principle of redundancy is also seen in advertisements that use both illustrations and text copy to emphasize the same points. To achieve even more advertising redundancy, many marketers now place their messages in such places as video games, movie theaters, elevators, supermarket floors, baggage carousels, subway turnstiles, and even public restrooms (see discussion of **ambush marketing** in Chapter 4).
2. Copywriters often use *contrast* to break through the psychological noise and advertising clutter and attract consumers’ attention (see Chapter 4). Contrast includes featuring an unexpected outcome; increasing the amount of *sensory input* (such as color, scent, or sound); and identifying, through testing, message appeals that attract more attention.
3. Digital technologies allow marketers to monitor the consumer’s visits to websites, infer the person’s interests, and design and send customized promotional messages to that person.

Of course, effective **positioning** and providing value are the most effective ways to ensure that a promotional message stands out and is received and decoded appropriately by the target audience. Advertisements for products that are perceived to be unique and provide better value than competitive products are more likely to be received in their intended ways than other promotional messages within the advertising clutter.

### Box 6.1 Experiential Advertising, Brand Imagery, and Involvement Levels in Communication

Schmidt refers to experiential advertising (or marketing) as the experience cycle associated with sensing, thinking, feeling, acting, and relating with regard to branded products. Experiential advertising deals with multisensory experiences like emotions, fantasy, or hedonism. Physiological consumption means highlighting the consumption of products and this approach has been used by Pepsi and Cadbury in their advertisements. Conspicuous consumption is used by brands like Omega in watches and Hero Honda Hunk in motorcycles and this is associated with self-esteem and the status of consumers. Touch-based experience is applicable to a brand like Liril in soaps that underscores the importance of “refreshing touch” associated with the product. The fantasy experience is associated with the emotional experience of movies and other forms of entertainment. Zoom TV carries several advertisements of films. Well-being experiences are more associated with services. The hoardings of Apollo Hospitals that emphasize the care and attention patients receive are an example.

Experiential marketing is critical to brand imagery. Brand imagery involves powerful associations that brands create, and communication creates and nurtures brand imagery. The Indian context has a diversity of brand imagery across categories: Ujala, the washing liquid blue, when added to white clothes created a strong imagery with the white color, though it was not the pioneer in the category. Titan created the gifting imagery and has managed it well over a period of time. Closeup, the first gel-based toothpaste to be launched in India, created the youth imagery associated with the brand three decades back. Parachute, the coconut oil brand, has created a host of brand associations with the careful use of sub-brands. It has a variant, Therapie, that has a therapeutic association; its Aftershower hair cream and Advansed hair oil have a “modern youth” association; its Jasmine has a traditional association (women in some parts of the country wear jasmine flowers in their hair as a tradition); its Lite has a non-oily association and its Hot Oil has a herbal association. The Himalaya brand has created a contemporary association on a traditional system of medicine (with both its advertising and point-of-purchase communication and its Web site); Johnson & Johnson created a feeling of warmth with its mother-child association. Creating and sustaining brand associations are some of the challenges for marketers.

In several categories, branding often competes with unbranded offerings in the Indian context. Hence, communication has to primarily create the involvement or the personal degree of interest among consumers so that they

(Continued)

**Box 6.1 (Continued)**

will try branded products. In several categories, especially in FMCGs, rational and emotional aspects need to be blended together to raise the level of involvement among the target segment. Reynold pens pioneered branding in the ball pen category through its features at a time when the market consisted of unbranded offerings. Captain Cook atta created involvement with the family association (in a category where less than 2% is branded); Godrej used the tradition of wedding to raise involvement levels in the steel cupboard category (also a category with over 80% in the unorganized or unbranded category). ITC's Mangaldeep incense sticks created involvement in a category that is full of unbranded products. Peter England's affordable proposition raised the involvement levels of consumers at the lower end of the readymade shirt market. Both rational benefits and emotional appeals are useful in categories dominated by unbranded offerings.

Source: B. Schmidt, *Experiential Marketing: How to Get Customers to Sense, Feel, Think, Act, and Relate to Your Company and Brands* (New York: The Free Press, 1999).

## Broadcasting versus Narrowcasting

The term **traditional media** is synonymous with broadcast media (or mass media) and consists of channels where all receivers receive the same one-way messages from marketers (i.e., they cannot send direct responses to the messages' sources). In sharp contrast, **new media** are channels of **narrowcasting**, defined as means that permit marketers to send messages that are:

1. **Addressable** and directed to specific persons or small audiences rather than groups of consumers.
2. **Customized** and based on data gathered from tracing consumers' surfing and clicks online, in combination with other information, to either small groups or individual consumers. The additional data includes the receiver's location (which can be determined from an IP address or a GPS integrated into a mobile device) and information from "cookies" installed on the hard drive of a digital device.
3. **Interactive** because, in most narrowcasts, an action by the consumer—in the form of a click on a link or banner—triggers the transmission of a message.
4. More **response-measurable** than traditional broadcasted ads because communication feedback is more accurate and received sooner.

Traditional media and communications models that have been used for decades are presently undergoing fundamental changes. Advertisers are unhappy with the current broadcast media because they are reaching increasingly smaller and more fragmented audiences and getting fewer "eyeballs" for the money spent for TV ads. Consumers can avoid commercials with increasing ease, and a large number of broadcasted advertising messages reach many people who are not interested in (and unlikely to purchase) the products advertised. Advertisers complain that the Nielsen ratings do not accurately reflect the ethnic composition of the U.S. population and do not adequately monitor "time shifted" TV viewing. Cable operators realize that they have the means to monitor media viewing more accurately, but are also deeply aware of the privacy concerns of their subscribers. The TV networks, which have lost vast audiences to cable channels, realize that continuing to provide free programming underwritten by advertising revenues generated from reaching massive audiences of prime-time shows—a model in place since the early 1950s—may no longer be feasible. The networks, cable companies, and advertisers agree that the new communications model calls for targeting smaller groups of consumers who are already interested in the products advertised, and to whom they must provide more interactive and enticing ways of viewing promotional messages. In short, driven by technology, communications is going through the greatest changes since the development of spoken and written language, and traditional media are being integrated into or replaced by new media.

### Addressable Advertising

Probably, most of the readers have purchased products at Amazon.com, rented a movie at Netflix.com, or traded an item on eBay.com. These premier online merchants analyze the purchase behaviors of their users (including consumers' ratings of the products rented or bought) and

### Learning Objective

- 2** To understand the distinctions between broadcasting and narrowcasting.

### Notes

**Notes**

utilize this data to make customized, or addressable, recommendations to individual users about future offerings. Thus, **addressable advertising** consists of customized messages sent to particular consumers. These messages are based mostly on the consumers' prior shopping behavior, which marketers have observed and analyzed. In Figure 6.7, MTV is a brand (unconditioned) that is well-linked with the youth over the years.

Tata Nano (conditioned stimuli) associates itself with such a conditioning to get connected with youth and to evoke spontaneous youth associations.

**Data aggregators** (see Chapter 8) use data from users' browsers, Google, Yahoo!, and Facebook to build models that marketers use to design the different ads customers see, which are also a function of the viewers' demographics and past advertising exposure. A study demonstrated that consumers favor interactive websites where they feel that they receive personalized messages and can easily contact the seller after the purchase, via, for example, chats with the sellers' representatives.

For example, advertising on cell phones is gaining popularity because mobile phones are an ideal forum for personalized advertising. A TV network has teamed up with an online social network to recruit participants for an experiment in addressable and location-based advertising. A publishing company started delivering educational content via cell phones. Several providers of wireless services teamed up with companies by rewarding subscribers who agreed to receive ads on their cell phones with reduced rates and other incentives. As the number of cell phones and other wireless communications devices continues to grow, mobile advertising is likely to become a component of most advertisers' media plans.

Twitter—the most popular short-messaging service—enabled advertisers to send messages to users based on indications of what the users like. For instance, a company that sells soft drinks can elect to show paid ads to Twitter users who are fans of professional football. Twitter can identify a football fan, say, by analyzing whether the Twitter user “follows” football players or commentators, or recirculates Twitter messages from those sources. TV advertisers are now



FIGURE 6.7 MTV with Nano

able to vary their spots based on audience demographics, changes in weather, sales goals, or the campaigns of competitors. For example, Wendy's designed ads that were customized according to the weather. TV viewers in certain locations saw either a chili spot or a Frosty ad. When it was more than 60 degrees, Wendy's showed the Frosty ads; when it was colder, the chili ad ran. Almost all online newspapers now allow readers to pick and choose only the stories that interest them.

Cable TV operators have a tremendous amount of data about their viewers and are moving away from advertising based mostly on subscribers' geographic locations and the one-message-fits-all approach. For instance, ads for dog food will only go to households that have dogs. One company is experimenting with using data from remote controls to follow what a person is watching, and then matching that information and programs' contents to infer that person's gender and age. It can also use census and syndicated data for further refinement. Then the cable TV company sends targeted ads to individual households.

#### Box 6.2 Augmented Reality as a Mode of Brand Communication

Augmented reality can add a new dimension to the search process. It also provides a tech-savvy orientation to those consumers who may desire it. It can be a mobile application or *apps* that enables the consumer to get more information through his device instantaneously. Titan had launched such an application for Android phones and iPad for its high-technology, self-energizing offering like watches. A consumer was able to get more information on the film *Don 2* when he moved his mobile camera on the poster or ad of the film. These apps also find tremendous potential when consumers shop at modern retail outlets. Quaker Oats, for example, can provide various kinds of information on health and the offering on its app that cannot be accommodated in the conventional package.

#### **Notes**

## Designing Persuasive Messages

A **message** is the thought, idea, attitude, image, or other information that the sender wishes to convey to the intended audience, and it can be *verbal* (spoken or written), *nonverbal* (a photograph, an illustration, or a symbol), or a combination of the two. The sponsor, who may be an individual or an organization, must first establish the objectives of the message, select an appropriate medium for sending it, and design (encode) the message in a manner that is appropriate to each medium and to each audience. The objectives of a persuasive message include creating awareness of a service, promoting sales of a product, encouraging (or discouraging) certain practices, attracting retail patronage, reducing post-purchase dissonance, creating goodwill or a favorable image, or any combination of these and other communications objectives.

The source of the message (the sender) must *encode* the message in such a way that its meaning is interpreted by the targeted audience in precisely the intended way. Marketers encode messages by using words, pictures, symbols, spokespersons, and special channels. The message receivers *decode* the messages they receive on the basis of their personal experiences, characteristics, and motives. To encode a message in a form that the audience will understand and thus receive its intended meaning (i.e., decode it successfully), the sender must know exactly what he or she is trying to say and why (i.e., message objectives) and understand the target audience's personal characteristics. According to **cognitive learning** models, (see Chapter 5) exposure to a message leads to interest and desire for the product and, ultimately, to buying behavior. In addition, personality traits affect a person's reactions to various promotional appeals (see Chapter 3).

The decisions that marketers must make in designing a message include selecting images, creating advertising copy, using positive or negative message framing, choosing between one-sided or two-sided messages, and deciding on the order of presentation.

#### **Learning Objective**

- 3 To understand how to design persuasive messages effectively.

#### **Notes**

### Images and Text

Messages that depict images are often more effective than those with text only, as reflected in the famous saying "One picture is worth a thousand words." The ad for Mistique tissues in Figure 6.8 conveys the product's purpose and effectiveness mostly visually rather than verbally.

**Notes**

Source: SR Foils and Tissue Limited

**FIGURE 6.8** Nonverbal Communication

Many studies have investigated the interaction between visual and verbal cues and their ability to attract and capture consumers' attention in likable ways. One study showed that ads' *visual complexity* plays a central role in this regard. Advertisements are visually complex when they contain dense perceptual features and/or when they have elaborate creative designs. The study found that *feature complexity* hurts attention to the brand and attitude toward the ad, whereas *design complexity* enhances paying attention to the ad, raises its comprehensibility, and improves attitude toward the ad. The study demonstrated that marketers must assess the visual complexity of advertisements and use their findings to enhance their ads' "stopping power."

Sometimes, marketers are influenced by the same economic, social, and cultural conditions and thus use similar phrases reflecting these conditions in their advertising copy. For example, given our increasingly busy lives, the growing complexity of technology, and the uncertain economic picture, many marketers have been using the words "simply," "simple," "easy," "honest," and "clear" in their ads. A new brand of orange juice was named "Simply Orange." McDonald's offered "the simple joy of a wholesome breakfast." Ads for one bank declared: "Saving is simple when no one charges you for it"; and ads for Ivory soap urged: "Keep it pure, clean and simple."

### Message Framing

Should a marketer stress the benefits to be gained by using a specific product, that is, **positive message framing**; or the benefits to be lost by not using the product, that is, **negative message framing**? Research suggests that the appropriate message framing decision depends on the consumer's attitudes and characteristics as well as the product itself. For example, one study found that persons with a low need for cognition were more likely to be persuaded by negatively framed messages. Another study found that individuals with an *independent self-image* (i.e., who view themselves as defined by unique characteristics) were more persuaded by messages stressing an approach goal (positive framing); those with an *interdependent self-view* (i.e., who view themselves as defined by others) found messages that stress avoidance goals more convincing (negative framing). A study of advertised products that enabled the early detection of disease indicated that positively framed anecdotal messages were less persuasive than negatively framed anecdotal messages. Another study discovered that negative message framing was more effective than positive framing when respondents had less opportunity to process the information in the ad, but less effective when respondents had more opportunity to process the ad content.

## One-Sided versus Two-Sided Messages

Should a marketer pretend that its products are the only ones of their kind, that is, use a **one-sided message**; or should the company acknowledge competing products, that is, use a **two-sided message**? Some marketers stress only positive factors about their products and pretend that competition does not exist. However, when competition does exist and when it is likely to be vocal or obvious, such advertisers tend to lose credibility with the consumer. Figure 6.4 features a two-sided message. Another example is an ad for Ultra Dawn—a dishwashing liquid—proclaiming that the product is twice as strong as “the other guy.” It acknowledges competition, but not by name. “I Can’t Believe It’s Not Butter!” is a butter substitute. Advertisements featuring the product often end with the question, “I Can’t Believe It’s Not Butter, can you?” The ad in Figure 6.9 is a two-sided message because it acknowledges the product’s competitors (that is, butter and butter-substitute brands) without mentioning any.

The credibility of an advertised claim can often be enhanced by disclaiming the superiority of some product features or by not claiming that the product is a universal solution. For example, an ad for a men’s hair regrowth product may state that, after clinical testing, whereas almost half the men using the product experienced modest to dense hair regrowth, about a third experienced minimal hair regrowth, and about one-sixth had no regrowth whatsoever. The admission that the product did not always work enhances the credibility of the ad.

The decision of whether to use a one- or two-sided message also depends on the nature of the audience and competition. If the audience is friendly (e.g., if it uses the advertiser’s products), if it initially favors the communicator’s position, or if it is not likely to hear an opposing argument, then a one-sided (supportive) message that stresses only favorable information is most effective. However, if the audience is critical or unfriendly (e.g., if it uses competitive products), if it is well educated, or if it is likely to hear opposing claims, then a two-sided message is likely to be more effective. Two-sided messages can also be very effective when consumers are likely to see competitors’ negative counterclaims or when their predispositions toward the brand are negative.

## Order Effects

Is it best to present your commercial first or last? Communications researchers have found that the *order* in which a message is presented affects audience receptivity. For example, on TV, the commercials shown first are recalled the best, whereas those in the middle are recalled the least. When just two competing messages are presented, one after the other, the evidence as to which position is more effective is somewhat conflicting. Some researchers have found that the material presented first produces a greater effect, that is, a **primacy effect**. Others have found that the material presented last is more effective, that is, a **recency effect**. Magazine publishers recognize the impact of order effects by charging more for ads on the front, back, and inside covers of magazines than for the inside magazine pages, because of their greater visibility and recall.

Order is also important in listing product benefits within an ad. If audience interest is low, the most important point should be made first to attract attention. However, if interest is high, it is not necessary to pique curiosity, so product benefits can be arranged in ascending order, with the most important point mentioned last. When both favorable information and unfavorable



**FIGURE 6.9** A Two-Sided Message: I Can’t Believe It’s Not Butter—a Butter Substitute—versus “Real” Butter

### Notes

information are to be presented (as in an annual stockholders' report), placing the favorable material first often produces greater tolerance for the unfavorable news. A study found that revealing the brand name at the onset of a message enhances brand recall and message persuasiveness.

### Learning Objective

- 4 To understand the effectiveness and limitations of prominent advertising appeals.

### Notes

## Persuasive Advertising Appeals

Many researchers have studied the promotional appeals that marketers can use and the factors that influence ad persuasiveness. For example, one study showed that informational appeals were particularly effective in high-involvement situations, whereas positive emotional appeals did better in low-involvement situations. The study also found that different promotional appeals should be used in extensions of existing brands as opposed to new brands. Differences in the impact of various promotional appeals, in both low- and high-**consumer involvement** conditions, were greater for new brands than for brand extensions (see Chapter 5). Another study discovered that, in addition to characteristics of the endorser or the appeal used, people's **need for cognition (NFC)** (see Chapter 3), played a role in responses to ads. The higher a person's NFC, the less he or she is likely to consider peripheral cues, such as endorser likeability, in processing the ad and become persuaded (or not) by ads on the basis of their actual promotional appeals.

The most widely used advertising appeals are comparative, fear, humor, sex, and timeliness.

### Comparative Advertising

**Comparative advertising** is a widely used marketing strategy in which a marketer claims product superiority for its brand over one or more explicitly named or implicitly identified competitors, either on an overall basis or on selected product attributes. Some critics of the technique maintain that comparative ads often assist recall of the competitor's brand at the expense of the advertised brand. However, the wide use of comparative advertising indicates that marketers are confident that comparative ads exert positive effects on brand attitudes, purchase intentions, and actual purchases. Among more sophisticated consumers, comparative ads elicit higher levels of cognitive processing and better recall, and are likely to be perceived as more relevant than noncomparative ads.

Research studies have investigated many aspects of comparative promotions. A study that tested the degree of negativity in comparative messages (by using positive, negative, and mildly negative comparative messages) for several products reported that negative elements in an ad contributed to its effectiveness as long as they were believable or were offset by some elements that made the ad appear neutral. Another study uncovered gender differences in response to comparative ads; comparative ads generated greater levels of brand-evaluation involvement among men but not among women. Among women, attention-getting comparative appeals produced inferences regarding the ads' manipulative intentions and reduced purchase likelihood. Yet another study found that "promotion-focused" consumers (i.e., those focused on the aspirational aspects and the likely positive consequences of a purchase) reacted to comparative messages differently than "prevention-focused" consumers (i.e., those focused on the presence or absence of negative outcomes such as safety). In comparative ads, negative framing led prevention-focused consumers to evaluate the advertised brand positively and the other brand negatively. Among promotion-focused consumers, positive framing led to positive evaluation of the advertised brand but did not affect evaluations of the comparison brand.

There has been considerable concern regarding the potential for comparative advertising to mislead consumers, including several legal actions against companies by the Federal Trade Commission. Consumer advocates have pursued the development of specific measures designed to gauge a comparative ad's ability to mislead consumers. In addition, comparative ads may result in legal disputes. Although the law requires companies to produce "reasonable factual evidence" in support of comparative claims, deciding what constitutes such evidence is difficult.

For example, Pantene has attacked Dove's claim that its conditioner "repairs" hair better than a Pantene conditioner. After both companies presented their supportive studies (one study addressed the differences between "dry combing" and "wet combing"), Dove was forced to limit its claims to its product's adding smoothness and strength to damaged hair. AT&T sued over a Verizon wireless ad featuring a map showing that Verizon has more 3G-type coverage than AT&T. AT&T did not dispute the claim itself but challenged the map. The company claimed that the white spaces shown in the map implied that AT&T has no coverage *at all* in these areas rather than the fact that AT&T has no 3G service in these locations. Campbell Soup

initiated a campaign claiming that its Select Harvest soups were “Made with TLC” while Progresso’s soups were “Made with MSG.” After Progresso responded with its own campaign, both companies filed complaints with the National Advertising Division, which recommended that both sides withdraw the comparative ads. The ad in Figure 6.10 compares the relative strength of Aleve’s pill with Tylenol’s product.

## Fear Appeals

Fear is an effective appeal and is often used in marketing communications. Some researchers have found a negative relationship between the intensity of fear appeals and their ability to persuade, so strong fear appeals tend to be less effective than mild fear appeals. A number of explanations have been offered for this phenomenon. Strong fear appeals concerning a highly relevant topic (such as cigarette smoking) cause the individual to experience cognitive dissonance, which is resolved either by rejecting the practice or by rejecting the unwelcome information. Because giving up a comfortable habit is difficult, consumers more readily reject the threat. This they do by a variety of techniques, including denial of its validity (“There still is no real proof that smoking causes cancer”), the belief that they are immuned to personal disaster (“It can’t happen to me”), and a diffusing process that robs the claim of its true significance (“I play it safe by smoking only filter cigarettes”). Therefore, marketers should use reasonable but not extreme fear appeals and recognize that fear appeals are not always appropriate. For example, information labels affixed to full-fat, reduced-fat, and nonfat products are likely to be more effective than warning labels. Congruent with the “it can’t happen to me” mentality, fear appeals are often used in targeting young people, who often feel overly confident.

Strong fear appeals are often employed to discourage distracted driving caused by using mobile phones and texting, as well as drunk driving. In one study, more females than males said that fear appeals will change distracted driving and suggested using interviews with people who had been affected by distracted driving accidents in advertisements against this behavior. Also, more males than females said that using legal action would discourage distracted driving. The ad featured in Figure 6.11 employs a very graphic image in its fear appeal. One study discovered that a strong graphic threat message had a greater effect for an unfamiliar issue than for a familiar issue. For an issue with which the subjects were very familiar, adding information to a weak-threat fear appeal increased the perceived severity of the undesired behavior. The perceived severity of threat and perceived probability of occurrence significantly influenced people’s intentions to adopt the recommended behavior.

Fear appeals are commonly used in antidrug campaigns. Such ads are more likely to be effective if they portray both the negative social consequences of drug use and the physical damage that drugs inflict on one’s body. Fear appeals are unlikely to be effective among persons who score high on the personality variable termed **sensation seeking** (see Chapter 3). A high sensation seeker is more likely to use drugs and react negatively to fear-focused antidrug messages, feeling that he or she is immortal. Male and females appear to react differently to fear appeals. A five-month study of high school students discovered that short-term cosmetic fear appeals (such as yellow teeth or bad breath) used in ads to stop or reduce smoking were more persuasive for males, whereas long-term health fear appeals (such as getting cancer later in life) were more persuasive for females.

Many ads arouse fear with images that provoke revulsion: Examples include mutilated bodies from drunk driving accidents, close-ups of lungs destroyed by smoking, and teeth and



Source: Bayer HealthCare LLC

FIGURE 6.10 Comparative Advertising: Aleve versus Tylenol

## Notes



**FIGURE 6.11** A Fear Appeal: Discouraging Distracted Driving

### Notes

4. Study the extent to which the fear appeal encourages people to take action but without arousing too much anxiety, because high levels of anxiety may cause people to reject the message or avoid it altogether.
5. Determine whether to use a rational or emotional fear appeal.
6. Plan, over the long term, to repeat advertising using fear appeals. Recognize, though, that repeating these messages too often may reduce their credibility.
7. Accept that some addicts may not respond to fear appeals. For example, many heavy smokers or drinkers do not respond to explicit, clearly visible, and graphic warning labels.
8. Consider alternatives to fear appeals. For example, reward-focused appeals or even portraying humor and happiness when trying to discourage certain conduct may sometimes work better than using fear.

### Humorous Appeals

Many marketers use humorous appeals in the belief that humor will increase the acceptance and persuasiveness of their advertising communications. Humor is the most widely used of all advertising appeals; by some estimates, it is used in 80% of all ads. Therefore, humor is the most studied advertising appeal. The findings of scores of studies on using humor in advertising indicated that:

1. Humor attracts attention and enhances liking of the product advertised.
2. Humor does not harm the comprehension of ads, and, in some cases, it actually aids comprehension.

brains ruined by drug use. Several studies showed that adding disgust to a fear appeal enhanced message persuasion and compliance beyond that of appeals that elicited only fear. However, portraying disgust might backfire. For example, in a campaign to discourage heavy consumption of soft drinks, New York City's health department featured an ad that depicted a "man drinking fat" and claimed that drinking a can of soda a day makes a person 10 pounds fatter a year. The ad was withdrawn because many complained that it was too revolting, and others claimed that the link between sugar and fat has not been fully scientifically proven.

Based on scores of studies about using fear in advertising, marketers should follow several guidelines:

1. Understand the target audience's reaction to a fear appeal, as well as its previous experiences. For example, those who are already following the behavior recommended but are not yet fully "converted" are likely to react differently than those who are fully "converted." Similarly, different age groups probably react differently to fear appeals, as do persons in different subcultures. Also, people who tried to change their behavior and failed will react differently than those trying to do so for the first time.
2. Beware the boomerang effect. When some persons are exposed to a fear appeal that encourages them to eliminate a strong habit, such as smoking, they may feel angry and resentful and immediately reach for a cigarette in defiance.
3. Realize that changing behavior is a long and complex process. Therefore, persons in different stages of this task react differently to fear appeals.

*Source: Bogdan Nestor - Art Director, Razvan Soare - Copywriter, Razvan Capanescu - Creative Director*

**Notes**

3. Humor does not always increase an ad's persuasive impact or a source's credibility. For example, one study showed that humor might actually *distract* from cognitive processing of the central benefits of the brand.
4. Humor that is relevant to the product is more effective than humor unrelated to the product.
5. Humor is more effective in ads for existing products than in ads for new products, and more effective in targeting consumers who already have a positive attitude toward the product.
6. Using humor is more appropriate for advertising low-involvement than high-involvement products.
7. The effects of humorous ads vary by the audience demographics.
8. The impact of humor is related to the receiver's personality. For example, higher sensation seekers were found to be more receptive to humorous appeals than lower sensation seekers.

A study developed a measure of a personality trait, named **need for humor** that is focused on a person's tendency to enjoy, engage, or seek out amusement and suggested that these cognitive factors can better explain how consumers respond to humorous advertisements. Another study discovered that ad recall was damaged when the humor was expected, and this adverse effect was more pronounced in individuals with low need for humor. Humorous ads were found to be more memorable when humor was strong and related to the message. Placing product in humorous movie scenes evoked positive emotions.

Humor enables marketers to come up with highly creative ads that can sometimes backfire. For example, Ragu pasta came up with a campaign—designed to form emotional attachment to the product—focused not on the utility of the food, but on its ability to soothe embarrassing childhood memories. One ad showed a young boy entering his parents' bedroom as the accompanying jingle said: “Parents in bed, but it’s just 8 o’clock. That’s why they taught you that you should always knock.” The ad then cut to the boy eating a bowl of pasta with sauce and the song concluded, “You need Ragu, ‘cause growin’ up is tough. Give him Ragu, he’s been through enough.” While most consumers found the ad to be creative and funny, some criticized it because of the insinuation of sex. The Ving resorts ad in Figure 6.12 uses humor by showing how parents sometimes wish to “cut off” their noisy children from supposedly restful vacations.

### Wordplay

Punning (or wordplay) means a humorous “double meaning.” For example, an ad campaign for Moore Paint carried the theme “For those who know more”—with the play on the words “more” and “Moore.” The ads appeared mostly in social media, particularly Facebook, rather than traditional media. Data from **Starch Ad Readership Studies** (see Chapter 5) showed that consumers are more likely to read ads that employ puns than those that do not.

Punning can also be used in imagery. For instance, Chuck Norris, a martial arts fighter and actor, lent his name to advertising Era detergent, a value brand priced lower than the premium Tide. The product is advertised as “Chuck Norris approved” with the tagline “a lot of fight for a little dough.”

### Humor in Advertising: The Indian Way

Humor is often used in ads in the Indian context. Itchguard, a brand that is positioned to treat itches, used a humorous situation of a bridegroom experiencing embarrassing moments when he visits the prospective bride. Polo, the mint, used a student–professor relationship humorously in its advertisements. Humor was also used to introduce a new concept in the former example and in the latter it was used as a kind of fun (given the nature of the category). Ericsson’s (mobile phone) “One black coffee, please” advertisement may perhaps bring a nostalgic smile to consumers. It is also equally important that creative humor should ensure that it does not distract consumers from the brand’s proposition. There are broadly four ways in which humor has been applied to the Indian context. One approach has been to introduce it in family relationships, another through relationships at an individual level, the third approach to associate fun/humor with group associations, and the fourth through the use of celebrities (for instance, the recent Lehar Kurkure ads featuring Juhi Chawla). These applications range from consumer durable product categories to impulsive products like chewing gum. The recent advertisement for Center Fresh shows the episode between father–son in the context of the father reviewing the marks scored by the son, and the brand’s proposition of good taste is conveyed humorously through



**FIGURE 6.12** A Humorous Appeal: Parents Daydream about Their Children “Disappearing” while Vacationing at Ving Resorts

### Notes

the “youth-mobile” trends. Compaq’s advertisement for its remote control makes use of the embarrassment that an executive creates for his colleague, using the remote to convey the proposition of remote control in its computers. Closeup’s proposition of “close-up” smile was humorously conveyed to a youngster who is suppressing his laughter and another who is able to freely laugh out among a group of friends. Celebrities may be used with any of the approaches depending on the type of product/brand. Samsung uses a celebrity to convey its karaoke feature through a lighthearted execution. There may also be other variants in which humor is used to convey a brand’s proposition than the four approaches. A Fevicol (an adhesive) advertisement shows an unbreakable egg laid by a hen that feeds from a container on which “Fevicol” is inscribed and another one shows a bus overflowing with people who are hanging on to it by the windows, doors, etc., depicting a “Fevicol” bind.

A brand’s proposition, the extent of relevance to the target segment, and the scope offered by a category for humor (chocolates vs. washing machines, for example) are some important criteria that should be taken into consideration before humor or fun is used in the brand’s advertising.

### Sexual Appeals

There is a lot of sensual advertising in the print media, the airwaves, and online. Advertisers have been provoking attention with nudity and sex, and promotional messages often include a lot of explicit and daring sexual imagery, extending far beyond the traditional product categories of fashion and fragrance into such categories as shampoo, beer, cars, and travel services, among many others.

Online, marketers have used sexual appeals that are highly innovative and much more daring than those in magazines and network TV. For example, Air New Zealand’s safety video on YouTube featured a flight crew that was nude except for body paint applied to mimic uniforms,

the proposition “The mouth is busy.” Hamam’s TV commercial shows the “skin glow” proposition being conveyed by the young girl’s question, “In which direction does the sun rise?” Pureit, the water purifier brand, introduces the conversation between the mother and son and the brand’s proposition of prevention from diseases conveyed during this conversation in a lighthearted manner, with the son’s expression adding to the appeal. The Vicks ad for ₹5 too makes use of the mother–son relationship. Aashirvaad sweets has an ad with a “mother-in-law vs. daughter-in-law” situation, reflecting the proposition of good taste.

At the level of individual relationships, humor and fun can be used in different situations to convey the brand’s proposition. The Three Roses’ proposition of “A good time to talk” between a young couple, or the Quaker Oats’ TV commercial announcing the variants of the brand, with the husband proclaiming that for the first time he would frame the rules at home (with the brand’s offering for breakfast), are examples of such an approach.

Group associations with humor are widely used when the target segment is the youth. For instance, the Axe Temptation TV ads shows a chocolate man donating bits of himself to people. Sachin Tendulkar in the Aviva insurance ad plays cricket with children and breaks the window pane before the proposition of the brand is conveyed as an interesting example in the services category. Motorola Yuva’s advertisement of the classroom situation, in which the professor is fooled into posing for a photograph that is clicked on the phone and distributed everywhere is in tune with

including neckties on men and scarves on women. Zappos, an online retailer, used a combination of nudity and technology in its campaign. The ads featured naked models in New York City and one ad featured a naked woman riding a Vespa. Other ads showed naked models doing everyday things like jogging, hailing a cab, and playing Frisbee in public. On the Zappos website, viewers were asked to “dress” the naked models with Zappos clothes. Zappos print ads included quick-response codes that, when scanned into smartphones, took users to a website with fictional videos allowing viewers to dress the models.

There is little doubt that sexual themes have attention-getting value, but studies show that they rarely encourage actual buying. Often, sexual advertising appeals detract consumers from the message content and tend to interfere with message comprehension, particularly when there is substantial information to be processed. Because the visual sexual elements in an ad are more likely to be processed than the ad’s verbal content, the cognitive processing of the product information may be incomplete. In addition, nudity may negatively affect the product message.

Receptivity to sexual appeals varies among consumers. For example, one study identified two psychological constructs that have an impact on consumers’ responses to ads that depict nudity. The first is “sexual self-schema,” which is one’s cognitive view of the self with regard to sexuality. Sexual schemas originate in persons’ past experiences and influence their reactions to sex-related promotional themes. The second is **sensation seeking**, which is the pursuit of novel and exciting sensations and experiences (see Chapter 3). The study discovered that sensation-seeking persons responded favorably to nudity in advertising and that one’s sexual schema played only a modest role. Another study indicated that more extroverted people were receptive to sexual appeals and that such appeals should not be used in targeting consumers who are quiet, shy, and reserved. Clearly, marketers must exercise caution in using nudity because not all consumers will react favorably, and some may even feel alienated or offended.

The type of interest that sexual advertising evokes often stops exactly where it starts—with sex. If a sexually suggestive or explicit illustration is not relevant to the product advertised, it has little effect on consumers’ buying intentions. This highlights the potential risk of sexually oriented advertising: The advertiser may be giving up persuasiveness to achieve “stopping power.” When using sex to promote a product, the advertiser must be sure that the product, the ad, the target audience, and the use of sexual themes and elements all work together. Nevertheless, when sex is relevant to the product, it can be an extremely potent theme. For example, the advertisers of fragrances for either men or women often use highly romantic or suggestive visuals in their ads, implying that use of the fragrance will result in a meaningful or sultry romance.

## Notes

### Timeliness Appeal

During and following the financial crisis of September 2008, many marketers came up with advertising appeals designed specifically for tough economic times. For example, an ad for a health club urged consumers to make “a renewed commitment to lead a healthy life during these challenging times.” An ad for a chain restaurant promoting an inexpensive meal used humor by stating: “It’s one thing to bail out Wall Street. But who’s gonna bail you out?” Other marketers came up with appeals promoting products as affordable and sensible rather than indulgent and fabulous. An ad campaign for a shopping district consisted of ads that did not suggest products to buy but instead listed fun and upbeat things to do, such as catching snowflakes on one’s tongue. Finally, some Halloween ads reflected the tough economic times with such appeals as “Incredible savings that are almost scary.” Table 6.1 describes advertising themes used during America’s down economy.

#### Box 6.3 Celebrity Appeals in an Emerging Market

Celebrities form an important aspect of reference groups. India is one of the markets in the world where celebrities from diverse fields feature across categories. The psychographic profile of the respective targets segment, associations generated by the specific celebrity, and the associations formed with the brand are important aspects associated with celebrity selection.

Emami has used sixty celebrities since 1974 for several of its brands that include Zandu Balm and Navratna, Fair & Handsome, Emami Vanishing Cream, and Healthy & Tasty edible oil. Besides, the company has also used multiple celebrities for the same brand – Navratna had five, Zandu Balm had six, and Boroplus had four!

**Table 6.1 Advertising Appeals During Economic Downturn**

OBJECTIVE	CAMPAIGN THEME
Restore confidence in banks	Humor: “We love Chase and not just because they have a million dollars.”
Make people feel good during down economic times	Happiness: Bank of America: “Bank of opportunity”; Coca Cola: “Open happiness”; Western Union: “Yes”; Ads for a Broadway show promise “a happy moment” during “challenging times” and predict better times ahead.
Attract consumers who became more sensible	Advertising products as affordable and sensible rather than indulgent and fabulous. Not appealing to conspicuousness or status. Avoiding aspirational advertising.
Attract buyers who felt uncomfortable about buying real estate	Initially, an ad for an NYC condo proclaimed it to be “not just an address, it’s an attitude,” and showed beautiful young people dining out or shooting pool. During the economic downturn, new marketing materials promised “clean styling and attractive pricing,” and featured a child reaching for a juice box at a local market and an older gentleman leaving the building with his dog.
“Comfort marketing”: Appeal to nostalgia	Bringing back vintage characters, themes, and jingles to evoke past fond memories that make shoppers feel better about buying products. Reassuring consumers who demand value for their money that they are buying products that have stood the test of time.
Encourage consumers who are short on cash to paint and renovate their homes themselves	Selling paint: The marketers chose not to show people painting walls or interiors, because such ads remind people that painting is a mundane chore. Instead, they attempted to position paint as the mind-space of the consumers and appeal to their imaginations and emotions. For example, one ad stated that: “To others, a wall is a canvas, an invitation, a blank slate”; the voiceover continued, to a lush soundtrack: “The right color can turn any wall into so much more.”

Sources: Stuart Elliott, “Ads That Soothe When Banks Are Failing,” nytimes.com, October 7, 2008; Stuart Elliott, “Down Economic Times Elicit Upbeat Consumers,” nytimes.com, March 10, 2009; Vivian Toy, “Goodbye, Glitzy Condo Pitches,” nytimes.com, August 20, 2010; Patricia Cohen, “Marketing Broadway: Selling Hope for a Song,” nytimes.com, December 10, 2008; Andrew Newman, “Using Appeals to Emotions to Sell Paint,” nytimes.com, June 7, 2010; Stuart Elliott, “In New Ads, Stirring Memories of Commercials Past,” nytimes.com, January 12, 2012.

### Learning Objective

- 5 To understand how to measure the effectiveness of advertising messages.

### Notes

## Measures of Message Effectiveness

Because marketing communications are usually designed to persuade a target audience to act in a desired way (e.g., to purchase a specific brand or product, to vote for a specific candidate), their ultimate test is the receiver’s response. Therefore, the sender must obtain feedback as promptly and as accurately as possible. Only through feedback can the sender determine whether and how well the message has been received. **Communication feedback** is an essential component of both interpersonal and impersonal communications because it enables the sender to reinforce or change the message to ensure that it is understood in the intended way.

Compared with impersonal communications in mass media, a key advantage of interpersonal communications is the ability to obtain *immediate* feedback through verbal as well as nonverbal cues. Immediate feedback is the factor that makes personal selling so effective, because it enables the salesperson to tailor the sales pitch to the expressed needs and observed reactions of each prospect. Experienced speakers are very attentive to feedback and constantly modify their presentations based on what they see and hear from the audience. Similarly, immediate feedback in the form of inattention alerts a teacher to jolt a dozing class awake with a deliberately provocative statement such as: “This material will probably be on the next exam.”

It has always been very important for sponsors of impersonal communications to obtain feedback as promptly as possible, so that they can revise a message if its meaning is not being received as intended or if the message did not reach (at least in large part) the intended audience. Unlike interpersonal communications feedback, mass communications feedback is rarely direct; instead, it is usually inferred. Senders infer how persuasive their messages are from the resulting action (or inaction) of the targeted audience. Receivers buy (or do not buy) the advertised product; they renew (or do not renew) their magazine subscriptions; they vote (or do not vote) for the political candidate. Another type of feedback that companies seek from mass audiences is the degree of **customer satisfaction** (or dissatisfaction) with a product purchase. They try to discover—and correct as swiftly as possible—any problems with the product in order to retain their brand’s image of reliability (e.g., through hotlines and online contacts).

**Notes**

Marketers measure their communications' **persuasion effects**, that is, whether the message was received, understood, and interpreted correctly; and their **sales effects**, that is, whether the messages of a given campaign have generated the sales level defined in the campaign's objectives. In addition, advertisers gauge the **media exposure effects** of their messages by buying data from firms that monitor media audiences (e.g., Nielsen) and conduct audience research to find out which media are read and which television programs are viewed more extensively than others. (see Chapter 8).

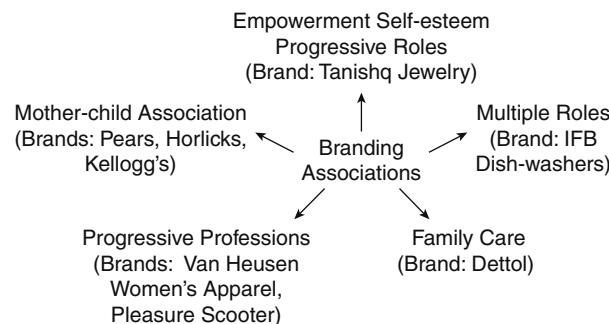
The sales effects of mass communications are difficult to assess (although retailers usually can assess the effectiveness of their morning newspaper ads by midday on the basis of sales activity for the advertised product). A widely used method of measuring the sales effects of food and other packaged goods advertising is based on the Universal Product Code (UPC), which is tied to computerized cash registers. Supermarket scanner data can be combined with data from other sources (e.g., media and promotional information) to measure the correlation between advertisements, special promotions, and sales.

**Physiological measures** track bodily responses to stimuli. For example, *eye tracking* is a method where a camera tracks the movement of the eye across store shelves and gauges the labels or brands to which respondents paid more attention. Another method, *brain wave analysis*, tracks the degree of attention paid to the components of viewed advertisements through monitoring electrical impulses produced by the viewer's brain. *Facial electromyography* (facial EMG) is a technique that tracks the electrical activity and subtle movements of facial muscles so as to gauge the emotions generated by different types of TV commercials.

**Attitudinal measures** gauge consumers' cognitive responses to messages, including their levels of engagement and involvement with the messages tested. For example, TV programs or commercials are shown in a theater setting and viewers use dials (located in their armrests) to indicate their levels of interest or disinterest in the clips viewed. In self-administered studies, marketers use **semantic differential scales** and **Likert scales** (see Chapter 16) to test ads and find out whether consumers liked the messages and understood them correctly.

Marketers must measure which advertisements are remembered by their target audience(s). In addition to the **recall** and **recognition tests** discussed in Chapter 5 (i.e., the **Starch Ad Readership Study**), researchers use **day-after recall tests** in which viewers of TV shows or listeners to radio broadcasts are interviewed a day after watching or listening to a given program. Participants are asked to describe the commercials they recall. The recall of a commercial and its central theme is evidence of its attention-getting and persuasive power.

#### Box 6.4 Women and Brands: The Indian Scenario



**FIGURE 6.13** Role of Women in the Indian Context and Brand Appeals

In recent times, the position of women has undergone a radical change in the Indian social context. The various roles women play need to be noted to ensure that appropriate communication strategies are being formulated.

Hence, brands need to be careful about the way women are portrayed in advertisements and would want to use such associations with women in culturally permissive ways. While traditional values are still strong, there may be a few progressive sub cultures in terms of permissiveness. The majority of women in India have not experienced empowerment and marketing to women has not changed radically. Marketers must be careful to maintain a delicate balance between women's empowerment, traditional values, and the emergence of contemporary western values.

The above Figure 6.13 provides an idea of the various roles women play in different facets of life and the implications of role on brand/s.

**Notes**

## **Brand Imagery and Women**

The New Age of social media, current happenings, quasi-westernized lifestyles, and cultural sensibilities have posed unique challenges to brand managers than ever before. They need to deal with the environment as efficiently as they deal with their brands.

The growing public outrage on the social issues concerned with women point to an important dimension that is associated with the management of brands – the portrayal of women in advertisements and the implications of such an approach on brand association. There are several complexities that are associated with branding decisions. Sensitivity to cultural beliefs, the extent to which psychological aspects of hedonism (internal pleasure) are to be used, and the changing environment are some of them.

## **The Rational and Emotional Parts of the Brain**

Research has indicated that the emotional parts of the brain evolve before the rational (thinking part of the brain). The path through which sensory inputs reach the brain adopt a different path when emotional elements are involved. Emotions affect one's actions and consumer behavior associated with brands heavily relies on emotions, in general. "You have come a long way baby" was the advertisement tagline for Virginia Slims, the cigarette brand that had women as the target segment decades back in the US. It was one of the earliest advertisements that linked hedonism (sensual pleasure) with the emergent trends associated with women.

It is a well-known phenomenon that there is a biological need in human beings to attract the opposite gender. In an economy that has consumer lifestyles as its core, it is natural that gender-based appeals would be used by brands.

Freudian psychology explored the psyche that likes sensual pleasure by highlighting the fact that individuals have the "id" part. This part is a warehouse of primitive pleasures, especially the one that will not be accepted by society. These primitive pleasures can find outlets in a variety of ways like advertisements or brand associations. This is the reason why brands from several product categories ranging from coffee, deodorants, fashion wear, and personal accessories and hence, websites use the "baser" instincts (the id factor) while building their respective brand.

## **The Indian Context and Stereotypes of Women**

The cultural aspects and its evolution in the Indian context have played a role in creating stereotypes for women. The well-entrenched imagery of mother–son/daughter relationship introduced decades back continues to exist even today (Raymond, Parachute, and Santoor). The other stereotype is the role of the wife who is sustaining and nurturing a happy family with "strong family connections". This can be seen across categories from detergents to dishwashers. The third kind of stereotype is the one associated with the modern and independent woman, the woman who is evolving and is capable of equaling any task in a male-dominated society. While these stereotypes have diffused themselves well (without creating controversies), the fourth stereotype is the one that brands need to be concerned about. This is the stereotype that is associated with the "id" aspect advocated by Freud. The cultural passage at this point in time is neither completely western nor does it subscribe to the traditional stereotype associated with women. The cumulative visual impact on the mind is phenomenal, especially given the fact that most of us are exposed to visual images more than any other form of image. Against the backdrop of recent incidents of violence, the ads that a brand rolls out need to be sensitive to women.

## **Indian Brands and Stereotyping of Women**

Traditionally, there are only a few countries that have used the "mother" stereotype in the manner in which Indian advertising has used it. India, being an emerging economy, the stereotype of the "smart home-maker" is another traditional image that has been successfully used by marketers.

Such traditional stereotypes were cultivated even before the onset of television advertising. "Mummy, Mummy Modern bread" was one of the earliest radio jingles that reflected the child-mother relationship. Johnson & Johnson's motherly portrayal of woman in its ads is perhaps an excellent example of how care, warmth, and love of the motherly role had been transferred to the brand. One wonders if any "new mother" would use any other brand of baby care product for her child. Horlicks's promise of "taller, stronger and sharper" kid coupled with the "mother" image has been useful to the brand to extend itself to premium offerings like "Gold" and "Promind". Vicks Vaporub's television ad reflected the warmth of the son–mother relationship when the son is being chided by his mother for getting drenched in the rain and then the son says

**Notes**

he had gone out to get her birthday gift. Parachute hair oil had one of its ads involving the mother-daughter relationship. Clinic Plus for several years had been creating an image of the mother-daughter relationship and this continues to be reinforced by the brand till date. Pears soap ad uses the mother-child relationship to convey the brand's purity. Kent water purifier has used a well-known celebrity as a mother to herald its proposition. Pepsodent toothpaste had an ad that portrayed the mother scolding her son for snacking and spoiling his teeth. Dettol's ad showed a housewife who is caring towards the family. Wheel detergent uses an ad that portrays the smart housewife. None can forget Lalithaji, a character introduced by Surf, who was smart, hard-bargaining, and demanded the maximum value for anything she bought. The ad showed her using half the quantity of detergent (Surf) against the usual quantity of a competing detergent to effectively show the superiority of Surf. Dabur Real Life uses a young mother who is attached to her son. Knorr soup used a celebrity mother to popularize the brand. The "Mother" stereotype will not cease to exist as it is an ingrained part of the Indian psyche, however modern the consumers may become in the years to come.

In today's world, with fashion and grooming being a priority among women and girls, brands have been successful in developing trendy stereotypes. Titan Raga has introduced a watch for women by creating an image of ethnic sensuality (reference to the early ads involving a well-known celebrity). Pleasure scooters have featured the "independent, non-conformist" image of the modern girl with the caption – "Why should boys have all the fun?" One of the earliest portrayal of a modern girl was the cinema ad by toothpaste brand, Close up, that showed a boy-girl relationship while portraying its "Close up" smile. Scooty Streak has also showed a "modern, fun-loving" girl in its ad. In the eatables category, an ad by Triphthi atta showed the multiple roles played by today's women. And IFB dishwasher showed a young women executive who could presumably find more time to relax by using the brand's dishwasher.

Over the years, Fair & Lovely have created a "Middle-class dream" by building an aspiration-oriented image of a girl.

### **The Challenge for Brand Managers**

Besides the ethical considerations, there are "down-to-earth" implications for brand managers who are associated with the management of brand associations. What should brands that have had "id"-based associations do? This is an important question that would affect not only the consumer perception of these brands; it would also have implications on the brands themselves if such brand associations are removed overnight. Should the brand downplay such associations henceforth? Should these brands shift to other related associations that may not be perceived as controversial? Should they establish sub-brands that may herald new associations to protect the parent brand? What should be done with the target segment that has not only grown but become loyal to such brand associations?

India is a land of diverse culture and lifestyles. This diversity has only increased manifold with the onslaught of westernization that triggers feelings of "coolness and independence". When dealing with women imagery, brand managers certainly have a tricky job on their hands trying to balance permissiveness and tradition.

Competing brands need not initiate brand wars; the environment can pose enough battles, least expected by the brand managers of this age.

### **Brand Communication, Brand Relationships, and Lifestyle Appeals**

The digital area is likely to see a radical shift in brand communication. There are two aspects, as reflected by research. Lifestyle aspects seem to proliferate across product categories and hence, all of them will compete for the "share of identity" associated with consumers. This may lead to limitations of using lifestyle appeals. The other aspect is the range of relationships that brands are likely to have with consumers. Brands can have several kinds of relationships with consumers and brands need to take them in to account. The following are some types of relationships brands may have with consumers:

- Does the brand not treat the consumer well? – Abusive relationship.
- Is the consumer committed to use a brand for an extended period of time (perhaps a brand like Lifebuoy)? – Committed relationship.
- Can the consumer not do without his/her morning cup of coffee brand or his/her mobile brand? – Dependent relationship

**Notes**

- Does the consumer feel that he has to (“forced to”) buy from the nearest retail store due to sheer location of the outlet? – Master – Slave relationship
- Does the consumer refuse to buy a brand of durable because it let him/her down in its after-sales service? – Adversarial relationship
- Does the consumer go out of the way to support a brand like Coke or Ferrero Rocher (fans have created websites)? – Communal relationship
- Does the consumer buy a brand simply because it is value for money? – Exchange relationships
- Does the consumer enjoy shifting towards a set of *kirana* stores in his/her local traditional market, but feels that others should not know about it? – Secret Affair relationship

## Summary

**Learning Objective 1:** To understand the elements and persuasive capabilities of communication, as well as the barriers to effective communication.

Communication is the transmission of a message from a sender to a receiver via a medium (or channel) of transmission. In addition to four basic components—sender, receiver, medium, and message—the fifth essential component of communication is feedback, which alerts the sender as to whether the intended message was, in fact, received. Senders encode their messages by using words, pictures, symbols, spokespersons, and persuasive appeals, and then the receivers decode them. If the messages are to be persuasive, the receivers must decode them as the senders intended. Communications can be either impersonal or interpersonal. Impersonal communications consist of messages that companies transmit through their marketing departments, advertising or public relations agencies, and spokespersons. The senders of interpersonal communications can be either formal sources (e.g., a salesperson in a physical or virtual retail location) or informal sources (e.g., peers with whom the consumer communicates face-to-face or via electronic means). The key factor underlying the persuasive impact of a personal or interpersonal message received from either a formal or informal source is the extent to which the receiver trusts and believes the source sending the message.

Media are the channels for transmitting communications. Traditional media are the original communications channels that advertisers have used, and are generally classified as print (newspapers, magazines, billboards) and broadcast (radio, television). New media are online channels, social networks, and mobile electronic devices. These media are drastically more advanced than traditional media because they allow marketers to send personalized messages to individual consumers who can respond to the messages immediately.

The two most important barriers that affect the accuracy with which consumers interpret messages are selective exposure and psychological noise. Selective exposure refers to consumers’ selectivity in paying attention to advertising messages. Psychological noise, in the form of competing advertising messages or distracting thoughts, can affect the reception of a promotional message.

**Learning Objective 2:** To understand the distinctions between broadcasting and narrowcasting.

The term traditional media is synonymous with broadcast media (or mass media) and consists of channels where all receivers get

the same one-way messages from marketers (i.e., they cannot send direct responses to the source of the messages). New media are channels of narrowcasting, defined as channels that permit marketers to send addressable, customized messages, based on data gathered from tracing consumers’ surfing and clicks online, in combination with other information, to either small groups or individual consumers. Addressable advertising consists of customized messages sent to particular consumers. These messages are based mostly on the consumers’ prior shopping behavior, which marketers have observed and analyzed.

**Learning Objective 3:** To understand how to design persuasive messages effectively.

Some of the decisions that marketers must make in designing a message include selecting images, creating advertising copy, using positive or negative message framing, choosing between one-sided or two-sided messages, and determining the order of presentation. Messages that depict images are often more effective than those with text only. Positive message framing stresses the benefits to be gained by using a specific product. Negative message framing stresses the benefits to be lost by not using the product. A one-sided message pretends that the product advertised is the only one in existence. Two-sided messages acknowledge competing products. The primacy effect indicates that material presented first is more noticeable and persuasive than subsequent materials. The recency effect holds that the material presented last is more noticeable and persuasive than preceding materials.

**Learning Objective 4:** To understand the effectiveness and limitations of prominent advertising appeals.

Marketers have many options to choose from when selecting promotional appeals, but the ones most widely used are comparative advertising, humor, fear or sexual appeals, and well-timed ads. Comparative advertising is a very common marketing strategy in which a marketer claims product superiority for its brand over one or more explicitly named or implicitly identified competitors, either on an overall basis or on selected product attributes. Though some critics of the technique maintain that comparative ads often assist recall of the competitor’s brand at the expense of the advertised brand, the wide use of comparative advertising indicates that marketers are confident that comparative ads exert positive effects on brand attitudes, purchase intentions, and actual purchases. Fear is an effective appeal often used in marketing

communications. Some researchers have found a negative relationship between the intensity of fear appeals and their ability to persuade, in that strong fear appeals tend to be less effective than mild fear appeals.

Humor is the most widely used approach because many marketers believe that humor will increase the persuasiveness of their communications. Humor attracts attention, enhances liking of the product advertised, and also enhances consumer comprehension of the ads. Humor that is relevant to the product is more effective than humor unrelated to the product. Humor is more effective in ads of existing products than in ads of new products, and more effective in targeting consumers who already have a positive attitude toward the product. Punning is wordplay, often consisting of a humorous double meaning.

Sexual appeals have attention-getting value, but studies show that they rarely encourage actual consumption behavior. Often, sexual advertising appeals detract from the message content and tend to interfere with message comprehension, particularly when there is substantial information to be processed. When using sex to promote a product, the advertiser must be sure that the product, the ad, the target audience, and the use of sexual themes and elements all work together. Timely appeals are exemplified by the many ads that appeared during and following the financial crisis of September 2008,

which contained messages designed specifically for tough economic times.

**Learning Objective 5:** To understand how to measure the effectiveness of advertising messages.

Marketers measure their communications' persuasion effects (whether the message was received, understood, and interpreted correctly) and their sales effects (whether the messages of a given campaign have generated the sales level defined in the campaign objectives). Advertisers also gauge the exposure and persuasion effects of their messages by buying data from firms that monitor media audiences and conduct audience research to find out which media are read, which television programs are viewed, and which advertisements are remembered by their target audience(s).

Physiological measures track bodily responses to stimuli. Attitudinal measures gauge consumers' cognitive responses to messages, including their levels of engagement and involvement with the messages tested. Semantic differential and Likert scales are used in testing ad copy to assess whether respondents like the message, understand it correctly, and regard it as effective and persuasive. Researchers also use day-after recall tests, in which viewers of TV shows or listeners to radio broadcasts are interviewed a day after watching or listening to a given program and asked to describe the commercials they recall.

## Review and Discussion Questions

- 6.1. Explain the differences between feedback from interpersonal communications and feedback from impersonal communications. How can the marketer obtain and use each kind of feedback?
- 6.2. List and discuss the effects of psychological noise on the communications process. What strategies can a marketer use to overcome psychological noise?
- 6.3. Discuss the strategic differences between traditional media channels and new media.
- 6.4. Compare broadcasting and narrowcasting and explain why are marketers moving away from using broadcasting and into narrowcasting and addressable marketing.
- 6.5. How can marketers construct and transmit addressable ads? Illustrate with a promotion of a product or service of your choice.
- 6.6. Should marketers use more verbal copy than artwork in print ads? Explain your answer.
- 6.7. For what kinds of audiences would you consider using comparative advertising? Why?
- 6.8. What are the advantages and disadvantages of using humor in advertising?
- 6.9. Why must marketers use fear appeals in advertising cautiously? How can they do so?
- 6.10. Do sexual appeals work better than other appeals? Explain your answer and illustrate with examples.
- 6.11. How is communications feedback related to the measurement of persuasion and sales effects?
- 6.12. A marketer of a new car model launched through commercials during the Super Bowl intends to use attitudinal measures, as well as day-after recall tests, to estimate the commercials' effectiveness. How should the company do so?

## Hands-on Assignments

- 6.13. Find two print advertisements: One illustrating a one-sided message and the other a two-sided message. Which of the measures discussed in this chapter would you use to evaluate the effectiveness of each ad? Explain your answers.
- 6.14. Find print ads using each of the following advertising appeals: Fear, sex, and humor. Discuss their effectiveness and persuasive value in class.
- 6.15. Watch an hour-long TV program and its commercials, without writing any notes. A day later, list all the commercials you can recall seeing. For each commercial, identify: (a) The message framing approach used, and (b) Whether the message was one-sided or two-sided. Discuss what you had remembered in the context of selective exposure and psychological noise.

## Key Terms

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## Notes

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## Multiple-choice Questions

- 6-1.** Name the process in which the transmission of a message from a sender to a receiver happens via a medium?
- A.** Communication
  - B.** Conversation
  - C.** Expression
  - D.** Revelation
- 6-2.** The sources of impersonal communications are messages that companies transmit through their:
- A.** Marketing departments
  - B.** Advertising
  - C.** Public relations agencies
  - D.** All of the above
- 6-3.** The advertising consisting of customized messages being sent to particular consumer is termed as:
- A.** Brand advertising
  - B.** Direct-response advertising
  - C.** Business-to-business advertising
  - D.** Addressable advertising
- 6-4.** The thought, idea, attitude, image, or other information that the sender wishes to convey to the intended audience, is called as:
- A.** Communication
  - B.** Message
  - C.** Information
  - D.** Expression
- 6-5.** This advertising is a widely used marketing strategy in which a marketer claims product superiority for its brand over, one or more explicitly named or implicitly identified competitors:
- A.** Business-to-business advertising
  - B.** Brand advertising
  - C.** Direct-response advertising
  - D.** Comparative advertising
- 6-6.** A word equivalent to humorous is:
- A.** Amusing
  - B.** Comical
  - C.** Punning
  - D.** Jesting
- 6-7.** The measures that gauge consumers' cognitive responses to messages, including their levels of engagement and involvement with the message tested are called:
- A.** Attitudinal measures
  - B.** Physiological measures
  - C.** Psychological measures
  - D.** Behavioural measures
- 6-8.** Which process permits the marketers to send addressable, customized, interactive messages to customers?
- A.** Broadcasting
  - B.** Communication
  - C.** Advertising
  - D.** Narrowcasting
- 6-9.** The exposure [which refers to consumers' selectivity in paying attention to advertising messages is called:
- A.** Brand exposure
  - B.** Market exposure
  - C.** Selective exposure
  - D.** Product exposure
- 6-10.** A marketer, stress the benefits that is to be gained by using a specific product, this process is called:
- A.** Positive message framing
  - B.** Negative message framing
  - C.** One-sided messaging
  - D.** Two-sided messaging

**Answer Keys:** 6-1. A 6-2. D 6-3. D 6-4. B 6-5. D 6-6. C 6-7. A 6-8. D 6-9. C 6-10. A

## Notes

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# 7

## Reference Groups and Word-of-Mouth

### Learning Objectives

- 1 To understand the credibility of reference groups and their influence on consumer behavior.
- 2 To understand the persuasive power and credibility of spokespersons, endorsers, celebrities, salespersons, vendors, and media.
- 3 To understand the dynamics and measurement of opinion leadership and word-of-mouth.
- 4 To understand the strategic applications, advantages, and potential perils of word-of-mouth.
- 5 To understand the process for diffusion of innovations, and adopter categories as distinct market segments.

REFERENCE GROUPS are groups that serve as sources of comparison, influence, and norms for peoples' opinions, values, and behaviors. Within any setting, including consumer behavior, people are strongly influenced by what others think and how they behave. The most important reference group is the **family** because it provides children with the skills, knowledge, attitudes, and experiences necessary to function as consumers, a process called **consumer socialization** (see Chapter 10). Other important reference groups are a person's **social class**, (see Chapter 10), **culture** (see Chapter 11), and **subculture** (see Chapter 12). The Campbell's ad in Figure 7.1 illustrates the how families influence young children's brand preferences.

**Word-of-mouth** consists of communications where satisfied customers tell other people how much they like a business, product, service, or event (although the information transmitted can also be negative). Word-of-mouth is one of the most credible forms of buying-related information because consumers view others who don't stand to gain personally by promoting something as highly credible. It can take place face to face or via electronic communications, and the exchangers of the information may know each other personally or only online. Word-of-mouth occurs often when neighbors talk across their lawns or over a cup of coffee; when friends and neighbors share stories about shops and products that they like (or dislike); and in texting, emailing, chat rooms, and online social communities, among other forms of communication. It has been said that "word-of-mouth is the best advertising" because reference groups, such as friends, neighbors, relatives, and other consumers a person meets online in social networks, chat rooms, and through Twitter, strongly influence one's consumption behavior. This influence is strong because people perceive others like themselves as having nothing to gain from their purchase recommendations. Consumers view reference groups with which they have personal contacts as more credible than advertisements and other

promotions sent by marketers. The ad featured in Figure 7.2 encourages mothers to engage in word-of-mouth and rave about Campbell's soup.

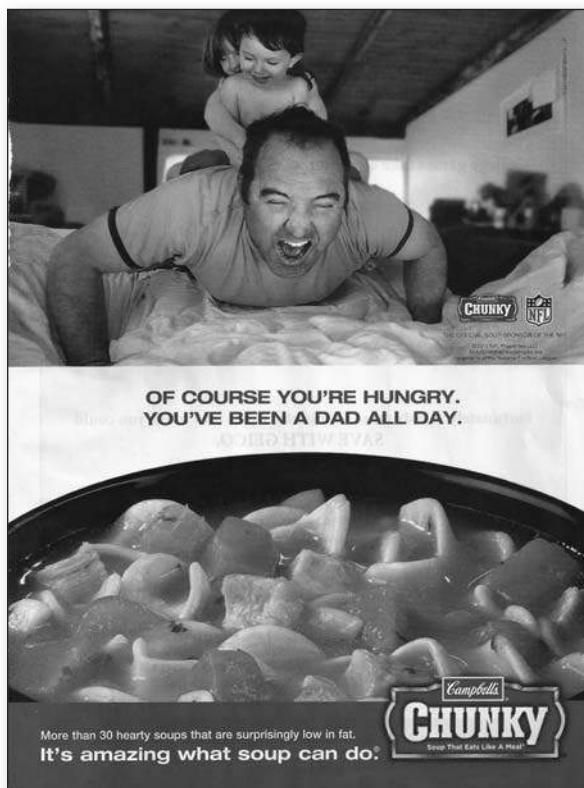
#### Box 7.1 Word-of-Mouth and Referral Profitability

Word-of-mouth has several interesting dimensions if it is used among groups of consumers. Research has revealed that referrals (one consumer getting another prospective consumer known to him to buy the brand he/she had bought) have taken a challenging meaning in the light of customer lifetime value.

Can a brand (especially in services) introduce a referral program (pay a consumer for bringing other consumers to buy the brand) to get higher margins out of referred consumers or to make the referred consumers stay longer and to obtain greater customer lifetime value (generated by a consumer during his association with the brand/company). Such an approach is applicable to the banking and mobile sectors in India. Significant volumes of business in the mobile sector come from the youth segment that socially networks (both online and offline). A brand like Airtel or Spice may be part of the consumer's lifestyle in that particular target segment. The challenge for such brands, other than pricing their services or using imagery-based positioning strategies, is to also incorporate referral schemes in their promotional mix. With the glamour associated with mobile sets and the symbolism reflected by the service provider brands, referrals could herald a creative kind of buzz, not witnessed earlier among youth.

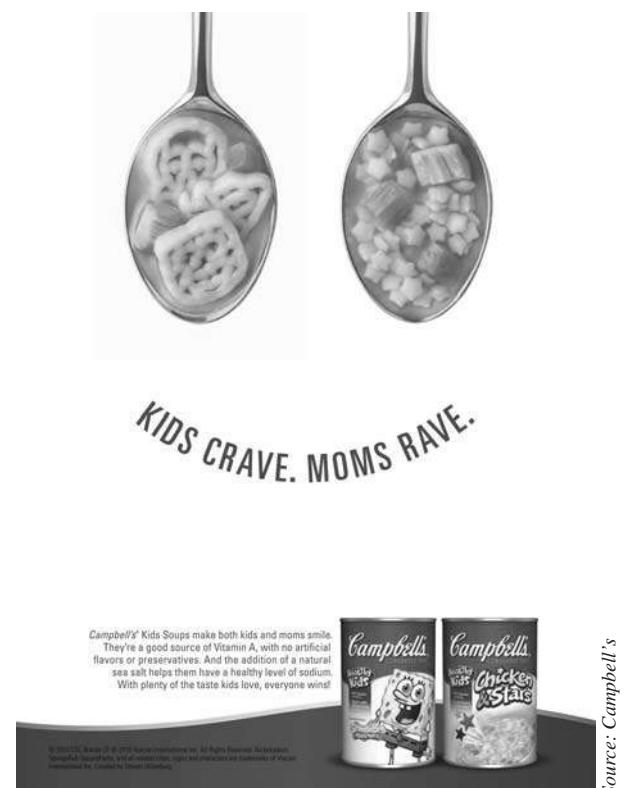
We begin this chapter with a discussion of source credibility and the influences of selected reference groups. We then review several sources of information that are sponsored by marketers, such as spokespersons

and endorsers. Next, we discuss the process of opinion leadership and conclude with an overview of the strategic applications of word-of-mouth.



Source: Courtesy Campbell's Soup Company

**FIGURE 7.1** The Family Is a Reference Group:  
Campbell's Chunky Soup



Source: Campbell's

**FIGURE 7.2** Stirring Up Word-of-Mouth Among Mothers:  
Campbell's Chicken Stars

**Learning Objective**

- To understand the credibility of reference groups and their influence on consumer behavior.

**Notes**

## Source Credibility and Reference Groups

Reference groups have a high degree of **source credibility**, defined as a source's persuasive impact, stemming from its perceived expertise, trustworthiness, and believability. When the source of communications about a product is well respected and highly thought of by the intended audience, the message is much more likely to be believed. Conversely, a message from a source considered unreliable or untrustworthy is likely to be received with skepticism and probably rejected. In discussing credibility, we must distinguish between formal and informal sources of information. A **formal source** is either a person or medium providing consumption-related information and hired and paid by an organization. An **informal source** is a person whom the message receiver knows personally, such as a parent or friend who gives product information or advice, or an individual met and respected online.

## Reference Group Influence

Many hotel bathrooms feature "standardized" signs urging guests to reuse their towels in order to help save the environment. One hotel used a message stating that: "Most of your fellow guests reused their towels. Please help us save the environment and reuse yours." This "social norm" message persuaded about 25% more people to reuse towels. Subsequently, a more detailed social norm message stated that: "Most of the guests who have stayed in this room reused their towels. Please help us save the environment and reuse yours." Responding to this message, even more guests reused their towels. From a communication perspective, the "social norm" messages were more persuasive than the "standard" message because they were credible and believable, whereas most guests perceived the standard messages, at least partially, as efforts by hotels to cut down on expenses. In contrast, messages stating that *others* have acted responsibly were convincing because most people adhere to social norms. People can be persuaded by various sources, such as consumers like themselves, the media, and salespeople, only if they trust these sources. People readily reject messages from sources that they do not trust and perceive as biased and not credible.

Reference groups serve as comparative and normative frames of reference for a person's values and behaviors. **Normative influence** consists of learning and adopting a group's norms, values, and behaviors. The most pertinent normative influence comes from groups to which people naturally belong, such as family, peers, and members of one's community. Generally, normative influence occurs among members of the same socioeconomic group. For example, families have a large normative influence on children because they mold young children's initial consumption-related values. Such as which foods to select for good nutrition, appropriate ways to dress for specific occasions, how and where to shop, or what constitutes "good value". **Comparative influence** arises when people compare themselves to others whom they respect and admire, and then adopt some of those people's values or imitate their behaviors. For example, when a recently-graduated student who holds a "start of the ladder" position in a corporation admires her boss and aspires to live like the boss and have similar possessions, the boss exerts comparative influence on the lower-level employee.

The concept of reference group can be also used metaphorically. Ads for the Art of Shaving—a line of upscale shaving products—have appeared under the tagline "Welcome to the brotherhood of shaving." The idea behind this theme is to make men feel that they belong to a select group of metrosexuals who care greatly about personal grooming and shaving and are trusted experts to each other. The campaign's ads have appeared only in magazines, unlike ads for other shaving products that appear on TV and in print, because a TV campaign may "dilute" the "insider mystique of the brand."

## Types of Reference Groups

A group to which a person belongs to, or realistically can join, is called a **membership group**. For example, the group of men with whom a young executive plays poker weekly would be considered his membership group. A **symbolic group** is a group to which an individual is unlikely to belong, but whose values and behaviors that person adopts. For instance, professional tennis players may constitute a symbolic group for an amateur tennis player, who identifies with certain players and imitates their behavior (e.g., by purchasing a specific brand of tennis racquet or tennis shoe). However, the amateur tennis player does not (and probably never will) qualify for membership as a professional tennis player because she has neither the skills nor the opportunity to compete professionally. Table 7.1 illustrates the relationship between group membership and the type of group influence.

**TABLE 7.1** Group Membership and Type of Influence

	<b>NORMATIVE INFLUENCE</b>	<b>COMPARATIVE INFLUENCE</b>
Membership Group	High level of conformity to the standards of immediate membership groups, such as family and peers. The influencer and influenced belong to same socio-economic group and are both aware of the influence.	Conformity to the standards of groups that the influenced aspires to join, and probably will. The two parties are one or two socioeconomic groups apart. The influenced and influencer probably know each other and are aware of the influence.
Symbolic Group	No significant influence. The influencer is outside the influenced reference group. The influenced are unaware of the unlikely influencers' norms.	High degree of influence, although the influenced know that they will never join the influencers. Socially, the parties are far apart, but the influencers recognize the degree of their influence.

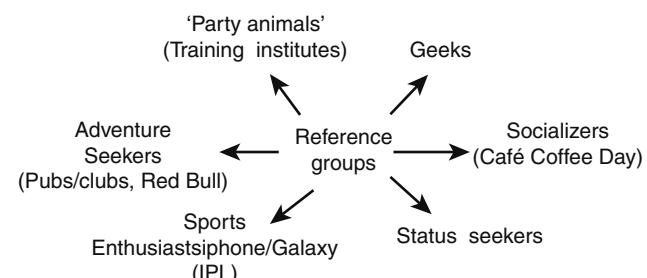
**Box 7.2 Examples of Symbolic Reference Groups**

Kurkure, a ₹1000-crore brand, offered an interesting example of how symbolic reference groups (imaginary membership associated with consumers) could be combined with primary membership (face to face membership of consumers) in its advertisement. The finding states that for Indians, food, snacking, and family are interlinked; this was perhaps the driving factor for the creation of fictitious family of celebrities in Kurkure's ad.

### Reference Groups among Youngsters and Examples of Associated Categories/Brands

Figure 7.3 illustrates how different reference groups can be formed among youngsters in an environment of changing lifestyles. Opinion leaders and role models are associated with each of these reference groups. Different channels like Facebook and Twitter can be used with the categorization of reference groups if the idea is to spread the word-of-mouth (WOM). For example, re-tweeting in Twitter is important to ensure a message is carried through the respective reference group. Identification of re-tweeters or participants in Twitter who are known to take 'social authority' is important from the viewpoint of a brand that uses reference group-based strategies. Reference groups can also be applied to apps in mobiles.

"My heritage" is an app that was launched by iPlay and iTunes had a database of 4000 celebrities and the user can match his image with the content of the database (face recognition technology) and load it up on social networking sites. The classical concept of reference group associated with celebrities is still very much applicable to the digital era.

**FIGURE 7.3** Reference Groups**Notes**

### Consumption-Related Reference Group

The consumption-related groups that influence consumers' attitudes and behavior include friendship groups, shopping groups, virtual communities, and advocacy groups.

#### Friendship Groups

Seeking and maintaining friendships is a basic drive for most people. Friends fulfill a wide range of needs: They provide companionship, security, and opportunities to discuss problems that an individual may be reluctant to discuss with family members. Friendships are also a sign of maturity and independence, for they represent a breaking away from the family and the forming of social ties with the outside world. Often, friendships are formed at work. People who work together often get to know, respect, and become credible sources of information for one another regarding purchases.

**Notes**

### Shopping Groups

People may shop together just to enjoy shopping or to reduce their perceived risk; that is, they may bring someone along whose expertise regarding a particular product category will reduce their chances of making incorrect purchases. In instances where none of the members of the shopping group knows much about the product under consideration (such as an expensive home entertainment center), members may feel more confident with a collective decision. Referral programs are an important element of shopping groups. For example, a warehouse membership club (e.g., Costco or Sam's Club) might offer rewards to current members who convince others to join. Such programs may reward only the current customer (member) for finding a new customer, may reward only the new customer, or may reward both parties (either equally or unequally). A study found that although both current and potential members preferred getting entire rewards (100% each), current members found a 50/50 distribution to be more appropriate if the member they recruited had to make a financial investment to join (e.g., pay a membership fee).

Another example of a shopping group is the shared experience of waiting in line. Retail experts say that by standing in a crowd, shoppers see themselves as making the right buying decision—a concept known as “social proof.” Retailers also recognize the value of keeping shoppers waiting, because waiting crowds create attention and generate sales even after the initial frenzy has died down.

### Virtual Communities

Many websites encourage consumers to leave comments and have others respond to them. Most young adults have extensive “buddy lists” and regularly communicate with people whom they have met online but never in person. Online, it does not matter if you are tall or short, thin or fat, handsome or average looking, and many feel free to express their thoughts and even be intimate with those they have never met face to face. The anonymity of the online environment allows people the freedom to express their views and benefit from others’ views. One study investigated “foodies,” an online group dedicated to the preparation and consumption of food and drinks, whether at home or in restaurants. The groups’ members post recommendations for restaurants and foods across the world. The findings showed that the “foodies” paid great attention to the accuracy of their postings and took great care in not posting potentially misleading information.

The fact that people can share their interests, hobbies, and opinions with thousands of peers online has benefited marketers. For example, for more than 60 years, American TV producers have broadcasted entertainment programs supported by advertising fees. Much like a book or a movie, the contents of these programs were designed without significant input from the audiences. Generally, Nielsen ratings have been used to gauge the success of TV programs and determine the advertising rates on various broadcasts. After watching them, many viewers frequently discussed TV programs at their offices’ water coolers, and some may have even talked back to their televisions while watching. However, the writers and producers of these programs had no reliable way to listen to what viewers were saying. Several years ago, avid TV viewers set up a website named televisionwithoutpity.com, which provides TV viewers with a forum to discuss, complain about, or compliment popular TV shows. Visitors to the website share their opinions about programs’ plotlines—often with a humorous touch—and make guesses about future developments; some even make suggestions regarding the content of future episodes. Because viewers who post their comments are very involved with the programs they watch, the producers of the shows can read their postings and get a sense of audiences’ reactions to plotlines and dialogues. Then, the writers

**Box 7.3 Crowd Sourcing and Building Reference Groups for Brands**

Crowd sourcing refers to the idea of obtaining ideas related to several brand initiatives (ranging from new product introduction to customer satisfaction initiatives) through the social/digital media to attract the attention of marketers and consumers. Brands like P&G (new product offerings), Dell (ideas), Lay’s (new flavor), Samsung (using Galaxy phone’s art applications), Hero (uploading videos for an ad campaign) are using crowd sourcing for various purposes. A possible application of crowd sourcing would be the construction of demographic and psychographic profiles of different consumers who respond to crowd sourcing. There is a possibility for the development of psychographic profiles that may be associated with specific reference groups. For instance, a regional manufacturer of readymade apparel that is into crowd sourcing may find that a specific reference group has a symbolic need that is not being satisfied by any of the major national brands and this could be an important off-shoot of crowd sourcing.

can incorporate such feedback into future episodes. Because TV shows are filmed several weeks prior to a broadcast, writers can also change future episodes in ways that reflect the viewers' postings. For example, if viewers indicate that they are bored with or irritated by a particular story line, it can be revised or even concluded sooner than planned.

### Notes

## Advocacy Groups

The objective of consumption-focused advocacy groups is to assist consumers in making decisions and support consumers' rights. There are two types of advocacy groups: Entities organized to correct a specific consumer abuse and then disband, and groups whose purpose is to address broader, more pervasive problem areas and operate over an extended period of time. A group of irate parents who join together to protest the opening of an adult X-rated video rental store in their neighborhood, or a group of neighbors who attend a meeting of the local highway department to demand that additional stop signs be placed on specific corners, are examples of temporary, cause-specific consumer-action groups. An example of an enduring consumer-action group is Mothers Against Drunk Driving (MADD), a group founded in 1980 and operating today throughout the United States in the form of local chapters in all major cities and all state capitals. MADD representatives serve on numerous public advisory boards and help establish local task forces to reduce drunk driving. Additionally, the organization supports laws that restrict alcoholic beverage advertising and is opposed to any advertising that may have a negative impact on young people.

## Application 1: Reference Groups and Rural Marketing Initiatives

*Shaktiman* initiative from Unilever India aims to cover 150,000 villages that have a population of less than 2000. *Shaktiman* involves appointing a male member of a family who would distribute the products of the company in the village. 45% of Unilever's turnover comes from rural areas. Earlier the company had initiated a similar exercise a few years back with self-support groups involving women entrepreneurs to distribute its products. Such reference groups will motivate prospective members to join the group and it is useful to the company as well as the member joining the self-support group.

## Application 2: Social Media and Reference Groups

Social media played a significant role in the diffusion of e-retailers (online sellers) like Shoppers Shop, travel sites like Yatra and Make My Trip, and Deal trailers like Fashion and You (daily and discounted offerings on a daily basis with regard to branded items). Besides, group buying was also reflected through such online social interactions.

### Notes

## Factors Affecting Reference Group Influence

The degree of influence that a reference group exerts on an individual's behavior depends on the individual, product, and social factors. These factors include conformity, the group's power and expertise, the individual's experience and personality, and the conspicuousness of the product.

### Conformity

The objective of some marketers, especially market leaders, is to enhance consumer conformity. They often do so by portraying reference group influences in their promotions. In contrast, marketers of new brands or brands that are not market leaders often try to convince consumers to be different and not follow the crowd. To influence its members, a reference group must:

1. Inform or make members aware that the brand or product exists.
2. Provide the individual with the opportunity to compare his or her own thinking with the attitudes and behavior of the group.
3. Influence the individual to adopt attitudes and behavior that are consistent with the group's norms.
4. Legitimize the member's decision to use the same products as other members.



Source: Source: RosaleneBetancourt 13 / Alamy Stock Photo

**FIGURE 7.4** Discouraging Conformity to Group Influence**Notes**

The MADD ad in Figure 7.4 discourages a reckless conduct—drunk driving—that young people (especially males) often engage in because they want to be liked by their “buddies” and, especially when intoxicated, participate in risky and often tragic behaviors encouraged in party-like “macho” settings. The ad implies that driving with drunken buddies legitimizes one’s drunk driving, because peers are an important reference group. Young adults will respond to this message because it is credible. The ad portrays reference group influence that ended up tragically and is likely to persuade young men not to make the same mistake that the dead driver did. Table 7.2 lists several characteristics of individuals who are likely to conform to groups’ behaviors and established practices.

**TABLE 7.2 Characteristics of Conformists**

1. They feel that if someone is behaving in a certain way in a group, that is the right way to behave.
2. They prefer wearing stylish clothing and pay attention to what others are wearing.
3. They try to fit in during social gatherings so as not to be out of place.
4. They are guided by others’ behavior if they feel unsure how to behave in a situation.
5. They often behave in a manner they feel others want them to behave.
6. They change their mannerisms and approaches if they feel that someone they are interacting with disapproves of them.
7. They often pick up slang expressions from others and start using them.
8. They always pay close attention to others’ reactions to their behaviors.

## Groups' Power and Expertise

Different reference groups may influence the beliefs, attitudes, and behaviors of individuals at different times or under different circumstances. For example, the dress habits of a young staff member working for a conservative law firm may vary, depending on her place and role. She conforms to the dress code of her office by wearing conservative clothing and skirts or dresses that end below the knee by day, but may wear more trendy, flamboyant, revealing styles when she goes out with her friends.

Consumers who are primarily concerned with approval from others usually adopt the same products and brands as those group members who have status. When consumers are preoccupied with the power that a person or group can exert over them, they often purchase products that conform to the norms of that person or group in order to be complimented on their choices. However, unlike reference groups that are not power based, “power groups” may bring about behaviors, but not changes in attitudes. Individuals may conform to the behavior of powerful persons or groups, but probably will neither change their attitudes nor internalize their choices.

## Relevant Information and Experience

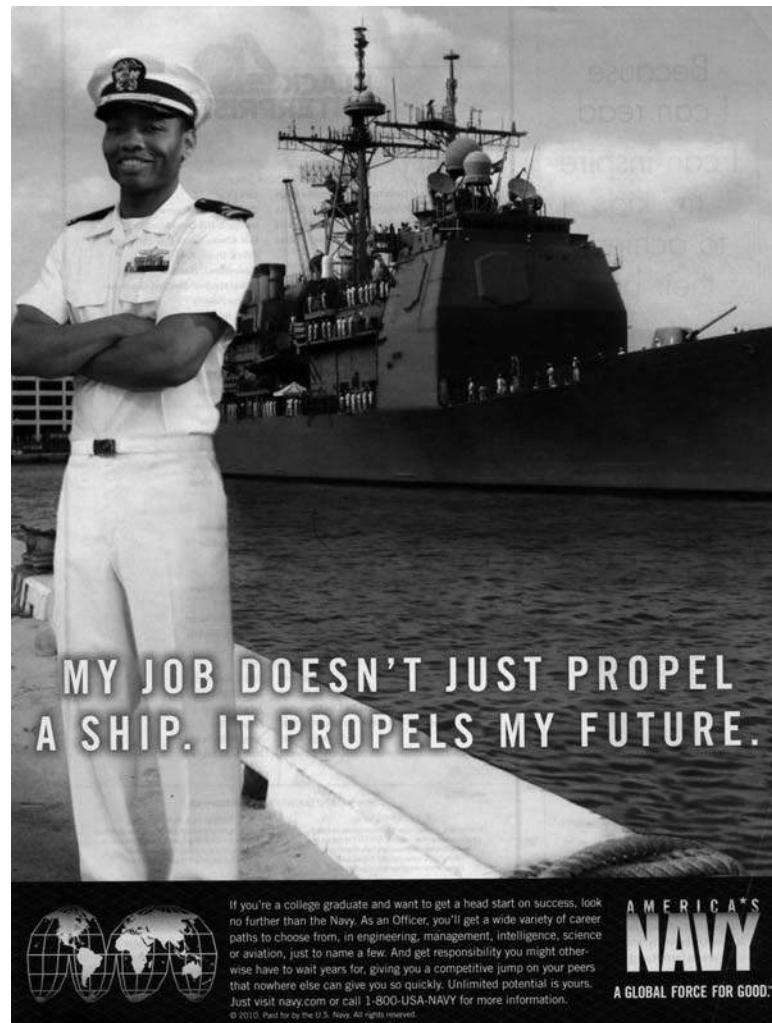
Individuals who have firsthand experience with a product or service, or can easily obtain detailed information about it, are less likely to be influenced by the advice or example of others. In contrast, persons who have little or no experience with an item, and do not trust advertising messages, are more likely to seek out the advice or example of others. For instance, when a young corporate sales rep wants to impress his client, he may take her to a restaurant that he has visited before and liked or to one that has been highly recommended by a restaurant guide. If he has neither personal experience nor information, he may seek the advice of a friend, or imitate the behavior of others by taking the client to a restaurant that is frequented by executives whom he views as role models. One study examined how product and consumer characteristics moderate the influence of online consumer reviews on product sales using data from the video game industry. The findings indicated that online reviews were more influential for less popular games and games whose players had greater Internet experience.

The ad for the U.S. Navy in Figure 7.5 shows a sailor, who, to young civilians, is a member of a symbolic reference group that, unlike most symbolic groups, they can potentially join. The ad's objective is to encourage young men and women become members of a select group—the Navy. The ad shows a sailor who has the information and experience to advocate joining the Navy. Potential recruits are likely to find him a credible role model and believe his statement that in addition to moving ships (by using propellers), the Navy has given him a promising career and “advanced” (or propelled) his future.

## Product Conspicuousness

The degree of reference group influence on purchase decisions varies according to product conspicuousness. A conspicuous product is one that stands out and is noticed by others, such as an expensive watch or a newly released digital

## Notes



Source: United States Navy

FIGURE 7.5 A Credible Role Model



FIGURE 7.6 A Conspicuous Product

camera. Products that are especially conspicuous and status revealing (e.g., a large diamond ring) are most likely to be purchased with an eye to the reactions of relevant others. The ALT magazine ad in Figure 7.6 features a conspicuous product. Privately consumed products that are less conspicuous (shaving cream or bath soap) are less likely to be purchased with a reference group in mind. Table 7.3 depicts a framework illustrating that more-conspicuous products are subject to greater reference group influence, both in terms of owning the product to begin with and the brand or type owned. The opposite is true for less-conspicuous products. For example, a person's reference group will have strong influence on whether or not to have a tattoo or piercing, as well as on the type of piercing one gets or the design of a tattoo, because both are highly visible. Because some people wear jewelry and others do not, reference groups are likely to influence only the type of jewelry a person chooses to wear, but not whether or not to wear jewelry. In contrast, a reference group will influence neither one's decision to use or not use toothpaste (because everyone uses this product) nor the brand chosen (because the brand of toothpaste one uses is invisible to others).

Walk down any street in America and you will see someone wearing a hat, T-shirt, or jacket emblazoned with the logo of a famous sports team. Similarly, while driving, look at the license plates of passing cars. Very quickly, you will see license plates containing variations of the names and logos of universities, favorite sports teams, environmental groups, and many other institutions and causes. Research has found that among

*Source: Egmont Hjemmet Mortensen*

TABLE 7.3 Product Conspicuousness, and Reference Group Influence<sup>a</sup>

	PRODUCTS	REFERENCE GROUP INFLUENCE ON BUYING OR NOT BUYING	REFERENCE GROUP INFLUENCE ON BRAND
<b>Very Conspicuous</b>	Piercing	+	+
	Tattoo	+	+
	Jewelry	=	+
	Baseball cap	=	+
	Smartphone and apps	=	+
	Magazine read online	=	+
	Dance clubs	=	+
	Hairspray	-	-
	Contact lenses	-	-
	Undergarments	-	-
<b>Not Conspicuous At All</b>	Toothpaste	-	-

<sup>a</sup> + considerable influence; = neutral; - no influence

those attending a sporting event, the more an individual identifies with a particular team, the more likely he is to purchase the products of the companies that sponsor that team. Interestingly, technology has affected conspicuousness. Before e-readers, many women avoid reading printed erotica in public, because they were concerned that the books' titles, which were visible on the

covers for others to see, would reflect badly on them and reinforce the “dumb blonde” stereotype. However, with e-readers, what one reads publicly is invisible and scores of erotica books have been written and rapidly sold; several even became best sellers.

### Notes

#### Personality Characteristics

Several personality traits affect the degree of a reference group's influence on its members. People who are compliant, have a tendency to conform need to be affiliated and liked by others, and are other-directed are more receptive to group influences. Competitive people who desire to control other people and events and are inner-directed are less likely to look for guidance from reference groups.

#### Reference Groups, Self Concepts, and Brand Associations

New age guru Deepak Chopra may be of the view that one should not look at others for identity to avoid stress. But reference group concept in marketing examines how groups can influence the attitudes, behavior, and purchase of brands by individual consumers and how consumers respond to reference groups. Fastrack, Café Coffee Day, Red Bull, and Facebook are just some of the brand names that trigger group associations concerning groups of youngsters associated with the respective target segment. Reference groups play an important role in the diffusion of some brands associated with groups. Most of these brands have a strong element of self-concept and the combination of self-concepts with reference group concept generates a number of options to marketers. There may be consumers who derive a part of their self-identity by using brands associated with the groups that they like (in-group) and avoid brands associated with the groups that they do not like. For instance, Fastrack's provocative digital campaign for its Tee range may be associated with the ‘id’ part of Freudian theory on psychology. A consumer who likes the associations of the brand and the group that likes the brand may want to associate himself or herself with the group (in-group). However, some individuals who do not believe in such reflection of the ‘id’ factor in ads may not like to be associated with the brand or group that likes the brand (out-group for a consumer who does not like the brand). A consumer using Louis Phillippe formal brand of shirt may also like the LP brand of casual brand from the same company. The associations of both these brands from the same company may target the same consumer belonging to the same reference group. The situation of usage concerned with the usage of brands by the consumer may vary, but the associations may be acceptable to the same reference group. Some consumers even within the same group (in-group) may have a self-concept by which they are “independent” (meaning that even though they belong to the in-group, they would like to have a brand association that is different from the in-group members as a part of their self-concept). Such a situation may call for a brand association that offers a distinctive association but the one that does not negatively impact the others in the In-group. Special edition of Mont Blanc pens or other premium and luxury goods are examples that attract “independent” in-group consumers who have a self concept that is in tune with the in-group, but will still subtly get differentiated to convey a degree of individuality by possessing the limited edition versions of the brand. Several of the self concept-reference group connections may vary in strength and intensity. A brand, marketing to youngsters, may be able to split the entire market for the product category into possible in-groups and out-groups and map the brands associated with the respective groups.

#### Credibility of Spokespersons, Endorsers, and Other Formal Sources

**Source credibility** is the believability of the endorser, spokesperson, or individual in an advertisement. The spokesperson can be an actual customer, a company employee, a celebrity, or a model. Researchers have identified the following dimensions in measuring the credibility of a person or organization: Expertise, trustworthiness, attractiveness, and likability. Consumers recognize that the intentions of commercial entities (e.g., manufacturers, service companies, financial institutions, retailers) are to generate profits and therefore view marketers as less credible than informal reference groups. Companies can convey credibility through solid past performance, good reputation, product quality, and good service. Their perceived credibility is also a function of the image and attractiveness of their spokespersons, the reputation of the retailers that carry their offerings, and the media where they advertise. One study of sponsorships of sporting teams showed that a clearly perceived fit between the sponsor and the entity being supported strongly enhanced the sponsor's credibility.

#### Learning Objective

- 2 To understand the persuasive power and credibility of spokespersons, endorsers, celebrities, salespersons, vendors, and media.

**Notes**

Firms with well-established reputations have an easier time selling their products than firms with lesser reputations. Consumers perceive well-established and liked brands as credible and, therefore, these brands often introduce new items under the same brand name. Marketers also use **institutional advertising**, which consists of promoting a company's image without referring to any of its specific offerings.

Not-for-profit sources generally have more credibility than for-profit (commercial) sources. Formal sources that are perceived to be "neutral"—such as Consumer Reports (an American magazine published monthly since 1936), a consumption-related report, or an exposé in reputable media—have greater credibility than commercial sources, because they are viewed as more objective in their product assessments. That is why *publicity* is so valuable to a manufacturer: Consumers believe citations of products in editorial contexts more than they do paid advertisements.

## Endorsers and Spokespersons

Many studies have investigated the relationship between the effectiveness of the messages and the spokespersons or endorsers they feature. The key findings of this research are as follows:

1. The synergy between the endorser and the type of product or service advertised is very important. The greater the fit between the celebrity and the product endorsed, the higher the persuasiveness of the message. Therefore, for example, for personal grooming products, a physically attractive celebrity spokesperson is likely to enhance message credibility and generate a favorable and enduring attitude toward the brand. For products unrelated to physical appearance (e.g., detergents), an attractive endorser is unlikely to have an effect. A glamorous celebrity endorser is more likely to be perceived as a credible source, and positively affect attitudes toward the brand, if featured in an ad for a *hedonistic* product (e.g., a very expensive watch) than for a *utilitarian* one (e.g., an inexpensive, everyday watch).
2. Endorsers whose demographic characteristics (e.g., age and ethnicity) are similar to those of the target audiences are viewed as more credible and persuasive than those whose characteristics are not. For instance, consumers with strong ethnic identifications are more likely to be persuaded by endorsers of similar ethnicities than individuals with weaker ethnic identifications. A person's ethnic identification is the degree to which she identifies herself as a member of her ethnic group.
3. Although consumers may like an ad featuring a famous endorser, they will buy the product advertised only if they trust the marketer as well. Thus, when marketers measure the persuasiveness of advertising messages that feature famous endorsers, they must also measure consumers' attitudes toward the brands advertised, as well as consumers', purchase intentions.
4. Marketers who use celebrities in testimonials or endorsements must ensure that the message contents are congruent with spokespersons' qualifications. A tennis star can believably endorse a brand of an analgesic and comment about how it relieves sore muscle pain. However, a recitation of medical evidence supporting the brand's superiority over other brands is beyond his or her expected knowledge and expertise, and thus may reduce (rather than enhance) message credibility. One study indicated that both perceived expertise and trustworthiness might change consumers' attitudes favorably toward products, and that trustworthy sources did not alter attitudes without being perceived as experts.

Thus, in selecting endorsers, marketers must ensure that there is a synergy among the celebrity's trustworthiness, expertise, physical attractiveness, and the product or brand endorsed. They must also take into account the celebrity's number of prior endorsements, because consumers perceive celebrities who appear in commercials too often as less credible than celebs with lesser commercial exposure.

## Celebrities

Celebrities, particularly movie stars, TV personalities, popular entertainers, and sports icons, are a symbolic reference group because they are liked, admired, and often have a high degree of perceived credibility. Therefore, many marketers use them to promote their products and services; by some estimates, 25% of U.S. commercials include celebrity endorsers. To their fans and much of the public, celebrities represent an idealization of a life that most people imagine that they would love to live. Advertisers spend enormous sums of money to have celebrities promote their products, with the expectation that the reading or viewing audience will react positively to the celebrity's association with their products.

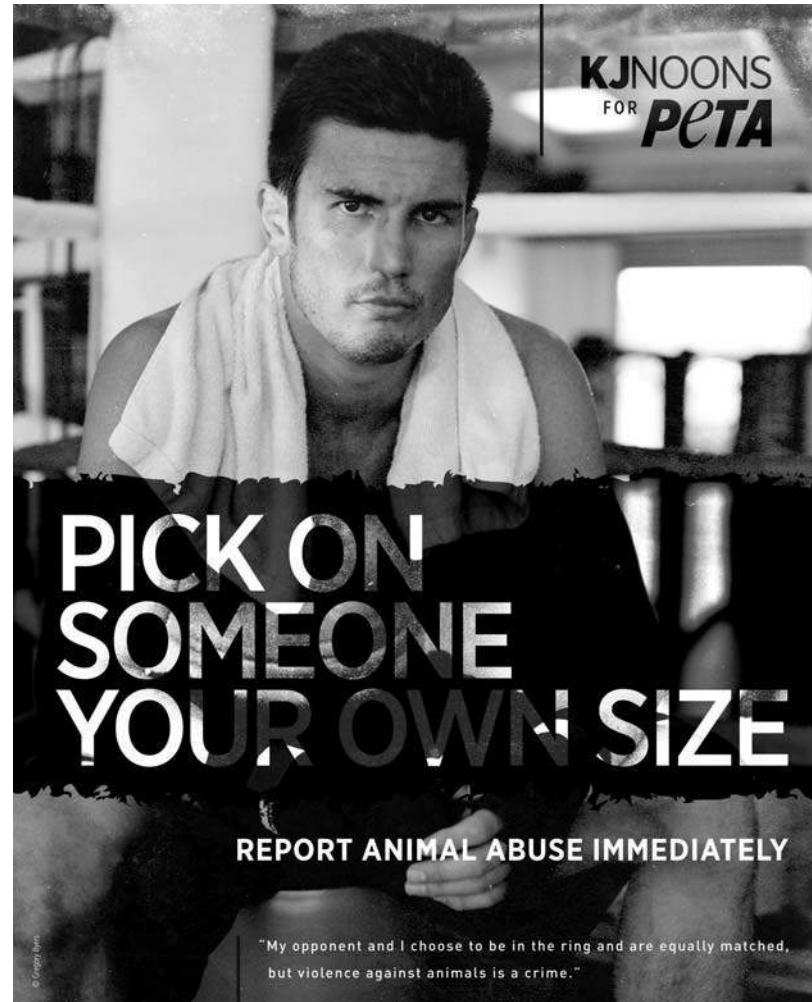
The “pitchman” (or woman) who appears in a promotional message has enormous influence on the credibility of the message. Of all the benefits that a celebrity might contribute to a firm’s advertising program—fame, talent, credibility, or charisma—credibility is the most important. By celebrity credibility, we mean the audience’s perception of both the celebrity’s *expertise* (how much the celebrity knows about the product area) and *trustworthiness* (how honest the celebrity is about what he or she says about the product). To illustrate, when a celebrity endorses only one product, consumers are likely to perceive the product in a highly favorable light and purchase it. In contrast, when a celebrity endorses a variety of products, his or her perceived credibility is reduced because then the economic motivation underlying the celebrity’s endorsements becomes too pronounced. A study that examined the impact of celebrity athlete endorsers on teens found that such endorsers generated favorable word-of-mouth and increased consumers’ brand loyalties. This study also found that female teens provided more favorable word-of-mouth about products endorsed by their favorite celebrity athletes than did male teens. Today’s sophisticated consumers are seeking greater authenticity in marketing from the brands they like. Thus, PepsiCo had a hybrid project with Beyoncé that included her appearances in commercials, as well as a multimillion-dollar fund to support some of her creative projects. Pepsi’s goal was to enhance its reputation with consumers by acting as an artistic patron instead of simply paying for celebrity endorsements.

Marketers employ celebrities in promotion in the following ways:

- 1. Celebrity testimonial**—Based on personal usage, the celebrity attests to the product’s quality. A campaign for golf equipment featured Justin Timberlake—adored by millions of teens and young adults—in an attempt to make the game of golf more appealing and “sexy.” A TV ad for an advanced model of the iPhone featured Martin Scorsese—a legendary movie director—using the phone’s Siri feature to schedule appointments and check traffic conditions.
- 2. Celebrity endorsement**—Celebrities appear on behalf of products, with which they may or may not have direct experience or familiarity. For example, Chuck Norris—the martial art star—has been featured in social media ads for Era detergent. The campaign’s theme is that Era is as tough on stains as Chuck Norris is on the “bad guys” (in movies). Figure 7.7 features “K.J.” Noons—a kickboxing and martial arts champion—as a spokesperson for a not-for-profit organization named People for the Ethical Treatment of Animals (PETA). “K.J.” is a tough fighter and he states that while he and his opponents in the ring are equally matched, animals often need protection from violence and abuse by bigger and stronger humans. The depiction of a strong, tough person protecting helpless animals makes the message credible.
- 3. Celebrity actor**—The celebrity plays a part in a commercial for the product.
- 4. Celebrity spokesperson**—The celebrity represents the brand or company over an extended period. For example, James Bond—one of the world’s iconic superheroes—has become a spokesperson for the Omega watch and the exclusive Aston Martin luxury car.

Not all companies feel that using celebrity endorsers is the best way to advertise. Some companies avoid celebrities because they fear that if the celebrity gets

### Notes



Source: Egmont Hjemmet Mortensen

FIGURE 7.7 A Celebrity Endorsement

**Notes**

involved in some undesirable act or event (e.g., an ugly matrimonial problem, a scandal, or an arrest and criminal charges), the resulting press coverage will negatively affect sales of the endorsed brand. For example, after Rush Limbaugh—a conservative and often combative radio talk show host—called a young female student a “slut” and “prostitute” because she supported contraception, a lot of marketers stopped advertising on his show. Similarly, after stories about John Travolta’s gay sexual escapades appeared in the media, he was immediately replaced in ads for a very expensive watch, although he had appeared in those ads for years. Tiger Woods also lost many of his commercial endorsement gigs after it was revealed that he had cheated on his wife with strippers and was addicted to sex. Aflac Insurance fired a famous comedian, who supplied the voice of the company’s duck mascot for more than a decade, after he posted jokes about the earthquake and tsunami in Japan. Oscar Pistorius, a double amputee who races on carbon-fiber blades and competed in the Olympics, has been featured in many Nike campaigns; one ad showed him starting to sprint with the CAP: “I am the bullet in the chamber.” However, Nike dropped Pistorius from its ad campaigns after the South African sports star was charged with murder in the shooting death of his girlfriend.

Many ads show everyday consumers endorsing products. For instance, TV commercials for Broadway shows often feature people raving about a musical as they are coming out of the theater. One study discovered that “slice-of-life commercials”—promotional messages showing typical consumers in everyday situations—were more effective than commercials featuring either a fantasy or emotional appeals. The ethnicity and gender of the model affected the customers’ perceptions of credibility.

### Salesperson Credibility

Salespeople who engender confidence and who give the impression of honesty and integrity are most persuasive. A salesperson who “looks you in the eye” often is perceived as more honest than one who evades direct eye contact. For many products, a sales representative who dresses well and drives an expensive, late-model car may have more credibility than one without such outward signs of success. For other products, a salesperson may achieve more credibility by dressing in the role of an expert. For example, a person selling home improvement products is likely to be perceived as more credible if he looks like someone who has just climbed off a roof or out of a basement, rather than like a banker.

### Vendor Credibility

The reputation of the retailer who sells the product has a major influence on message credibility. Products sold by well-known, quality stores carry the added endorsement (and implicit guarantee) of the store itself (e.g., “If Amazon.com recommends it, it must be a good book”). The aura of credibility generated by a reputable vendor reinforces the manufacturer’s message as well. That is why so many ads for national brands often list the stores carrying the product.

The consumer’s previous experience with the product or vendor has a major impact on the credibility of the message. Fulfilled product expectations increase the credibility accorded to future messages by the same advertiser; unfulfilled product claims or disappointing product experiences reduce the credibility of future messages. Thus, the key basis for message credibility is the ability of the product, service, or brand to deliver consistent quality, value, and satisfaction to consumers.

### Medium Credibility

The reputation of the medium that carries the advertisement also enhances the credibility of the message. For example, the image of Vogue confers an added status on the products advertised in that magazine. Most consumers believe that a respectable medium would only advertise products that it “knows” to be of good quality. Because specialization implies knowledge and expertise, consumers regard advertising they see in special-interest magazines and websites as more credible than ads in general-interest sources.

A source’s credibility may rapidly decline. For decades, Oprah Winfrey has been one of the most credible sources in America. However, her credibility declined sharply after her show hosted a writer who made up the supposedly personal accounts of hardships and other dramatic experiences that he published in a book about his life. Similarly, Dan Rather, a very famous journalist, was fired from his position on 60 Minutes—a highly respected TV news magazine created in 1968—after he cited erroneous facts in a broadcasted segment. Clearly, such negative events

are likely to adversely affect the reputations of products advertised during these TV shows; although the effects are mostly temporary, marketers must be prepared for these repercussions.

### Notes

## Effects of Time on Source Credibility

When information is transferred from the short-term memory to the cerebral cortex (where long-term memory is located), over time, it is separated from the context in which it was learned. For example, although you know that the nation's capital is Washington, D.C., you probably do not remember how you learned this piece of information. One's disassociation of the message from its source over time, and remembering only the message content but not its source, is called the **sleeper effect**. Thus, though a high-credibility source is initially more influential than a low-credibility source, studies show that both positive and negative credibility effects tend to disappear after six weeks or so. Furthermore, the theory of **differential decay** suggests that the memory of a negative cue (e.g., a low-credibility source) simply decays faster than the message itself, leaving behind the primary message content. However, reintroduction of the same or similar message by the source serves to jog the audience's memory, and the original effect remanifests itself; that is, the high-credibility source remains more persuasive than the low-credibility source. For marketers, the implication of the sleeper effect and differential decay is that messages featuring high-credibility spokespersons must be repeated regularly if they are to maintain high levels of persuasiveness.

## Celebrity Appeals in the Indian Context

Celebrities are important elements of reference group concepts. They have been a part of the Indian culture for several decades and they inspire consumers (in the respective segment) in various ways using their expertise, credibility, and charisma.

How can celebrities add value to brand positioning aspects and brand associations when concepts of reference groups are applied?

There are several ways by which celebrities can add value to positioning strategies. The Indian context perhaps offers the most diverse examples in the world, both in terms of product categories that employ celebrities and the nature of the celebrities employed by them. Sachin Tendulkar, Amitabh Bachchan, and Shah Rukh Khan are celebrities who have represented diverse categories over the years and it would be interesting to research if there are such examples in the world.

The following are examples from the Indian context (the examples present historical and contemporary ones):

- Palmolive shaving cream : Kapil Dev and Sunil Gavaskar's endorsement of its effectiveness (charisma of the celebrity endorses the brand; this is common even in the present day context).
- Brylcreem : Farokh Engineer, the dashing opening batsman and wicketkeeper of the seventies, endorsed the brand to give it a racy, sporty touch.
- Lux : Positioned as a luxury soap, topical celebrities are chosen time to time (Glamour, charisma, and endorsement add value).
- Boost : Sachin Tendulkar (a sportsman's knowledgeable endorsement of a brand on its supply of energy).
- Raga : Katrina Kaif's endorsement for a watch that was created for the ethnic woman to showcase her beauty and sensuality.
- Reid and Taylor : Amitabh Bachchan replacing James Bond for the higher-end brand from S. Kumar (apparel brand).
- Gold Café : Pataudi endorsed this classy, granular coffee brand.
- Asian Paints : Saif Ali Khan endorsed its brand and associated with fun and surprise.
- Junior Parker : Amitabh endorsed its class when Parker introduced a lower priced version.
- XYLYZ : The luxury watch brand from Titan launched a campaign that had a sports celebrity, fashion celebrity and a technologist endorsing it (to create a new image of a luxury watch).
- Guess : Priyanka Chopra was selected by this American denim brand because she resembled Sophia Lauren.
- Fiamma Di Wills : Deepika Padukone endorsed the brand's 'science with nature' proposition.
- Thumps Up : Salman Khan's image provided the 'tough, rugged and adventurous' impression to the brand.

**Notes**

Pleasure	: A two wheeler launched exclusively for women had Priyanka Chopra breaking cultural beliefs ('That stupid Village girl' TV ad) to provide an image of 'modern, independent, and self-assured' user imagery.
30 Plus	: A tablet that was focused on energy had actor Jitendra (nineties) known for his 'energy-based' roles endorsing it.
Knorr Soup	: Kajol endorsed the brand suggesting the fun involved serving it for kids. The ad shows the actress as a caring mother having fun with her kids.
Snickers	: The brand of chocolate from Mars company had Rekha and positioned it as a Snack with the tagline 'Hungry? Grab a Snickers.'
Cadbury	: Amitabh was used to enhance the trustworthiness of (chocolate) the brand after there was a furore with worms being found in the chocolate offering of the brand.
Chinny Pickles	: Used a regional celebrity in Tamilnadu to advocate for the regional delicacy.
Anacin	: Used a regional celebrity to advocate the relieving (analgesic) action of the offering (observational learning is indicated in this example as viewers would observe the relief experienced by the model and by the tablet when required).
Van Heusen	: The readymade apparel brand had Deepika Padukone to provide a modern and sophisticated fashion association among its target segment.
Nesfit	: Had Sachin, Leander Paes, and Prakash Padukone to endorse the (Nestle) effectiveness of the offering.
Yamaha bikes	: John Abraham to provide an youthful and modern association as the brand had not advertised as frequently as its competitors before.
Cinthol	: Featured cricketer Imran Khan during the eighties when he was at the peak of his career (perhaps to bring in a topical association).
Sun Feast	: Featured Shah Rukh Khan in a playful sequence with children to cash in on the car's popularity with kids when the brand was launched.
Santro	: Starring Shah Rukh Khan to endorse its brand and gain visibility in a market where the brand was completely new and competing brands were strongly positioned. The star was also used for its subsequent ilo launch.
Taj (tea)	: The noted tabla player, Zakir Hussain, was used in the initial years to reflect the fine preference of the classical artist. Later Saif Ali Khan was introduced to make the brand connect with the target segment.

*Note:* The associations used in the explanation are based on the author's perception/analysis/interpretation of the ads and information. It was meant to provide academic understanding of the concepts involved; they may not reflect the perception of consumers.

**Learning Objective**

- 3 To understand the dynamics and measurement of opinion leadership and word-of-mouth.

**Word-of-Mouth and Opinion Leadership**

Originally, sociologists who studied the communications process among peers named it **opinion leadership**, defined as the process by which one person—the opinion leader—informally influences others, who might be either opinion seekers or recipients. This influence occurs between two or more people, neither of whom is or represents a commercial seller or would gain directly from providing advice or information. Opinion receivers view the intentions of opinion leaders as being in their best interests, because the opinion leaders receive no material gain for the advice they provide. Because opinion leaders often base their product comments on firsthand experience, their advice reduces the opinion receivers' perceived risk and anxiety in the course of buying new products. Furthermore, opinion leaders view any feedback they get about their prior recommendations from opinion receivers as credible and are likely to include it in the advice they provide to others in the future.

Opinion leaders provide both information and advice. They talk about their experiences with products and advise others whether or not to buy products or brands. The information that opinion leaders transmit includes advice on selecting the best brands, using the products correctly, where to buy the products, and other aspects. Opinion leaders are particularly important when it comes to recommending service providers with whom they have had personal relationships, such as doctors, lawyers, hairdressers, garage mechanics, restaurants, or travel companies, because small service businesses have very limited advertising resources, and the main way they can get new customers is via recommendations by existing clients.

Generally speaking, opinion leadership is *category specific*; that is, opinion leaders often specialize in certain product categories about which they offer information and advice. When

**TABLE 7.4** The Motivations of Opinion Leaders and Receivers

OPINION LEADERS	OPINION RECEIVERS
<b>Self-Involvement</b>	<ul style="list-style-type: none"> <li>• Reduce post-purchase dissonance</li> <li>• Gain attention from others</li> <li>• Show off expertise</li> <li>• Experience “converting” others</li> </ul>
<b>Product Involvement</b>	<ul style="list-style-type: none"> <li>• Express satisfaction or complain about a product or service</li> <li>• Learn additional and more efficient ways to use products</li> <li>• Learn about newly introduced products</li> </ul>
<b>Social Involvement</b>	<ul style="list-style-type: none"> <li>• Express friendship by providing others with consumption-related information</li> <li>• Buy products that have the approval of others</li> </ul>

other product categories are discussed, however, they are just as likely to reverse their roles and become opinion receivers. A person may be very knowledgeable about cars and a lot of people may ask for his advice when contemplating buying a new automobile. But, when he considers buying, say, a new iMac, he may seek advice from someone else whom he considers an opinion leader regarding technology; this might even be the same person who asked the iMac buyer for advice when buying a new car.

Getting the attention of trendsetters is crucial for most companies because a tweet or a Facebook post can generate great interest. New York’s Comic Con—an annual gathering of comic-book and science-fiction fans—included representatives from Mattel, Disney, and Nintendo, among others. Marketers realize that attendees at such events are people who are setting trends. They are the early adopters of science-fiction-related items and the people who make them “hot” and immensely popular.

Opinion leadership is a two-way street. A word-of-mouth encounter may start by one party offering advice or information about a product to another party. However, this opinion leader may become an opinion receiver later on. For example, a student going on her first job interview may seek information from other students who have already gone on several job interviews (i.e., opinion leaders). She might ask them about the questions posed, how they dressed, and which aspects of the interviews they found unexpected and stressful. However, after her own interview, she is likely to share her experiences with those who had advised her. At that point, those who previously advised her become opinion receivers and will probably share her insights about interviewing with others seeking their advice in the future. Indeed, the input from opinion receivers to opinion leaders becomes part of the opinion leaders’ expertise. The motivations of opinion leaders and receivers are featured in Table 7.4.

### Notes

## Characteristics of Opinion Leaders

Just who are opinion leaders? Can they be recognized by any distinctive characteristics? Can they be reached through specific media? Marketers have long sought answers to these questions, for if they are able to identify the relevant opinion leaders for their products, they can design marketing messages that will inspire opinion leaders to communicate with and influence the consumption behavior of others. For this reason, consumer researchers have attempted to develop a profile of the opinion leader. This has not been easy to do, because opinion leaders often specialize in certain product categories about which they offer information and advice. When other product categories are at issue, they become opinion receivers. A person who is considered particularly knowledgeable about home electronics may be an opinion leader in terms of this subject, yet when it comes to purchasing a new washing machine, the same person may seek advice from someone else—perhaps even from someone who has sought his advice on home electronics.

Although it is difficult to construct a profile of the opinion leader without focusing on a particular product category, studies indicate that, in the context of consumer behavior, opinion leaders share the following characteristics, which are also

**TABLE 7.5 Characteristics of Fashion Opinion Leaders**

1. Their opinions on fashions count with others.
2. When it comes to fashionable clothing, people turn to them for advice.
3. People know that they know how to pick fashionable clothing.
4. They often persuade people to buy the fashions they like.
5. They influence people's opinions about clothing.
6. They find shopping stimulating and an adventure.
7. They enjoy shopping with friends and family.
8. They enjoy shopping when they try to find just the perfect gifts.
9. They often go shopping when they want to treat themselves to something special.
10. They shop to keep up with the new trends and fashions.

**Notes**

1. Opinion leaders are highly knowledgeable regarding a particular product category, follow new products that come into the markets, and are often consumer innovators in their area of expertise.
2. Opinion leaders are self-confident, outgoing, and sociable. They readily discuss products and consumption behaviors with others.
3. Opinion leaders read special-interest publications and regularly visit websites devoted to the specific topic or product category in which they specialize. They have specialized knowledge that enables them to make effective recommendations to relatives, friends, and neighbors.
4. Usually, opinion leaders and receivers belong to the same socioeconomic and age groups.

Word-of-mouth is highly important in the fashion industry where styles change frequently and "social approval" is a key factor in one's decision to adopt a particular fashion or not. Table 7.5 lists the most noted characteristics of fashion opinion leaders.

### **Measuring Opinion Leadership**

Consumer researchers can measure the degree of opinion leadership and its impact on consumption behavior by using one of the following methods: (1) The self-designating method, (2) The sociometric method, and the (3) The key informant method. Additionally, Klout scores measure people's degree of influence online.

#### **Self-Designating Method**

The **self-designating method** employs a self-administered questionnaire that requires respondents to evaluate the extent to which they have provided others with information about a product category or specific brand or have otherwise influenced the purchase decisions of others. Table 7.6 lists sample questions that can be used in a study of technological opinion leaders. Marketers use the self-designating technique more often than other methods because it is self-administered and can be easily incorporated into marketing research questionnaires. However, this method relies on consumers' self-evaluations, and respondents often overestimate their roles as opinion leaders.

#### **Sociometric Method**

The **sociometric method** measures the person-to-person communications about a product or brand among members of a community where most people know each other by name (e.g., a college dormitory or sorority). Respondents are asked to identify:

**TABLE 7.6 Sample Items Used in the Self-Designation of Opinion Leaders (responses on a "Strongly Agree" to "Strongly Disagree" Scale)**

1. I am usually the first one in my circle of friends to know about new technologies.
2. I know more about technologies than most people.
3. My opinions about technologies count with other people.
4. When considering buying a new technological product, people turn to me for advice.
5. I often influence others' opinions about technologies.
6. People know that I use the same products that I recommend.
7. I often influence people to buy the same technological products that I like.

1. The specific individuals (if any) to whom they provided advice or information about the product or brand under study.
2. The specific individuals (if any) who provided them with advice or information about the same product or brand.

### Notes

If respondents identify one or more individuals to whom they have provided some form of product information and those individuals confirm the respondents receive “opinion leadership points.” Then, the people from whom the respondents received advice are interviewed and asked to confirm the respondents’ reports. On the basis of these interviews, respondents receive “opinion receivership points.” One’s designation as an opinion leader or receiver is based on comparing the two sets of scores.

Sociometric questioning provides the most valid results for designating opinion leaders and receivers. However, the questioning is expensive and analyzing the results is complex. In addition, this method can be used only within populations where most members know each other by name and regularly interact; it is inapplicable for studies that use large samples.

### Key Informant Method

Researchers can also study opinion leadership by using a **key informant**, that is, a person who is keenly knowledgeable about the nature of social communications among members of a specific group. Researchers ask the key informant to identify those individuals in the group who are opinion leaders. However, the key informant does not have to be a member of the group under study. For example, a professor can be a key informant and identify those among his students who are most likely to be opinion leaders about a particular product. This research method is relatively inexpensive because it involves collecting data from one person only, whereas the self-designating and sociometric methods require questioning many respondents. Marketers seldom employ the key informant method, though, because it is very difficult to find a single individual who can objectively identify opinion leaders within a given consumer group.

### Klout Scores

The **Klout score** measures people’s influence online based on their abilities to generate engagement and feedback to what they post. For example, if a person posts a picture of a new restaurant online and others respond, possibly by also visiting the restaurant and posting reviews, the person accumulates Klout points. Klout measures influence on a scale of 1 to 100 (the average Klout score is 40); the greater one’s ability to drive conversations and inspire social actions such as likes, shares, and re-tweets, the higher one’s score will be. The Klout score focuses on the amount of conversation and interactions that people generate, rather than the volume of their posts; that is, the score is designed to determine one’s degree of influence and not merely activity. Klout sells the information it “mines” to customers like airlines and banks. Those companies then offer “secret” rewards or more responsive customer service to the people with high scores. For example, one airline began allowing people with Klout scores over 40 to visit its first-class airport lounge. Some hotels examine people’s Klout scores as they check in and provide perks to guests with higher scores.

As Klout scores became increasingly popular among businesses trying to identify and reach opinion leaders online, Klout broadened the sources from which it “mines” information. To measure real-world influence more accurately, Klout added Wikipedia to the mix. If a person has been featured on a Wikipedia page and that page has a high Google PageRank (a value indicating the importance of a particular page), the person’s score will rise; if others link to that Wikipedia page, the score will climb even higher. Klout also added a feature called “moments,” which are posts that generated action from the people in one’s social networks, such as tweets that received a lot of re-tweets and replies, or a Facebook post that started a discussion among one’s friends.

## Strategic Applications of Word-of-Mouth

In marketing, word-of-mouth consists of transmitting advice and other types of information about products, brands, and shopping experiences. Until about 15 years ago, any consumption-related information transmitted by a consumer could reach relatively few people (e.g., the person’s friends, family, work groups, and members of other organizations to which the person belonged). Today, one’s review of a movie, book, product, university, professor, and even employer can be easily and quickly posted online and reach thousands of people. Furthermore, constantly emerging new technologies allow people to compile and post increasingly sophisticated and

### Learning Objective

- 4 To understand the strategic applications, advantages, and potential perils of word-of-mouth.

**Notes**

attention-getting materials online and vividly share their consumption experience with others, both visually and verbally.

Word-of-mouth taking place online is called **e-wom** and occurs in social networks, brand communities, blogs, chat rooms, and tweets.

## Social Networks

Online, **social networks** are virtual communities where people share information about themselves with others, generally with similar interests, with whom they have established relationships that, for the most part, exist only in cyberspace. Because consumption and the products people buy are integral parts of their lives, their online profiles and discussions with others include a tremendous amount of purchase information and advice. The major social networks are Facebook, YouTube, Twitter, and Myspace.

One study identified three dimensions underlying consumers' engagement in e-wom:

1. **Tie strength**—the degree of intimacy and frequency of contacts between the information seeker and the source.
2. **Similarity** among the group's members in terms of demographics and lifestyles.
3. **Source credibility**—the information seeker's perceptions of the source's expertise.

Another study investigated how consumers react to negative e-wom and found out that readers of negative reviews of *hedonic* products (i.e., products used mainly for pleasure) attributed the comments to the reviewers' internal and non-product-related reasons and did not consider them useful. However, readers of negative reviews for *utilitarian* products attributed the reviews to product-related reasons and found them more useful than positive reviews. One study researched the impact of the type of e-wom on consumers' likelihood to transmit the information further. It discovered that highly involved consumers received and transmitted more *rational* product information (e.g., the tablet that has the highest-definition screen and fastest processor) than information appealing to *emotions* (e.g., "When I got it, I just 'bonded' with this tablet and other students looked at me when I used it in class"). One study investigated the impact of "social connectedness" on word-of-mouth. The results showed that *moderately* connected people (i.e., the majority of the sample) were as willing as *highly* connected persons to engage in word-of-mouth. The researchers attributed these findings to people's need to give advice and the enjoyment of sharing information with others.

## Brand Communities

A **brand community** is a specialized, nongeographically bound community formed on the basis of attachment to a product or brand. Generally, admirers of a particular item, often with nostalgic emotions and in possession of versions that are no longer made, find others with similar interests and form a community fostering a feeling of belonging across geographic, linguistic, and cultural barriers. Brands around which such networks have emerged include Harley-Davidson motorcycles, Barbie dolls, and PEZ candy. Although marketers may attempt to join communities centered on their brands, such efforts may be unwise, because the brand community's members join the forum to interact with other consumers and may view the marketer as an unwelcome outsider.

## Weblogs

Scores of websites enable anyone post information on anything and everything quickly, for free, and from any location and at any time. Many sites also offer continuous access to chat rooms where discussions among many participants take place in real time. On these sites, consumers are free to express opinions, describe experiences with products and services, solicit purchase advice, and read others' testimonials about products and brands. Another medium for disseminating word-of-mouth is the blog (short for "Weblog"). A **blog** is a discussion or informational site published on the Internet and consisting of discrete entries ("posts"). At first, blogs were the works of single individuals or small groups, and most covered only a single topic. Today, most blogs have multiple authors and are often managed by media outlets, companies, and other interest groups. A **microblog** has less content than the traditional blog and allow users to exchange small elements of content, such as short sentences, individual images, and video links, mostly via Twitter. **Twitter** is an online social networking service and microblogging service that enables its users to send and read text-based messages of up to 140 characters, known as "tweets."

With millions of blogs online, and their readers' frequent tweets, blogs have become the most powerful platform for exchanging consumption-related information. For example, after a dissatisfied consumer posted information on a group discussion site that U-shaped Kryptonite bicycle locks

could be picked with a Bic ballpoint pen, within a few days, a number of blogs posted videos demonstrating how this could be done. Four days after the original posting, Kryptonite issued a statement promising that their new line of bicycle locks would be tougher. However, bloggers kept up the pressure and shortly thereafter The New York Times and the Associated Press published articles about the problem. Over the following 10 days, about 1.8 million people read postings about Kryptonite, and the company announced that it would offer free exchange for unsecured locks.

There is an interesting paradox in the dynamics of e-word-of-mouth: Although marketers have virtually no control over the information exchanged, online platforms are probably their most important sources of consumer information. The fact that the phrase “I Googled” a particular topic, person, or product is now part of America’s language demonstrates the nearly universal use of the Web as a primary source of information. Additionally, digital platforms provide consumers with more comprehensive product information than advertising messages, and this information is often perceived as more credible than data provided in ads. Furthermore, all major sales’ websites enable consumers to compare prices, outlets, and versions of products. Lastly, consumers can find scores of suggestions online regarding a variety of ways to use a product.

Monitoring word-of-mouth online has become very beneficial. The number of comments posted on Twitter and other social media websites about television shows has exploded, to the point where those comments now affecting the shows’ plotlines. For example, writers of USA Network’s drama *Covert Affairs* framed the final episode of the show’s second season to respond to constant questions on Twitter about whether a lead character, Auggie Anderson, would regain his lost eyesight.

### **Stimulating Word-of-Mouth**

Marketers long ago realized the power of word-of-mouth communications between consumers, which it is almost always more effective than promotional messages paid for by advertisers, and they often encourage it in ads (see Figure 7.2). Long before the emergence of the Web, marketers portrayed word-of-mouth in advertisements, stimulated word-of-mouth among consumers through advertising slogans such as “tell your friends how much you like our product,” and instituted referral programs through which customers were rewarded for bringing in new clients. For example, a campaign for Vaseline Clinical Therapy asked female consumers who received free samples of the product to “freely prescribe it to anyone they thought might need it.” The venue selected for the campaign was Kodiak Island—a remote location in Alaska known for its harsh weather. One study seeded ads for mobile phones with prominent bloggers and followed them for several months. The study discovered that these bloggers, in an effort to build their individual reputations within social networks, enhanced the advertisers’ promotional messages. The bloggers not only communicated the marketing messages, but also converted them—through language, substance, or tone—to conform to the norms and expectations of potential buyers.

Commercials for Broadway shows often portray people exiting the theater, raving about the show they have just seen and telling others to come and see the performance. It is also widely recognized that the amount of word-of-mouth is positively related to movies’ box office revenues, especially during the first week or so after the movies open. While stimulating interpersonal communications is not new, the emergence of e-wom resulted in a surge in the amount of money and creativity devoted to online campaigns and strategic initiatives centered on viral marketing and the use of buzz agents.

### **Viral Marketing**

**Viral marketing (viral advertising)** is a marketing technique that uses pre-existing social networks and other technologies to produce increases in brand awareness or to achieve other marketing objectives through encouraging individuals to pass along email messages or other contents online. It uses self-replicating viral processes, analogous to the spread of computer viruses. Viral marketing may take the form of video clips, interactive Flash games, **adver-games**, e-books, brandable software, images, text messages, and email messages. For example, a company marketing hair gel posted humorous audiovisual clips on the Web as part of a continued spoof and satire of hair products and encouraged viewers to pass along the clips’ Web location to others. In another example, Facebook “mined” members’ postings about movies and then sent marketing messages to the members’ friends with invitations to rent the same movies from Netflix. A study discovered that consumers who found out about a new cell phone service through friends’ posted recommendations were 24% more likely to view the cell phone service provider positively than people who found out about the service elsewhere.

Email is the key tool of viral marketing because so many people routinely forward emails to others, and many have preset email groups for sharing different types of information (e.g., a “Joke list”). A study that investigated the motivations for passing along emails found that:

### **Notes**

**Notes**

1. People were receptive only to emails from people they knew. The kind of emails they received included jokes, virus alerts, inspirational stories, requests to vote on certain issues, video clips, and links to other websites.
2. The main reasons for not forwarding emails were outdated, dull, and inappropriate contents. About one-third of the forwarded emails included personalized notes from the forwarders, and most of the senders did not alter the emails' original subject lines.
3. The key reasons for forwarding emails were enjoyment (e.g., fun, entertaining, exciting) and helping others (i.e., let others know that the senders care about them). The forwarders also reported that they only passed along contents that they believed the receivers would find interesting and appropriate.

The findings of research studies indicate that marketers using viral campaigns must create relevant messages that the initial recipients will enjoy and find fun. Because forwarded emails are often sent with the original subject lines, these must be worded carefully. However, viral marketing campaigns viewed as too aggressive generated negative postings in blogs and chat forums, including accusations of invasion of privacy and spam generation. A study of Chinese college students indicated that they were more likely to pass along emails and text messages if their friend did so as well and if they believed the recipients would find the messages fun and interesting.

Sometimes, though, viral marketing becomes problematic. For instance, a viral drinking game known as “icing” became highly popular among college students. The game consisted of fast and hazardous “competitive” consumption of Smirnoff’s Ice malt beverage among friends. Thousands of videos depicting people “icing” each other, including during occasions such as weddings and graduations, rapidly appeared on scores of websites and focused on the “brothers icing each other” theme. Smirnoff was rumored to have started this viral campaign, but the company denied the accusation.

Marketers reward customers for “e-referrals.” For example, eBay and Amazon always remind users to send notices of their purchases or auction winnings to their friends. It must be noted that referral programs existed long before the Internet and online commerce. For decades, marketers have been utilizing such promotions as “bring a friend and get one extra month when you renew your membership at the gym,” and dentists have been giving reduced prices for teeth cleaning to patients who recommended them to their friends. Nevertheless, the Internet and social networks have enabled marketers to develop faster, broader-reaching, and more effective referral programs.

### Buzz Agents

Many firms enlist typical consumers to serve as their **buzz agents**—consumers who promote products clandestinely and generally receive free product samples but not monetary payments. For example, buzz agents may bring a brand of barbecue sauce to a Fourth of July party, read books promoted by publishers on mass transit with the titles clearly visible, suggest to store owners who do not carry a given product that they should do so, and talk other consumers into trying certain products during shopping trips. Buzz agents are motivated by being called upon to serve as opinion leaders and get an ego boost by appearing knowledgeable to their peers and having access to new products before others do.

Many technology start-ups with limited promotional budgets employ buzz agents by initiating “ambassador programs” on college campuses. For example, Foursquare, an app that allows friends to keep in touch constantly, used an ambassador to promote the use of the program among her fellow students, and even got the college newspaper to carry a story about the app. Another student became an ambassador for Stylitics, a new fashion-focused social networking site. She put up posters, distributed flyers, and featured the website on her Facebook page. In addition to their increased recognition on campus, the ambassadors gain internship-like work experience and some even receive “ambassador points” which they can redeem at retail outlets. Another example is Samsung Nation, an online loyalty program, offers rewards to consumers who talk up Samsung. Participants play games on the website (where they learn more about Samsung’s products), win virtual points, and get others to join. Those who are most active in posting online comments about Samsung earn “Twitterati” badges. The company carefully studies the profiles and behaviors of the most active members, because they are the ones most likely to become innovators when Samsung introduces new products.

Several companies offer buzz-related services to marketers. For example, bzzagent.com recruits people to spread word-of-mouth and assists its clients in creating marketing buzz campaigns. Similarly, Procter and Gamble created a company known as Tremor specializing in targeting teens and their families. Tremor screens applicants for buzz agent positions and selects only those who are likely to be effective word-of-mouth communicators. Some marketers hire actors or fashion models to go out and simulate demand for their products. For instance, a campaign for a new brand of flavored vodka hired actors and models to visit bars and nightclubs and

order martinis made with the new brand. The actors pretended that they were ordering a well-established cocktail, but the real objective of this effort was to *create a new* drink. Similarly, in a recent campaign for an online gambling site in London, cab drivers were asked to steer passengers to a discussion about poker, direct them to the gambling site, and even provide “free hand” coupons to passengers who expressed considerable interest.

### Notes

## Managing Negative Rumors

Long ago, marketers realized that it is impossible to control word-of-mouth communications. Negative comments or untrue rumors can sweep through the marketplace and undermine products. Such rumors may suggest that a product was produced under unsanitary conditions or contains unwholesome or culturally unacceptable ingredients. Rumors may also suggest that the product has harmful effects, such as a medication being depressant or stimulant, or including ingredients that cause cancer. Another example of a harmful rumor is information suggesting that a firm is owned or influenced by an unfriendly or misguided foreign country, governmental agency, or religious cult.

The Internet is a prolific ground for spreading negative rumors. Digital technologies now enable disgruntled consumers to reach millions of people easily and describe their often-exaggerated negative experiences with products and services. Consider a disgruntled airline passenger, an unhappy retail customer, or even a student unhappy with a professor—all of whom can post their stories and opinions online for all to see and respond to. When two brothers in New York City found that Apple was charging \$200 to replace a failed battery, they set up ipodsdirty-secret.com. Consumers critical of Starbucks can vent their anger at ihatestarbucks.com; in fact, there are hundreds of ihatethe.com websites.

Compared with positive or even neutral comments, negative comments are relatively uncommon. For this reason, consumers are especially likely to notice negative information and avoid the products or brands subjected to such criticism. In the entertainment sector, many films, musicals, and plays have quickly floundered because of negative buzz, as have quite a few newly introduced food products. Consumers, it turns out, share negative experiences with others much more readily than positive ones.

Marketers refer to persistent spreaders of negative word-of-mouth online as “determined detractors.” Perhaps the best known determined detractor is the person who ate nothing but McDonald’s food for 30 days and produced an extremely critical documentary about the experience, entitled Super Size Me. Furthermore, disgruntled buyers can reach very large audiences by posting exaggerated and overly dramatic clips featuring negative product and service encounters on YouTube. One study discovered that some consumers who posted unfavorable information wanted to vent negative feelings or warn others. Others sought exposure, self-enhancement, social benefits, and even economic rewards.

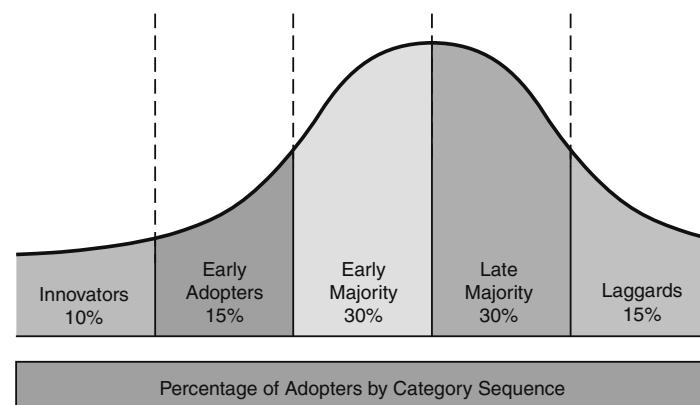
## Diffusion of Innovations: Segmenting by Adopter Categories

Over time, positive word-of-mouth leads to the widespread adoption of products that fulfill needs, work well, are clearly differentiated, and provide value. However, not all consumers adopt new products or new versions of existing products simultaneously. The concept of **adopter categories** is a classification that depicts where consumers stand in relation to other consumers in terms of the first time they purchase an innovation (e.g., a new product or model). This classification, which was developed by sociologists who conceived a theory entitled the Diffusion of Innovations, consists of five categories of adopters: Innovators, early adopters, early majority, late majority, and laggards. In marketing terms, each category represents a distinct market segment, so marketers must study each group in order to target it effectively.

Because the adopter categories model was developed by sociologists, applying it to consumer behavior is not straightforward. Sociologically, the model assumes that *all* members of a given society would, eventually, adopt the innovation. Thus, the number of people belonging to each category was calculated in a manner resembling a statistical normal distribution: Innovators—the first 2.5%

### Learning Objective

- To understand the process for diffusion of innovations, and adopter categories as distinct market segments.



**FIGURE 7.8** Hypothetical Adopter Categories of e-Book Readers

**TABLE 7.7 Shopping Activities of Fashion Innovators**

1. They are the first in their circles to know who are the latest “hot” designers and emerging fashion trends.
2. They shop much more for new fashions than their friends.
3. They are among the first in their circles to buy new outfits and fashions.
4. They know more about fashion than most people.
5. If they find out that new clothing is available in stores, they check them out.
6. They like to touch clothing and other products in stores for fun, even if they do not intend to buy them.
7. They are reluctant to buy clothes that they cannot touch.
8. They feel more confident about buying clothing and other products after touching them and examining them physically.

**Notes**

to adopt; Early adopters—the next 13.5%; Early majority—the next 34%; Late majority—the following 34%; and the Laggards—the last 15%.

However, marketers cannot assume that, for example, every consumer will eventually buy an e-book reader. Therefore, they define “society” as everyone assumed to be in the market for the product shortly, or at some future time, after the introduction of an innovation. Marketers generally define innovators as approximately the first 10% of the total potential adopters of a particular product. This figure stems from historical data collected from various industries where product innovations are common. Then, marketers estimate the percentages of consumers belonging to the remaining adopter categories. Figure 7.8 uses e-book readers to demonstrate the original diffusion of innovations model. The characteristics of each adopter category are described next.

**Innovators**

The **innovators** are the earliest consumers to buy new products. They are prepared to take the risk that the product will not work well, become unavailable, or be quickly replaced by an improved model (i.e., they are broad categorizers). They are often willing to pay somewhat higher prices for newly introduced products, because they enjoy being the first to own gadgets and show them off. When targeting innovators, ads should show them using new products conspicuously and being noticed and even asked questions by others (e.g., “Where did you get that?” “Do you like it?” “I have an older model, do you think I should switch to the one you are using?”). Many innovators like to shop with others; Table 7.7 details typical shopping patterns of fashion innovators.

**Early Adopters**

The **early adopters** are consumers who buy new products within a relatively short period following introduction, but not as early as the innovators. They are venturesome, likely to engage in word-of-mouth, and also likely to assist others who are considering adopting the new products. Ads targeting members of this segment should show them praising the new products.

**Early Majority**

The **early majority** consists of consumers who buy innovations after the early adopters have done so. This segment is larger than the preceding two groups combined. For example, when a new model of an e-reader was introduced, they waited for prices to decline and, after quite a few people purchased it (and its price declined), they decided to buy the new model. The ads targeting members of this group should assure them that the product has been successful and provide them with purchase incentives.

**Risk aversion** is defined as the reluctance to take risks and low tolerance of ambiguous situations, as illustrated by the consumption-related characteristics of risk-averse consumers in Table 7.8. Members of the early majority are somewhat risk averse, whereas the late majority and laggards are highly risk-averse consumers.

**TABLE 7.8 Characteristics of Risk-Averse Consumers**

1. They always read and follow the manufacturers’ warnings about removing products’ tags and back plates and use products exactly as instructed by manufacturers.
2. When it comes to medications (including over-the-counter products), they always obey the instructions on how to take the medicines and carefully read the restrictions and potential side effects.
3. They feel reluctant to buy products that they have never used before.
4. If products come in assembled or unassembled forms, they buy the assembled versions even if these are a bit more expensive.
5. They do not improvise when they cook and follow recipes fully.

## Late Majority

Members of the **late majority** are risk averse and slow to adopt innovation. They wait until most other consumers have adopted the new product before buying it. When they finally buy their first e-readers, they are likely to buy older models, which marketers sell at lower prices, and always look for extensive guarantees. If these consumers are happy with their initial purchases, they are likely to become members of the early majority and likely to buy newly introduced e-readers.

### Notes

## Laggards

The **laggards** are the very last consumers to adopt innovations. By the time they get around to purchasing their first e-readers, the innovators and early adopters have already switched to the most advanced models. Laggards are high-risk perceivers and the last ones to recognize the value of innovative products.

## Non-Adopters

Marketers often “write off” non-adopters, but not all non-adopters are the same, and understanding nonusers is important. For instance, one study found two distinct segments among non-adopters of Internet banking:

1. **Prospective adopters**, who could potentially become customers.
2. **Persistent non-adopters**, who are very unlikely to become customers.

The study suggested that online banks should identify prospective customers among non-users rather than lump all nonusers into a single category.

## Summary

**Learning Objective 1:** To understand the credibility of reference groups and their influence on consumer behavior.

Within any setting, including consumer behavior, people are strongly influenced by how others think and behave. Reference groups are groups that serve as sources of comparison, influence, and norms for people's opinions, values, and behaviors. Word-of-mouth consists of communications where satisfied customers tell other people how much they like a business, product, service, or event, although word-of-mouth can also be negative.

The perceived honesty, objectivity, expertise, and trustworthiness of reference groups make them highly credible sources. Consumers perceive people whom they know personally as more credible than paid-for promotional messages. People learn norms and values mostly from families and peers. They also imitate and adopt the values and habits of persons whom they respect or admire. The groups to which people belong, as well as groups that they aspire to join, influence their norms and behaviors. Consumption-related groups also influence consumers' attitudes and behavior. Sociocultural groups that determine people's behavior, norms, morals, and consumption patterns include family, social class, culture, subculture, and (for global consumers) cross-culture.

**Learning Objective 2:** To understand the persuasive power and credibility of spokespersons, endorsers, celebrities, salespersons, vendors, and media.

The perceived credibility of spokespersons, endorsers, and other sources that companies use in their advertising is the key to the ads' effectiveness. The spokesperson can be an actual customer, a company employee, a celebrity, or a model.

Companies also convey their credibility through solid past performance, good reputation, high product quality, and good service. Their perceived credibility is also a function of the image and reputation of the retailers that carry their offerings and the media where they advertise. Marketers employ celebrities for product testimonials and endorsements, as well as spokespersons and actors in commercials.

Over time, consumers disassociate messages from their sources; they tend to remember only the messages' contents, but not their sources. Therefore, marketers must regularly repeat messages that feature high-credibility spokespersons in order to maintain the messages' persuasiveness.

**Learning Objective 3:** To understand the dynamics and measurement of opinion leadership and word-of-mouth.

Opinion leadership is the process by which one person—the opinion leader—informally influences others, who might be either opinion seekers or recipients. This influence occurs between two or more people, neither of whom represents a commercial seller nor would gain directly from providing advice or information. Opinion leaders who have expertise in a given product category provide advice and influence the consumption of others within the same category. They also follow any new items introduced closely, and are the first to buy new items. They tend to be self-confident, outgoing, and sociable. Several research methods are aimed at identifying opinion leaders.

**Learning Objective 4:** To understand the strategic applications, advantages, and potential perils of word-of-mouth.

Electronic word-of-mouth takes place online and occurs in social networks, brand communities, blogs, chat rooms, and tweets. Marketers hire buzz agents and initiate viral marketing to stimulate word-of-mouth in cyberspace. Buzz agents are consumers who promote products clandestinely and generally receive free product samples but not monetary payments. Viral marketing is a marketing technique that uses pre-existing social networks and other technologies to produce increases in brand awareness or to achieve other marketing objectives through encouraging individuals to pass along email messages or other contents online.

It is impossible to control word-of-mouth communications. Negative comments, frequently in the form of untrue rumors, can sweep through the marketplace and undermine a product. The Internet is a prolific ground for spreading negative rumors because disgruntled consumers can reach millions of people

easily and exaggerate (or even lie about) their negative experiences with products and services.

**Learning Objective 5:** To understand the process for diffusion of innovations, and adopter categories as distinct market segments.

Over time, positive word-of-mouth leads to the widespread adoption of products. However, not all consumers adopt new products or new versions of existing products simultaneously. Sociologists who studied how innovations are adopted within societies identified five categories of adopters: Innovators, early adopters, early majority, late majority, and laggards. The concept of adopter categories is a classification scheme that depicts where consumers stand in relation to other consumers in terms of the first time they purchase an innovation (e.g., a new product). Each category represents a distinct market segment, so marketers must study each group in order to target it effectively.

## Review and Discussion Questions

- 7.1. Why is an opinion leader a more credible source of product information than an advertisement for the product? Are there any circumstances in which information from advertisements is likely to be more influential than word-of-mouth?
- 7.2. What are reference groups? List and discuss at least four groups that influence your purchases. For each group, indicate whether its influence is comparative or normative (or, possibly, both) and explain your answers.
- 7.3. What is the difference between membership groups and symbolic groups? List one membership group and one symbolic group that influence your purchases. Explain which group influences you more and why.
- 7.4. How can companies strategically use buzz agents and viral marketing? Illustrate with examples.
- 7.5. Compare the advantages and disadvantages of the methods of measuring opinion leadership.
- 7.6. How can marketers use social networks, brand communities, and weblogs to locate new customers and target them?
- 7.7. List and discuss the factors that affect the credibility of formal communications sources of product information. What factors influence the perceived credibility of informal communications sources?
- 7.8. You are the marketing vice president of a large soft-drink company. Your company's advertising agency is in the process of negotiating a contract to employ a superstar female singer to promote its product. Discuss the reference group factors that you would consider before the celebrity is hired.
- 7.9. What are the implications of the sleeper effect for the selection of spokespersons and the scheduling of advertising messages?
- 7.10. Amazon has introduced a new e-book reader that is more expensive than previous models but has many more features. How can the company use the adopter categories in marketing this product?

## Hands-on Assignments

- 7.11. With a paper and pencil, spend one hour watching a network television channel during prime time. Record the total number of commercials that aired. For each commercial that used a celebrity endorser, record the celebrity's name, the product or service advertised, and whether the celebrity was used in a testimonial, as an endorser, as an actor, or as a spokesperson.
- 7.12. Describe two situations in which you served as an opinion leader and two situations in which you sought consumption-related advice or information from an opinion leader. Indicate your relationship to the persons with whom you interacted. Are the circumstances during which you engaged in word-of-mouth communications consistent with those described in the text? Explain.
- 7.13. Find ads that encourage consumers to engage in word-of-mouth communications.
- 7.14. Prepare a list of negative rumors that you (or your friends) have heard recently about a company or a product.
- 7.15. Locate an online company that recruits buzz agents and register as one. Keep a diary of all your contacts with the organization for about one month. Summarize the diary and discuss whether the company was right to make you a buzz agent and explain why or why not.

## Key Terms

- adopter categories 217
- advergames 215
- blog 214
- brand community 214
- buzz agent 216
- celebrity actor 207
- celebrity endorsement 207
- celebrity spokesperson 207
- celebrity testimonial 207
- comparative influence 198
- consumer socialization 196
- culture 196
- differential decay 209
- early adopters 218
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### Case Four:

### **Keystone Light/MillerCoors “Canhole”**

Lead Agency: **Leo Burnett/Arc Worldwide**

#### Strategic Challenges

**Summer is the season for beer:** Billions of dollars are up for grabs; the competition for floor space, incremental displays, and “customer activation” is intense and hotly contested.

**The big dogs rule:** Miller Lite, Coors Light, Bud Light, Budweiser, and Corona rule the summer months, which makes it difficult for smaller, below-premium brands such as Keystone Light to get any attention from distributors or retailers. Typically, Keystone Light can only place statics stickers on in-store coolers to plead its case to shoppers.

**Pricing challenges made it more difficult:** Beer companies, including MillerCoors, have raised the price of the below-premium segment (closing the price gap) in an effort to get drinkers to trade up to the pricier premium brands—which is the companies’ priority and vital to overall performance. However, this pricing strategy couldn’t have happened at a worse time for Keystone Light. Its target consumers were being hit hard by the sagging economy and were looking for even more value while still trying to get out and have some summer fun with their buddies.

**The overall challenge:** In the sea of big-name brands during the summer, how does the company give a smaller, below-premium beer a reason to be featured at retail?

#### Objectives

1. **Stave off decline of the Keystone Light business in the convenience store channel** by stealing share, volume, and display opportunities from the company’s key competitor: Anheuser-Busch’s below-premium powerhouse, Natural Light.
2. **Increase overall Keystone Light brand engagement** to help establish a purpose and personality for Keystone Light’s new brand character (Keith Stone), in order to increase interaction, acceptance, and sharing by consumers.

#### Insights

The company’s target was a simple guy with simple needs, which was named “The Cruiser.” He doesn’t have a lot of money, so he’s learned to be resourceful and inventive with things he has on hand in order to have a good time.

For him, a great meal is a frozen burrito, a bag of Doritos, and a warm hot dog right off the roller. He enjoys the occasional fart joke and ribbing his buddy because his sister can kick his butt at Halo (with one hand tied behind her back). He's comfortable with who he is and values friendship over all else. He has also built a fair number of beer pyramids in his day.

Once the company understood the Cruiser and how he behaves, it needed to know what he does during the summer. Using a combination of quantitative and qualitative research, the company discovered that the Cruiser's summer is all about "Bro-ments." He gets together with more friends, more often, during the summer. The Cruiser values impromptu, memorable experiences that are the outcome of ingenuity and inventive social occasions. In other words, he likes spending time with his buddies, telling jokes, and not acting his age—all while drinking beer. This is basic male bonding stuff termed "Bro-ments."

## The Big Idea

### *Bro-ments in a Box*

## Questions

1. In order to give the Cruiser an incentive that appealed to his fun-loving ingenuity and inventiveness, every time he bought a pack of Keystone Light, he got a completely self-contained Cornhole game. The Cruiser had to punch out the perforated hole designed into the box and use his crushed empty cans of Keystone Light as "bags" during hours of summer party and sport Bro-ments with his buddies. The company named this fun activity "CANHOLE." How would this promotion help achieve any of the company's objectives?
2. How can Cruisers use Canhole to connect with others on the Internet and social networks? How can the company encourage the Cruisers to do so? How does Maslow's Hierarchy of needs applicable to this situation?
3. Apply the concept of product involvement to the Canhole promotion and the second objective.
4. Suggest "cross merchandising" opportunities for Canhole. That is, getting marketers of products that Cruisers might consume during Canhole games to participate in the promotion. Explain your choices.
5. List and discuss three likely personality traits of the Cruiser.
6. Develop a psychographic profile of the Cruiser.
7. Looking at the PRIZM groups' descriptions online, select three segments that are likely to include a large number of Cruisers. Explain your choices.

*Source:* Effie Worldwide, Effie Showcase Winners. Reprinted by permission. Keystone Light is a 2012 Silver Effie Winner. For information on Effie's programs for students, visit the Collegiate Effies at [www.effie.org](http://www.effie.org)

## Notes

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## Multiple-choice Questions

- 7-1.** Groups that serve as sources of comparison, influence, and norms for peoples' opinions,  
**A.** values, and behaviours are called:  
**B.** Peer groups  
**C.** Family  
**D.** Celebrities  
**E.** Reference groups
- 7-2.** A group to which an individual is unlikely to belong, but whose values and behaviors that person adopts is:  
**A.** Symbolic group  
**B.** Membership group  
**C.** Friendship group  
**D.** Shopping group
- 7-3.** What is called the believability of the endorser, spokesperson, or individual in an advertisement?  
**A.** Celebrity testimonial  
**B.** Salesperson Credibility  
**C.** Source credibility  
**D.** Medium Credibility
- 7-4.** Celebrities appear on behalf of products, with which they may or may not have direct experience or familiarity, and it is termed as:  
**A.** Celebrity testimonial  
**B.** Celebrity spokesperson  
**C.** Celebrity actor  
**D.** Celebrity endorsement
- 7-5.** The process by which one person—the opinion leader informally influences others, who might be either seekers or recipients:  
**A.** Opinion seeker  
**B.** Opinion leadership  
**C.** Self-designating leadership  
**D.** Authoritarian leadership.
- 7-6.** The score that measures people's influence online based on their abilities to generate engagement and feedback to what they post is called:  
**A.** Net promotion scores  
**B.** Customer Satisfaction Score  
**C.** FICO score  
**D.** Klout scores
- 7-7.** A person who is keenly knowledgeable about the nature of social communications among members of a specific group is called:  
**A.** Key informant  
**B.** Leader  
**C.** Opinion seeker  
**D.** Opinion leader
- 7-8.** The adopters, who could potentially become customers are:  
**A.** Persistent non-adopters  
**B.** Early adopters  
**C.** Prospective adopters  
**D.** Laggards
- 7-9.** Which is a specialized, non-geographically bound community formed on the basis of attachment to a product or brand?  
**A.** Urban community  
**B.** Brand community  
**C.** Shopping community  
**D.** Rural community
- 7-10.** Which type of adopters consists of consumers who are risk averse and slow to adopt innovation?  
**A.** Early majority  
**B.** Early adopters  
**C.** Late adopters  
**D.** Late majority

**Answer Keys:** 7-1. D 7-2. A 7-3. C 7-4. D 7-5. B 7-6. D 7-7. A 7-8. C 7-9. B 7-10. D

## Notes

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# 8

## The Family and Its Social Standing

### Learning Objectives

- 1 To understand the family as a consumer socialization agent.
- 2 To understand family decision-making and its members' consumption-related roles.
- 3 To understand the role of the family life cycle in market segmentation and targeting.
- 4 To understand the consumption patterns of nontraditional families and non-family households.
- 5 To understand the impact of social stratification on consumer behavior.
- 6 To understand how to measure social class and segment consumers accordingly.

**T**HIS CHAPTER describes two **reference groups** that have a powerful impact on consumer behavior: Family and social class. A **family** is defined as two or more persons related by blood, marriage, or adoption residing together. In Western societies, there are three types of families: Married couples, nuclear families, and extended families. A married couple and one or more children constitute a **nuclear family**. The nuclear family, together with at least one grandparent or other relation living within the household, is called an **extended family**.

The **family life cycle** is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a "typical" stage. The four ads in Figure 8.1 feature Toyota models catering to different types of families. The Toyota Auris hatchback model is a sporty car. It features a "diffuser," with reflectors on each side, which gives it a stylish look. The Yaris sub-compact is promoted as a car on which one can get a "great deal." The Verso is a seven-seater family car featuring elegant style and comfort. The Avensis is available as a sedan or wagon and features a refined design and touch-screen multimedia.

Each car model appeals to a different stage of the family life cycle. The sporty Auris is for bachelors or newly married couples who have no children and want to enjoy their new life together. As evident in the ad for the Yaris, a child is on the way. The young couple probably feels anxious about their finances (maybe because the mother has quit her job) and are therefore seeking a car at a reasonable price. Next, the couple has two young kids and, presumably, more financial resources (e.g., the father had advanced in his career and the mother might have gone back to work) and are likely to purchase the Verso—a stylish family car. Moving forward, the kids are growing up and thus (as with all young kids) must be in front of a screen at all times. Assuming that the couple's disposable income went up



Source: Andreas Ackarp, Saari Sweden

(a) Bachelors or Honeymooners: Toyota Auris



Source: Andreas Ackarp, Saari Sweden

(b) Newlyweds: Toyota Yaris



Source: Andreas Ackarp, Saari Sweden

(c) Married with Small Children: Toyota Verso



Source: Andreas Ackarp, Saari Sweden

(d) Large Family: Toyota Avensis

**FIGURE 8.1** Toyota's Models Target Different Stages of the Family Life Cycle

(e.g., dual income), it's time for the Avensis, with its stylish design and built-in multimedia gear.

The first part of this chapter describes the influence of the family on its members' development as consumers, as well as how the family functions as a consumption unit and the dynamics of family decision-making. We explore households that fit into the family life cycle, as well as atypical and non-family living situations.

Each household, whether family or non-family, belongs to a social class. **Social class** is the division of members of a society into a hierarchy of distinct status classes, in which members of a class have relatively the same status and members of the other classes have either more or less status. The second part of this chapter examines the demographics and consumption patterns of America's social classes. It describes how to measure social class and segment and target consumers according to social standing. The chapter concludes with examples of how social-class membership affects consumption habits, tastes, and values.

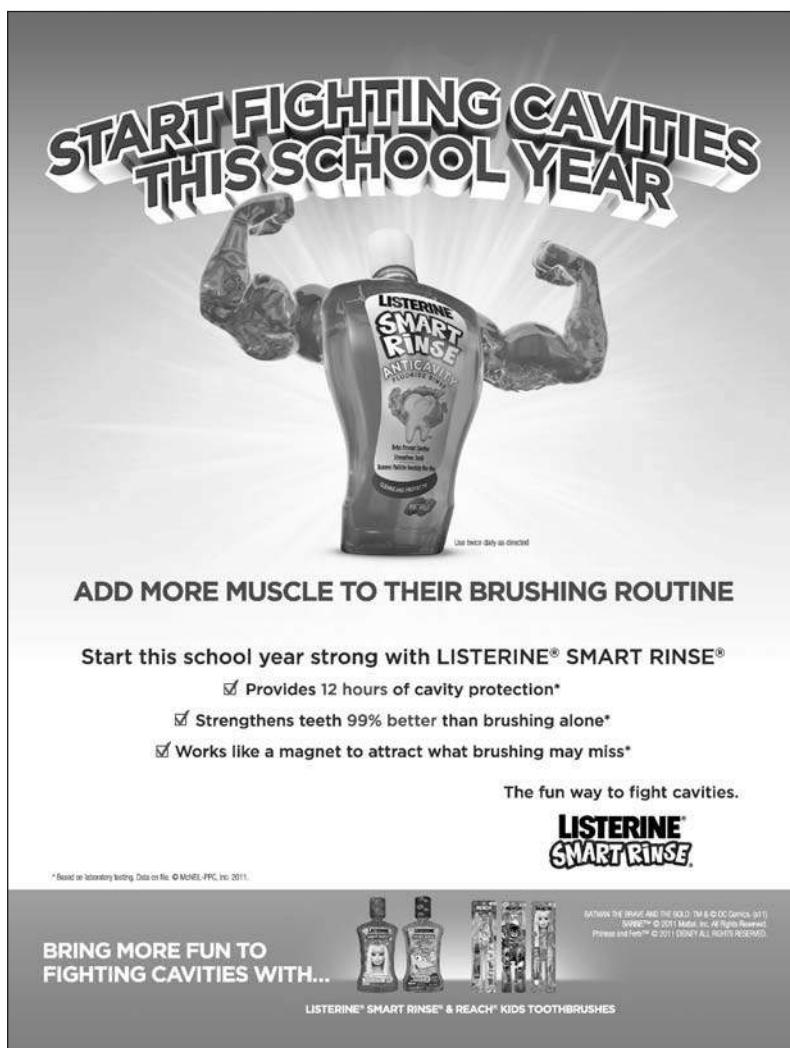
### Notes

## The Family as a Socialization Agent

**Socialization** refers to the process of teaching people behave in a way that is acceptable to their society. In the context of marketing, the most important role of the family is the socialization of family members, ranging from young children to adults. This process includes imparting to children the basic values and modes of behavior consistent with their culture, including

### Learning Objective

- To understand the family as a consumer socialization agent.



**FIGURE 8.2** Establishing a Relationship Between Children and a Brand

### Notes

children acquire their consumer behavior norms by observing their parents and older siblings, who function as role models and provide cues for learning consumption skills. Studies indicate that young children perceive their families as more reliable sources of information about consumption than advertising; however, peers have the most influence on teenagers' and adolescents' consumption. Research has also shown that younger children react positively to advertisements employing spokespersons featured in parental roles, whereas teens often like products specifically because their parents disapprove of their purchases. Figure 8.3 illustrates the sources that influence children's socialization over time and indicates that socialization is a two-way process. The two-directional arrows indicate that a young person is both socialized and influences those who are doing the socializing.

A **socialization agent** is a person or organization involved in the socialization process "because of frequency of contact with the individual and control over the rewards and punishments given to the individual." Mothers are generally considered to be stronger consumer socialization agents than their husbands, because they tend to be more involved with their children, and are more likely to mediate their children's exposure to commercial messages. Additionally, they provide instruction in the skills needed by consumers, and serve as gatekeepers to information and influence by regulating the money that their offspring can spend. When investigating how mothers interact and relate to marketplace influences, a recent study found six distinct segments of mothers—three with a positive attitude toward marketing (marketing receptive) and three with a negative attitude (marketing resistant). The Indian context provides one of the best examples of marketers using the stereotype of the "mother/wife" in creating and nurturing brand associations. Despite changes in the environment and lifestyles in the last two decades, the "mother" in an Indian family continues to inspire brand

moral principles, interpersonal skills, dress and grooming standards, appropriate manners and speech, and the selection of suitable educational and occupational or career goals.

Parental socialization responsibilities have been expanding because it has become increasingly harder for young adults to find good jobs. Parents thus feel that their children must be ahead of others from a very young age—a competitive pressure that often results in demanding daily schedules for many children (e.g., daily preschool classes, after-school classes, play dates, weekend enrichment, and sports and arts programs). Some have argued that the barrage of structured activities and constant exposure to mass media and online social networks provide children with very little time to explore their own creativity. Nevertheless, the socialization of young children provides marketers with opportunities to establish relationships between children and brands very early in the children's lives. Very often, such connections extend into a person's adolescence, teenage years, and adulthood. The ad for Listerine Smart Rinse in Figure 8.2 is an example of a marketer's initiative to establish a bond between a brand and very young children.

The aspect of childhood socialization that is particularly relevant to the study of consumer behavior is **consumer socialization**, which is defined as the process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers. Numerous studies have researched how children develop consumption skills. Many preadolescent chil-

Source: LISTERINE® is a registered trademark of Johnson & Johnson. Used with permission

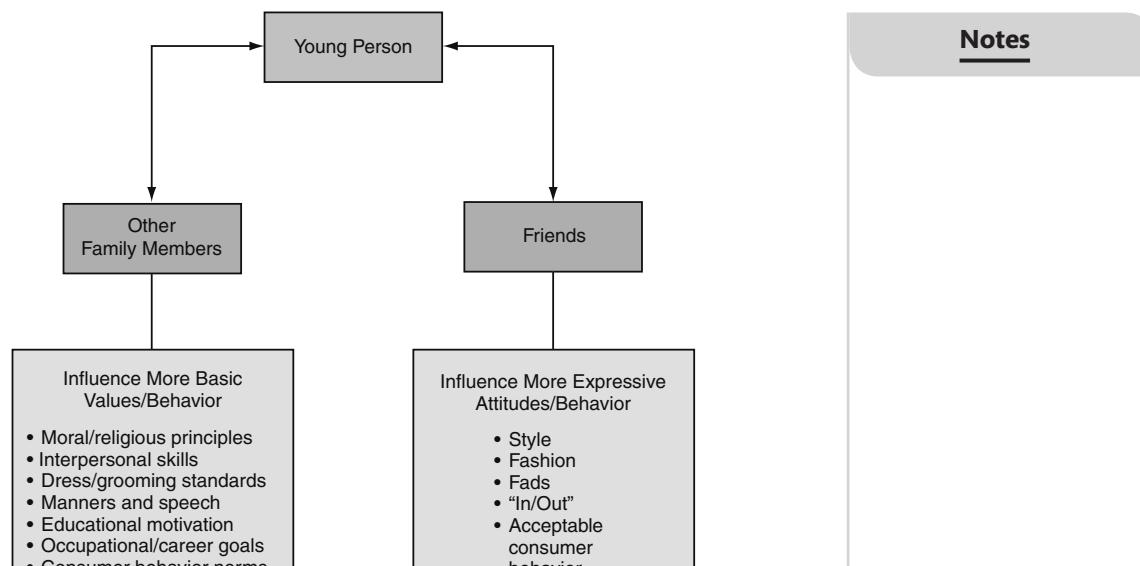


FIGURE 8.3 Socialization Sources

**Notes**

associations across categories and socioeconomic classes. The mother is instrumental as a socialization agent in developing the tastes and preferences of children and this aspect can even have intergenerational impact. Normally, married daughters tend to follow rituals that their mothers have followed and this aspect of the culture provides scope for brands to use intergenerational marketing. For example, Surf or Horlicks are brands that have been a part of the Indian markets for decades, and with appropriate strategies marketers will be able to forge the “mother-daughter” linkages that may hold good for the second generation. Clinic Plus is an interesting example of the link being taken to contemporary dimensions in recent times and the mother–daughter/son association has been a part of the brand imagery for the last several years. Brands that have used these linkages in the Indian context are Vicks, Horlicks, Complan, and Bournvita (milk additives), Meera shampoo, Lifebuoy handwash, Dettol (both antiseptic lotion and floor cleaners—family association in the latter), Knorr soups, Johnson & Johnson baby care products, Pears soap, Kent water filter (with celebrity), and Pepsodent toothpaste. The lady of the house is also seen to provide care and comfort to her husband/family in many advertisements, including Saffola edible oil, Qaker Oats, Wheel detergent, and Kellogg’s cornflakes.

Early socialization aspects that involve brands can also provide several opportunities for marketers. Someone who had grown up with Gems (chocolate from Cadbury) will appreciate the brand's communication that one is never too old to enjoy the brand. The market for nostalgia, too, can make use of family socialization. For example, several adults in the age group of 50–60 may have grown up with brands like Lux, Iodex, Dettol, and Titan watches during their twenties or even earlier. How can these brands trigger a sense of nostalgia among these consumer segments is an interesting proposition.

The ad for Mott's juice in Figure 8.4 depicts a mother as a socialization agent who is teaching her children that juices with less sugar are healthier. Researchers identified distinct socialization styles among mothers, based on mothers' attitudes toward marketing, which are described in Table 8.1.

There is no universal model of how children develop their consumption skills; learn to understand the role of advertising in the formation of buying preferences; and master the relationship between monetary resources, value, and limits on buying. Next, we describe three aspects of consumer socialization.

### Parental Styles and Consumer Socialization

Several decades ago, sociologists began to study the impact of parental styles on children's development, and later on marketers applied those findings to consumer socialization. Figure 8.5 features a classification of parental styles along two dimensions: *permissive* versus *restrictive* and *very nurturing* versus *non-nurturing*. The table identifies four parental styles and lists their respective attitudes toward advertising, consumption, and yielding to children's buying requests. The four parental styles include: **indulgent parents**, who are very nurturing

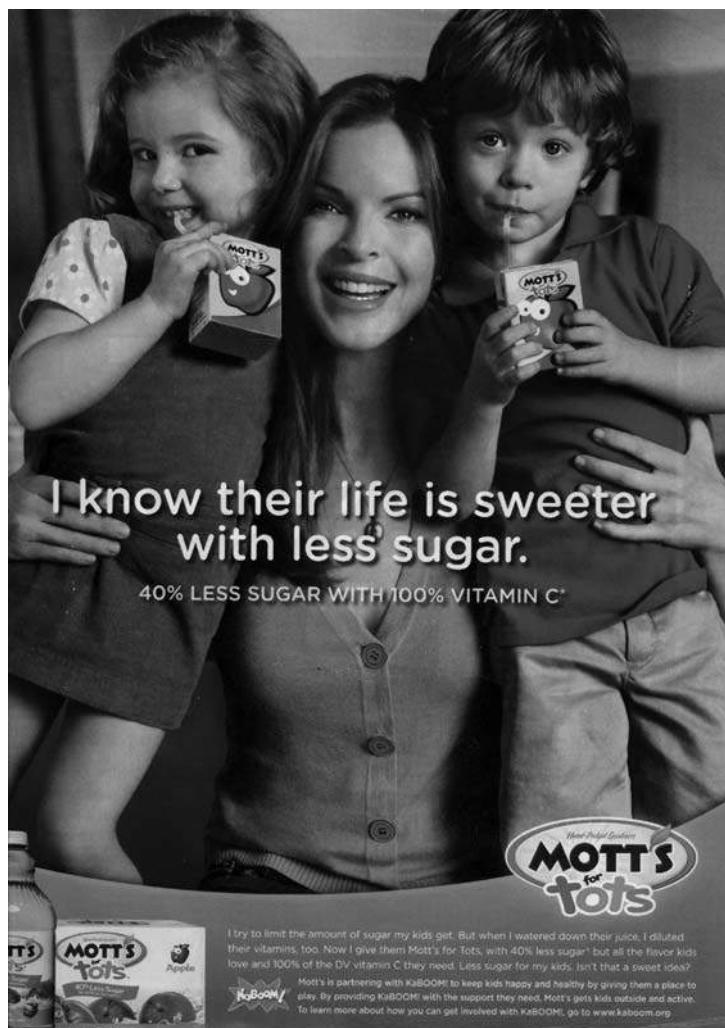


FIGURE 8.4 Socialization Agent

and highly permissive during consumer socialization; **neglecting parents**, who are very permissive, but provide their children with little or no nurturing during consumer socialization; **authoritative parents**, who are very nurturing and also very restrictive with respect to consumer socialization; and lastly, **authoritarian parents**, who are very restrictive and not nurturing during consumer socialization.

### Consumer Socialization Is Learning

Children learn the importance of possessions at an early age, as demonstrated by a child seeing a commercial for a doll or action figure on television, pointing to the screen, and shouting "I want that!" A study conducted with school-aged children in Minnesota found that materialism increases from middle childhood (ages 8–9) to early adolescence (ages 12–13), and then declines from early to late adolescence (ages 16–18). The research also found an inverse relationship between self-esteem and materialism in children and adolescents (i.e., children with high self-esteem are more likely to express lower levels of materialism, and vice versa). Furthermore, the study noted that rather than blaming the media for the materialism exhibited by children and adolescents, finding ways to increase their self-esteem is a more positive approach. Another study found that adolescents use ridicule as a mechanism to exchange information about what should and should not be consumed and valued; ridicule is also a form of ostracizing peers who shop unlike most do. A Canadian study of college students (with the

Source: Dr Pepper Snapple Company

**TABLE 8.1** Mothers' Socialization-related Attitudes

MARKETING RECEPTIVE	MARKETING RESISTANT
<b>The Balancer:</b> Married and has a career. Multitasks and teaches her children how to become good consumers. Lets children learn from experience and make buying mistakes.	<b>The Protector:</b> Highest income and education among all the segments. Rational and teaches her children to shop and spend responsibly. Resents the influence of the media on her children.
<b>The Nurturer:</b> Focused on her family and often sacrifices her own desires to meet the wants of her children. Trusts well-known companies and brands.	<b>The Struggler:</b> Does not have the money to indulge her children's requests. Very price- and value-conscious shopper. Views her life negatively.
<b>The Diva:</b> Self-focused and seeks acceptance and attention from others; is a conspicuous consumer. Views her children as a part of her image, and often gives in to children's requests to make her life easier.	<b>The Stoic:</b> Culturally and socially isolated. Views herself as a caretaker and homemaker. Loves her children but feels emotionally distanced from them. Deliberates regarding purchases.

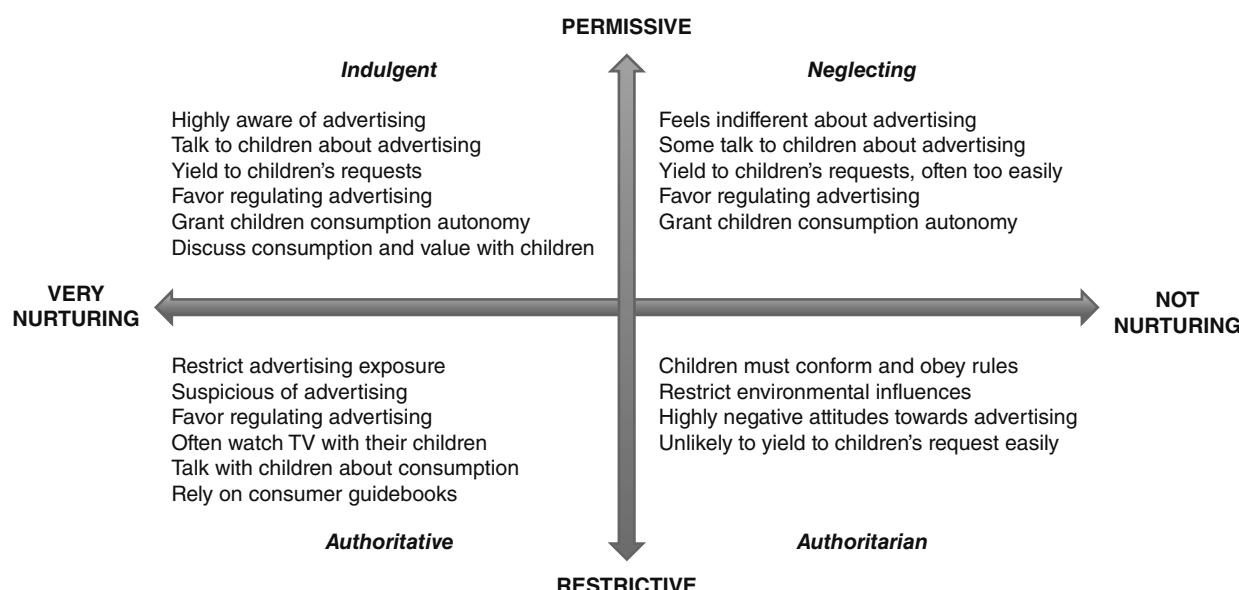


FIGURE 8.5 Parental Styles and Consumer Socialization

majority being full-time students, and 85% living at home with parents) indicated that older college students were influenced by their parents, and less influenced by their peers and media. The study also found that older college students were more competent consumers than their younger counterparts.

The model in Table 8.2 details stages that children go through in learning to function as consumers, and identifies their sources of information at each stage.

### Notes

## Adult and Intergenerational Consumer Socialization

The socialization process is ongoing, beginning in early childhood and extending throughout a person's life. After childhood, as teenagers and adolescents, young consumers continue learning about consumption and many become skeptical about some aspects of marketing. One study found that more socially affluent adolescents were less skeptical of advertising than their less affluent peers. Lower socioeconomic status adolescents, having less money than their wealthier peers, were more critical of advertising claims. Additionally, the study found that Internet usage was negatively related to skepticism, possibly because Internet surfers can skip ads and only visit websites that interest them.

When newly married people establish their own households, adjusting to consuming as a couple is the continuation of socialization. Similarly, the adjustment of a soon-to-be-retired couple, perhaps moving to a warmer climate, is also part of ongoing socialization. Even a family that is welcoming a pet into its home faces the challenge of socializing the pet so that it fits into the family environment. Research found that pet owners treat their pets as full-fledged family members. For instance, 58% of those surveyed indicated that they have sent or received a

**TABLE 8.2 Children's Development as Consumers**

STAGE	MEDIAN AGE	DESCRIPTION
Shopping with parents and observing	12 to 15 months	Children notice all the items that are fun to eat and play with and begin to recall specific ones. They learn how shopping satisfies needs. Parents may buy some items to reward children for good behavior.
Making requests while shopping with parents	2 years	By age 2, children begin to connect advertising with items in the stores and delight parents with their cognitive development. They request items—mostly foods and toys—by pointing. Children also begin to pay more attention to advertising and some insist on watching more TV.

(Continued)

**TABLE 8.2** (Continued)

STAGE	MEDIAN AGE	DESCRIPTION
Selecting with permission while shopping with parents	3 1/2 years	Children are climbing off shopping carts and walking besides parents. They recognize most brands of cereal, snacks, ice cream and frozen deserts and know their locations. Many have favorite brands and even stores, and parents begin to select brands and items that their children prefer.
Independent purchases while shopping with parent	5 1/2 years	A child's first independent purchase is likely to be in a supermarket, convenience or department store. Children begin to understand the limits of monetary resources and some may feel frustrated when denied items because they are too expensive or do not represent good value.
Shopping independently	8 years	Parents gradually, and often reluctantly, begin to allow children to go to stores alone. The first independent trip is likely to be to a convenience store. Children discover the wonders of shopping and having to decide among many choices.

holiday card from their dogs or cats, and 78% regularly talked in different voices ("I wuv you") to their pets and referred to them as family members.

Many product preferences and brand loyalties are transferred from one generation to another, sometimes across three or four generations. For instance, brand preferences for products such as peanut butter, mayonnaise, ketchup, coffee, and canned soup are frequently passed on from one generation to another. In some families—like Asian households—grandparents not only play an important role in teaching younger members consumption-related skills, but also participate in all major consumption decisions. Very often, Asian grandparents live with their children and grandchildren.

#### Box 8.1 Brands and the Reversal of Intergenerational Influence

Even a decade back quite a few consumers may have preferred Colgate or Surf or Red Label, primarily because these brands had been introduced to them by their parents. Intergenerational loyalty is worth exploring especially in a collectivist (collectivism as a dominant cultural dimension) country like India.

Changing lifestyles and fragmented preferences within the family may reverse the intergenerational influence. Godrej's Expert advanced hair dye is an example. The ad showed youngsters convincing their mother about using the brand and the youngsters get excited after seeing the 'face-lift' given to their mother by the brand. Brands may use the younger generation in the family to influence the older generation to try out categories that were not within the mindset of the latter.

#### Notes

### The Family's Supportive Roles

The family has several supportive functions that are part of the socialization process and consumer behavior. These include economic well-being, emotional support, and suitable family lifestyles.

#### Economic Well-being

The most important economic function of the family is to provide financial resources to its members and allocate its income in a way that supports all members adequately. The data in Table 8.3 show how an "average" U.S. family spent its money over one year. The largest expenditures were on housing, transportation, food at home, pension and social security, health care, food away from home, and entertainment.

#### Emotional Support

A core function of the family is providing its members with love, affection, and intimacy. When most women had no jobs outside the home, children received most of their emotional support from their mothers. However, as more and more women joined the labor force—with some pursuing more

**TABLE 8.3** How the “Average” Family Spends Its Money

EXPENDITURE CATEGORY	DOLLARS	PERCENT
Food at home	3,753	8.1
Food away from home	2,619	5.6
Alcoholic beverages	435	0.1
Housing	16,895	36.3
Apparel and services	1,725	3.7
Transportation	7,658	16.5
Health care	3,126	6.7
Entertainment	2,693	5.8
Reading	110	0.2
Tobacco products	380	0.7
Life and other personal insurance	309	0.8
Pensions and social security	5,471	11.7
Miscellaneous	1,320	2.8
<b>Total of above</b>	<b>46,494</b>	

Source: U.S. Census Bureau, “Average Annual Expenditures of All Consumer Units by Selected Major Types of Expenditures: 1990 to 2009,” Statistical Abstract of the United States: 2012, Table 684. <http://www.census.gov/compendia/statab/2012/1250684.pdf>. Accessed 6/20/2012

demanding and lucrative careers than their husbands—men have played an increasingly important role in rearing children. If the family cannot provide adequate assistance when it is needed, it may turn to a counselor, psychologist, or other professionals. In most communities, there are educational and psychological centers designed to assist parents who want to help their children improve their learning and communication skills or better adjust to their environments. The Lever soap ad in Figure 8.6 shows how the family provides emotional support.

### Suitable Family Lifestyles

What people view as a “suitable” lifestyle reflects their experiences while growing up. Their parents’ priorities regarding learning and education, recreational activities, hobbies, setting of career goals, media exposure, and shopping habits are all part of the lifestyle that children imitate, at least to some degree, when they set up their own households. Changing family lifestyles are greatly influencing consumption patterns. For example, the growth of the demand for convenience foods and rising popularity of fast and takeout foods are the result of career moms having little if any time for household chores. With both spouses working, many parents are increasingly aware of the importance of spending quality time with their children.

### Notes

## Family Decision-making and Consumption-related Roles

Marketers recognize that families operate as units in terms of consumption behavior, and many researchers have studied the dynamics of family decision-making. Specifically, marketers focus on husband–wife decision-making, the relative influence each family member has regarding consumption, children’s role in family decision-making, and the multiple roles that family members may assume regarding the purchase, use, and maintenance of their homes, products and services.

### Learning Objective

- 2 To understand family decision-making and its members’ consumption-related roles.

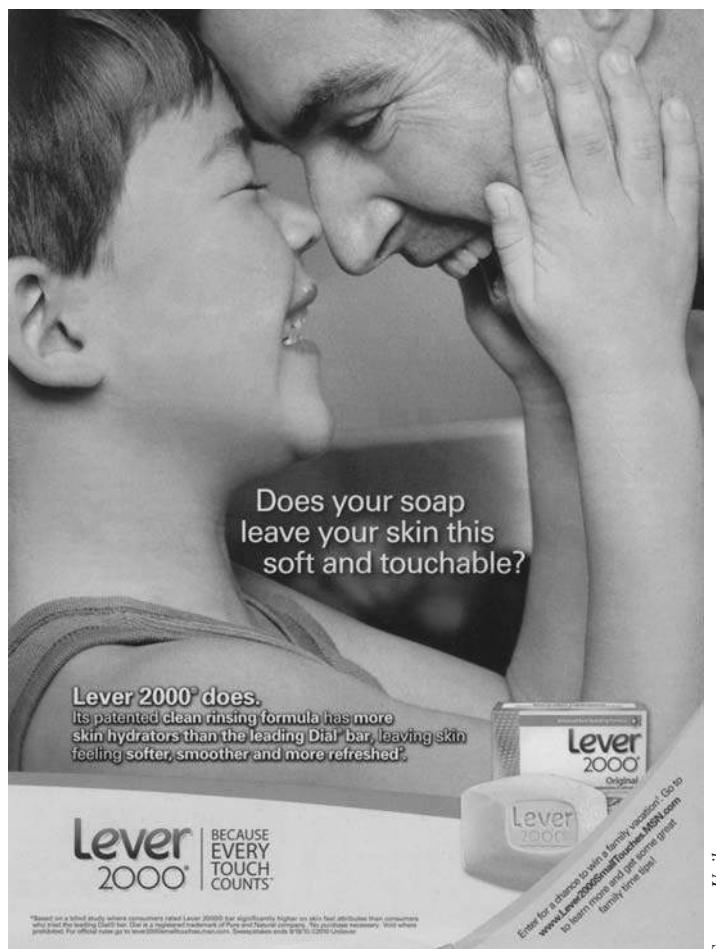


FIGURE 8.6 The Family Provides Emotional Support

### Notes

seats, or car booster seats. Many car manufacturers have considered women's heights in the design of seating and steering columns, as well as designing door handles that women drivers with long fingernails can grab easily. Apparently, both men and women like "aggressive and elegant" lines in the form of "smoothness from one end to the other with no rough edges and a tight, flush design." Like men, women want performance and design, but they also want more features. Examples of features designed with women in mind include inside door handles that are individually illuminated with dim lights, concave consoles with attractive buttons and digital information displays, and entertainment system screens that can be raised and lowered by the push of a button.

Traditionally, women have controlled their families' day-to-day household spending, but men were in charge of major decisions on banking and financial planning. However, one study indicated that British women are now more likely than their husbands to choose banks and make provisions for future savings and spending. The study showed that 91% of households where women were in charge of financial planning had significant savings, but only 82% of households had such savings when men had that responsibility. This was especially true among younger couples; in households with males over the age of 45, men tended to be in charge of money matters. The study predicted that a majority of women of all ages would be in charge of most households' financial decision by 2020. Furthermore, among couples under the age of 45, women were more likely than men to choose the family's bank (52% of households), take control of making detailed future plans for savings (52%), and pay day-to-day bills and keep track of spending (54%). Apparently, women are better savers; the results showed that 37% of single men had no savings, compared to 30% of single women. Greater control of families' finances by women will increase households' savings, as women tend to have a longer-term orientation to saving and also be more cautious savers in selecting where to hold and invest savings. This might also mean that mortgage repayments and consumer spending could become less vulnerable to turmoils in employment or financial markets in the future.

Husband–wife decision-making is related to cultural influence. Research comparing husband–wife decision-making in the People's Republic of China and in the United States revealed

## Husband–Wife Decision-making

Marketers have studied each spouse's relative influence in consumption and identified four patterns of husband–wife decision-making:

1. **Husband-dominated decisions** are those where the husband's influence is greater than the wife's.
2. **Wife-dominated decisions** are those where the wife's influence is greater than the husband's.
3. **Joint decisions** are those where the husband's and wife's influences are equal.
4. **Autonomic decisions** are those where either the husband or the wife is the primary or only decision maker.

The relative influence of a husband and wife on a particular consumer decision depends mainly on the product or service category. For instance, during the 1950s, the purchase of a new automobile was strongly husband-dominated, whereas food and financial banking decisions were often wife-dominated, but these patterns are no longer the case. Some studies indicate that women influenced 85% of all decisions regarding car purchases and bought about 45% of all vehicles sold in the U.S. independently. More than half of female car buyers sought advice from expert sources before buying a new car, spent more time in the purchasing process than men (17 weeks versus 15), and, on average, visited three dealerships, seeking both the best price and polite treatment.

Carmakers and automobile dealers have studied the specific needs of women drivers. For example, GM pays particular attention to details in trim, fabric, colors, compartments, and shapes and positioning of controls. In addition, storage is a big deal to women buyers, whether it's room for groceries, handbags, kids' toys, foldable

that, among Chinese couples, there were substantially fewer joint decisions and more husband-dominated decisions for many household purchases than among American spouses. However, when comparing urban and rural Chinese households, the research showed that in large cities, such as Beijing, married couples were more likely than rural couples to share equally in purchase decisions. Another study compared family decision-making among American and Singaporean families; that study discovered that joint decision-making was characteristic of American families, whereas Singaporean families' decisions were often husband dominant.

### Notes

## Children's Influence on Family Decision-making

Over the past several decades, children have played a more active role in what the family buys, as well as in the family decision-making process. Children's growing influence is the result of families having fewer children (which increases the influence of each child), the existence of more dual-income couples who can afford to permit their children to make a greater number of the choices, and encouragement by the media to allow children to "express themselves." In addition, single-parent households often push their children toward household participation and self-reliance. For example, kids in supermarkets make an average of 15 requests, of which about half are typically granted.

One study, which included interviews with both parents and their children, focused on the influence of children during family decisions regarding vacations. The researchers pointed out that although children believed that they had a large degree of influence on vacation-related decisions, their parents viewed the children's influence as merely moderate. Another notable study investigated the tactics that children use when they want their parents to buy them something or to "get their way" during family decisions. The study identified the following tactics that children typically use:

1. **Pressure:** The child demands, threatens, and tries to intimidate the parents.
2. **Exchange:** The child promises something (e.g., to "be good" or clean his room) in exchange.
3. **Rational:** The child uses a logical arguments and factual evidence.
4. **Consultation:** The child seeks parents' involvement in the decision.
5. **Ingratiation:** The child tries to get the parent in a good mood first and then make the request.

One study identified a group termed "teen Internet mavens"—teenagers who spend considerable time on the Internet and are very proficient in searching for information and responding to requests from others. The study showed that the mavens believed that they were more influential in researching and evaluating family purchases than their parents, which the parents confirmed.

## Children Are Three Markets

An expert on marketing to children pointed out that children should be divided into three separate markets, as described in Table 8.4. Many marketers can apply this framework to targeting different segments of the children's market. For example, when viewing children as influencers, marketers of food products and vacations should depict kids' involvement in these decisions, but must do so in a subtle way and not feature children pressuring their parents to buy products. In addition, recognizing that children form brand preferences early, marketers should show how thankful kids are when their parents buy certain brands.

**TABLE 8.4 Children as Three Markets**

ROLE	DESCRIPTION	EXAMPLES
Children as influencers	Children make requests when accompanying parents on shopping trips and also at home.	Items for themselves (toys, electronics, clothing). Items for homes (furniture, food and beverage preferences). Services for the entire family (vacations, restaurants).
Children as a primary market	Children who shop independently while shopping with their parents or buy things with their own money.	The most commonly purchased products are snacks/sweets, toys, games, clothes, movies, sport events, concerts and video games.
Children as future consumers	Children start contemplating future purchases: "When I grow up I will buy myself..."	The future consumers are fully aware of brands, and marketers should focus on building relationships with them.

## Measuring Family Decision-making

Measuring family decision-making is complex, because family members may not agree with each other's perspective about their relative influence during purchase decisions, which also precludes interviewing them together. Nevertheless, Table 8.5 features an instrument designed to measure family decision-making.

**TABLE 8.5 Measure of Family Decision-making Regarding Vacations**

1. About your family and household:

Two spouses \_\_\_\_\_

One spouse or parent \_\_\_\_\_ Mother \_\_\_\_\_ Father \_\_\_\_\_

Number of children 12 years old or younger \_\_\_\_\_

Do any other adults live in your household? Please specify \_\_\_\_\_

2. How does your family make vacation-related decisions? The questionnaire below lists the typical decisions that must be made and we ask you to indicate how much influence each member(s) of your family has regarding each one. For example, if the wife is the most influential party in deciding on how to travel to the vacation's destination (e.g., fly or drive), please put a checkmark in the column entitled "wife" and the row entitled "most influential" next to "how to get to the destination" (listed in the first column on the left). Leave any boxes that are not applicable blank (e.g., the household includes no teenagers).

DECISIONS	DEGREE OF INFLUENCE	HUSBAND	WIFE	CHILDREN 12 YEARS OLD OR YOUNGER	TEENAGERS
Whether to go on vacation or not	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
How much to spend on the vacation	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
When to go on vacation	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
Type of vacation (e.g., Disney, national parks, biking, camping)	Most influential				
	Very influential				
	Somewhat influential				

(Continued)

**TABLE 8.5 (Continued)**

DECISIONS	DEGREE OF INFLUENCE	HUSBAND	WIFE	CHILDREN 12 YEARS OLD OR YOUNGER	TEENAGERS
	Least influential				
	No influence at all				
Destination(s)	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
How to get to the destination (e.g., drive or fly)	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				

**TABLE 8.6 Family Members' Consumption-related Roles**

ROLE	DESCRIPTION
Influencers	Family member(s) who provide information to other members about a product or service.
Gatekeepers	Family member(s) who control the flow of information about products and services into the family.
Deciders	Family member(s) with the power to decide which product to buy and where.
Buyers	Family member(s) who make the actual purchase of a particular product or service
Preparers	Family member(s) who transform the product into a form suitable for consumption by other family members.
Users	Family member(s) who use the service or consume the product.
Maintainers	Family member(s) who service or repair the product so that it continues to function well.
Disposers	Family member(s) who initiate or carry out the disposition of a product or the discontinuation of the service.

## Family Members' Roles

Table 8.6 shows another perspective on family decision-making which consists of identifying the roles that members play in buying decisions. For example, many parents are *gatekeepers*, who control the information that reaches the family's children by using the parental control features available on TVs, computers, and other communication devices. As described earlier, *indulgent* and *authoritative* parents are attentive gatekeepers. When targeting these parents, electronics makers should emphasize their products' sophisticated information-control features. Companies selling SUVs should recognize that children might be *influencers* in the family's purchase of a new model, although they are neither the *deciders* nor *buyers* of family cars. Children from dual-income households are often the *deciders*, *buyers*, and *preparers* of foods, so marketers of cuisine goods must study the roles of children in this area of the family's consumption. For example, children should be able to open packaging safely and easily,

### Notes

and understand measurement units and preparation instructions. Because children—in the role of *maintainers*—often perform housekeeping chores by themselves, makers of, say, vacuum cleaners should observe how children use their products and make sure that kids can do so safely.

### Learning Objective

- 3 To understand the role of the family life cycle in market segmentation and targeting.

### Notes

## The Family Life Cycle

The **family life cycle** represents the life stages of a typical family. It is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a “typical” stage. The ages of the parents and the relative amount of disposable income are inferred from the family’s stage in the cycle. As illustrated in this chapter’s opening, Toyota’s car models were designed with the family life cycle in mind. Although it is no longer typical of American families, because of the emergence of non-family households and families that cannot be placed into a “typical” phase, the family life cycle remains a widely used form of segmentation, and is also used to analyze the consumption of households that do not fit neatly into it.

The family life cycle starts with bachelorhood and then moves on to marriage (and the creation of the family unit). Marriage usually leads to the growth of the family when children arrive, and later on to family contraction, as grown children leave the household. The cycle ends with the dissolution of the family unit due to the death of one spouse. The stages of the family life cycle are featured in the following sections.

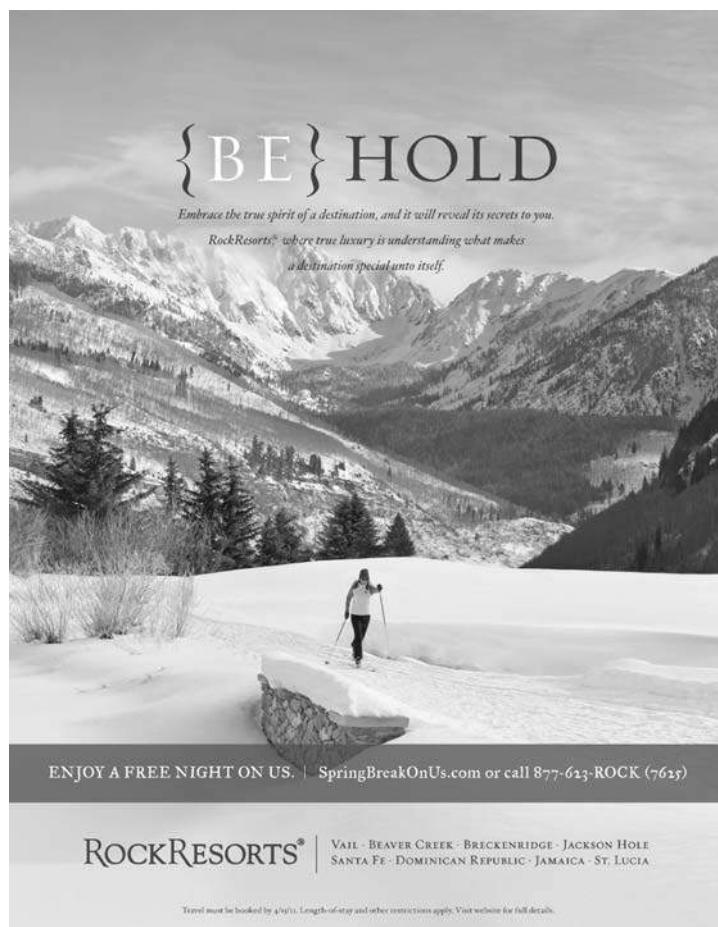
### Bachelorhood

The **bachelorhood** stage refers to young single men and women, mostly college educated, who have incomes that allow them to leave home and establish their own households. Increasingly, though, even employed college graduates continue to live at home and save toward setting up their own homes. Single persons spend considerable amounts on clothing, cars, and travel and entertainment. Marketers should differentiate between singles who live at home (with their parents) and those who have left it. The ads in Figures 8.7 and 8.8 target single and affluent women, who can afford expensive furniture and vacations.



Source: Ligne Roset

**FIGURE 8.7** Targeting Women in the Bachelorhood Stage: High-Priced Furniture

**Notes**

Source: RockResorts, LLC.

**FIGURE 8.8** Targeting Women in the Bachelorhood Stage: Exclusive Vacations

## Honeymooners

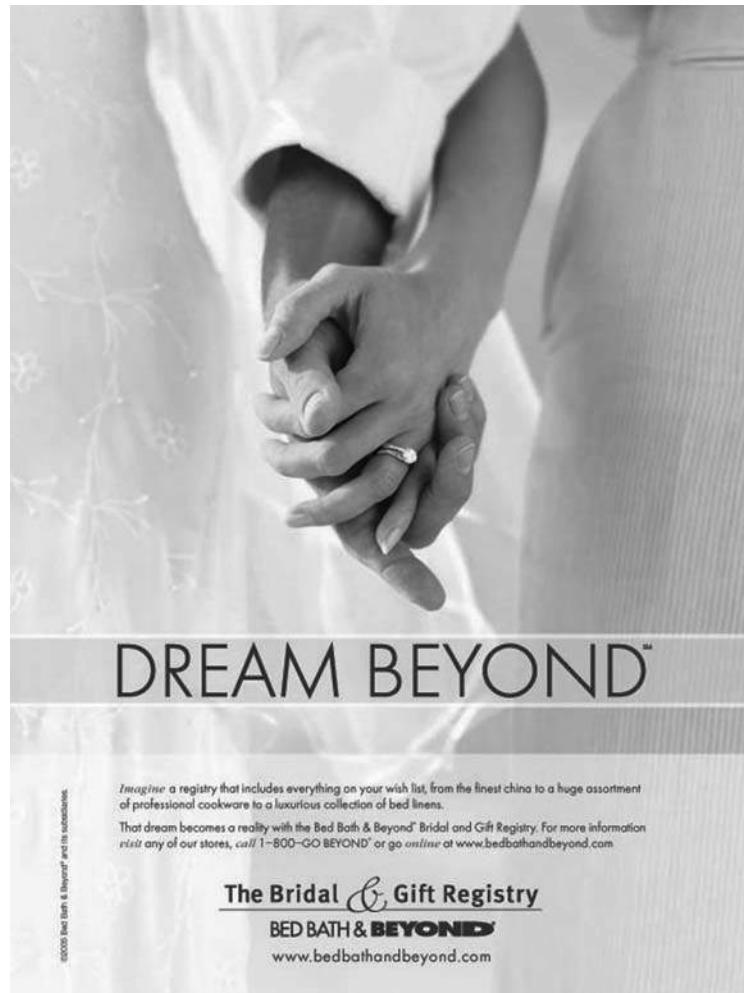
The **honeymooners** stage refers to young and newly married couples. Educated, engaged couples have a combined discretionary income. If both establish career paths, their incomes grow steadily. A spouse going back to graduate school usually calls for curtailing spending and a more moderate lifestyle. People with considerable discretionary incomes are prime targeting prospects. Most couples overspend on their weddings (see the ad in Figure 8.9). Afterward, they are in the market for home furnishings, travel, and financial planning services. Because many young husbands and wives both work, these couples often have a combined income that permits them to purchase more indulgent possessions, as well as save and invest money.

Honeymooners have considerable start-up expenses when establishing a new home. They must find a place to live, buy furniture, and decorate and set up their households. They are the prime targets of marketers in many sectors, and of advisory magazines (e.g., Homes and Gardens), as well as decorators, designers, architects, and financial planners.

## Parenthood

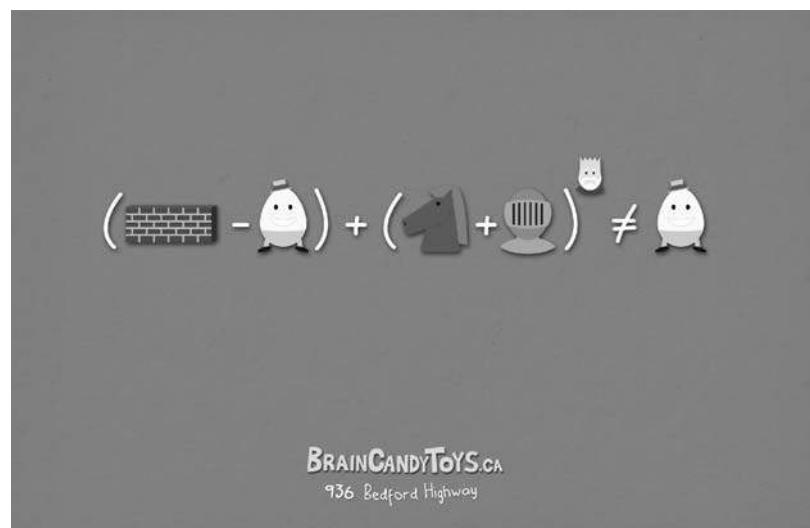
The **parenthood** stage designates married couples with at least one child living at home. This is the longest stage of the family life cycle. The ad for toys that help children's cognitive development in Figure 8.10 targets young parents (the ads in Figures 8.4 and 8.6 do the same).

**Notes**



Source: Bed, Bath & Beyond

FIGURE 8.9 Targeting Honeymooners



Source: Ads created by Revolve, CA for Brain Candy Toys, CA

FIGURE 8.10 Targeting Young Parents

**Notes**

Parenthood (also known as the “full-nest” stage) usually extends over more than a twenty-year period. Because of its long duration, this stage can be divided into shorter phases. The *preschool phase*, *elementary school phase*, *high school phase*, and *college phase*. Throughout these parenthood phases, the interrelationships of family members and the structure of the family gradually change. Furthermore, the financial resources of the family change significantly, as one (or both) parents progress in their careers and as child rearing and educational responsibilities gradually increase and then decrease as children become self-supporting.

Many magazines target parents and children of different ages, either together or separately. For example, there are many special-interest publications, such as Humpty Dumpty, designed for the young child who is just learning to read; Scholastic Magazine, for the elementary school pupil; Boy’s Life, for young boys; and American Girl, Seventeen, and Glamour for teen and young adult girls interested in fashion. In addition, a relatively new magazine, Cookie, is targeting the parents in the more than 22 million U.S. homes with annual incomes in excess of \$75,000 and children under 10 years of age.

### **Post-parenthood**

The **post-parenthood** stage refers to older married couples with no children living at home. Because parenthood extends over many years, the start of this stage (also known as “empty nest”) is traumatic for some parents and liberating for others. For many parents, this stage represents the opportunity to do all the things they could not do or afford while their children lived home or went to college.

During this stage, most married couples are financially secure and have a lot of leisure time. They travel more frequently, take extended vacations, and are likely to purchase a second home in a warmer climate. They have higher disposable incomes because of savings and investments, and they have fewer expenses (no mortgage or college tuition bills). They look forward to being involved grandparents. Therefore, families in the post-parenthood stage are an important market for luxury goods, new automobiles, expensive furniture, and vacations to faraway places. Chapter 12 discusses postretirement consumer behavior.

#### Box 8.2 Potential in the Indian Context-'Empty Nest' Stage of Family Life Stage

“Empty Nest” is a family stage during which both the husband and wife go through the aging process without their children being with them. Financially, they may be comfortable; they may have more of leisure time and may also like to travel or even continue to work. The present generation of post-sixty years adults (generally regarded as senior citizens) have longevity of life that has both positives and negatives.

While the positives are obvious, the negatives include lifestyle diseases, a large sum of money or insurance required to meet such problems, and more importantly, the reliable manpower support required for both the husband and wife as they age and slowly become dependent (while their children are away). Some of them may have no affordability limits to face problems and some of them may depend on their children. Such a situation opens up several opportunities for marketers. Serene is a brand that has opened up senior citizen homes in several cities. Apollo Hospitals has opened up an evening clinic in Bangalore so that children may be able to accompany their parents. Most importantly, the demand for reliable ‘in-house’ services (like nursing and electronic surveillance) may have a huge potential in future in India. Online services may even provide customized services with constant interaction with children who are placed abroad and can pay for the services. There is a definite need for a reliable and trustworthy brand in the Indian context as perceived risk of consumers opting out for such services is likely to be high.

### **Dissolution**

The **dissolution** stage refers to the family with one surviving spouse. If the surviving spouse is in good health, is working or has adequate savings, and has supportive family and friends, the adjustment is easier. The surviving spouse (women live longer than men) often tends to follow a more economical lifestyle. Many surviving spouses seek each other out for companionship; others enter into second (or third and even fourth) marriages (Chapter 12 describes the characteristics of older consumers).

### **Summary of the Family Life Cycle**

The traditional family life cycle concept details the types of products and services that a household or family might be most interested in at each stage. In addition, it is also possible

**Notes**

to trace how the family life cycle concept affects a single product or service over time. As an example, a qualitative study conducted in Denmark indicates that family life cycle stage influences the experiences that consumers seek during their vacations. For example, less “traditional” vacations when single, such as backpacking through Europe, and more “traditional” vacations when married with a young child, such as a week at a Caribbean island hotel.

## **Family and Its Social Setting in the Indian Context**

Traditionally, the Indian family was a joint family consisting of the husband and wife, parents of the husband, and his relatives. Religious stories and cultural mythologies that was once a part of one's childhood is giving away to computer games and fun on the YouTube. The onset of nuclear families has had a major impact on the lifestyle of families in the Indian context.

There are three kinds of social setting that can be identified in the Indian context— family with the traditional homemaker, the family with a ‘quasi-progressive’ wife, and the family with the contemporary wife in a typical urban nuclear family in which both the husband and the wife are highly qualified professionals. The traditional wife takes care of the children and attempts to balance the demands of the children with the implicit norms provided by the husband. She may not have the final say on discretionary expenditure concerned with computer games and fun foods for children (in some families, the affordability for indulgence is also a consideration). Contrary to the popular perception that the traditional homemaker can only be found in homes that are economically not very highly placed, there are traditional homemakers in every socio-economic stream. The ‘quasi-progressive’ families have a wife where she has the freedom to decide on day-to-day needs of the family and also provide inputs on obtaining durable categories for the family. Several brands of snack foods, detergents, floor cleaners, and milk additives are advertised to influence such homemakers. The third category of urban contemporary homemakers are those who would like to have an equal say in most decisions concerning the household – that could range from biscuits for children to buying a new home. Several jewelry, cosmetic brands, and real estate brands target this segment of homemakers who can open up avenues for discretionary spending. Such expenditures associated with aspiration-based lifestyles may include vacationing, buying furniture, and cars. In all the three categories, the well-being of children are the top priority for the homemakers. The stereotype of a homemaker is strongly associated with an Indian homemaker, regardless of the category they belong. Such a concern was reflected in the ads of brands like Lifebuoy, Dettol, Bournvita, and Horlicks. A distinguishing characteristic of Indian families (across socio-economic spectrum) is the “Family” shopping associated with wedding occasions (apparel, jewelry and furniture categories are examples). The family as well as other members of the extended family (close relatives) will join together and enjoy the shopping. Several Chennai-based retailers advertise in regional television channels to attract such segments of consumers.

Parents' interest in the choice of the best educational alternatives for their children is another contemporary area that has given rise to career counsellors and teaching institutes that prepare students for competitive entrance exams.

### **Learning Objective**

- 4 To understand the consumption patterns of nontraditional families and non-family households.

## **Nontraditional Families and Non-family Households**

When targeting segments that do not represent “typical” families or households, marketers must distinguish between two groups:

1. **Nontraditional families**, defined as families that do not readily fit into the family life cycle.
2. **Non-family households**, defined as living situations that are not legally defined as families (e.g., couples who live together but are not married).

The most common nontraditional family forms and non-family households are also described in Table 8.7. At one time, these forms of families and households were relatively rare and marketers ignored them. However, what is considered a “typical” family or household has changed considerably over time. For instance, traditional families represented 81% of all U.S. households in 1970, but only 66% in 2010. The number of households consisting of married couples with children under 18 decreased from 40% in 1970 to about 20% in 2010, and the number of “not married, no children”

**TABLE 8.7 Descriptions of Nontraditional Households****NONTRADITIONAL FAMILIES**

Childless couples	Many couples, especially those who delayed marrying in order to advance their careers at a young age, choose not to have children.
Couples who marry in their late 30s and later	Many career-oriented men and women may live together for years and, even if they get married eventually, are likely to have no more than one child.
Divorced single parents	More single-parent families because of high divorce rates.
“Nesters”—Children returning to their parents’ homes	Young single-adult children who return home to avoid the expenses of living alone while establishing their careers. Divorced daughters or sons, sometimes with their children, return home to their parents. Frail elderly parents who move in with children. Newlyweds living with in-laws in order to save money before setting up their own households

**NON-FAMILY HOUSEHOLDS**

Unmarried couples	People who choose to live together with or without children.
Single parents	Women (mostly) or man who choose to adopt children or have their own and raise them without the other biological parent.
Gay couples (married or not)	Several states allow gay marriages and many other recognize domestic partnerships. Many gay couples adopt or have their own children with heterosexuals, who may or may not be involved in rearing the children.

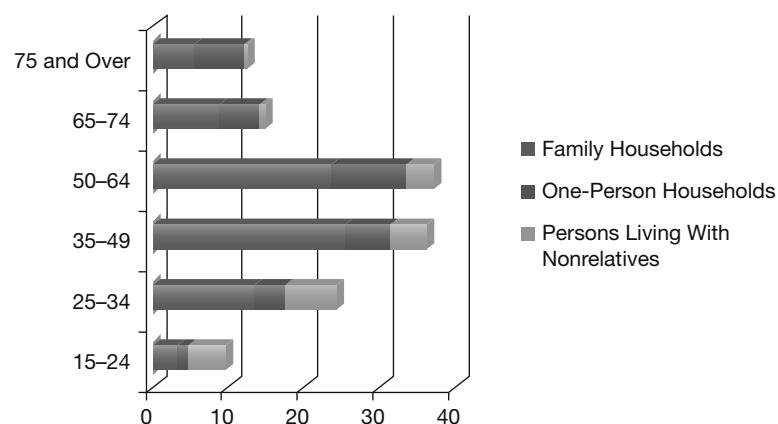
Source: Compiled from data at: U.S. Census Bureau, Census 2010 Summary File 1 counts shown in American Fact Finder. [http://www.census.gov/prod/cen2010/briefs/c2010\\_br-14/](http://www.census.gov/prod/cen2010/briefs/c2010_br-14/) Accessed 6/21/12.

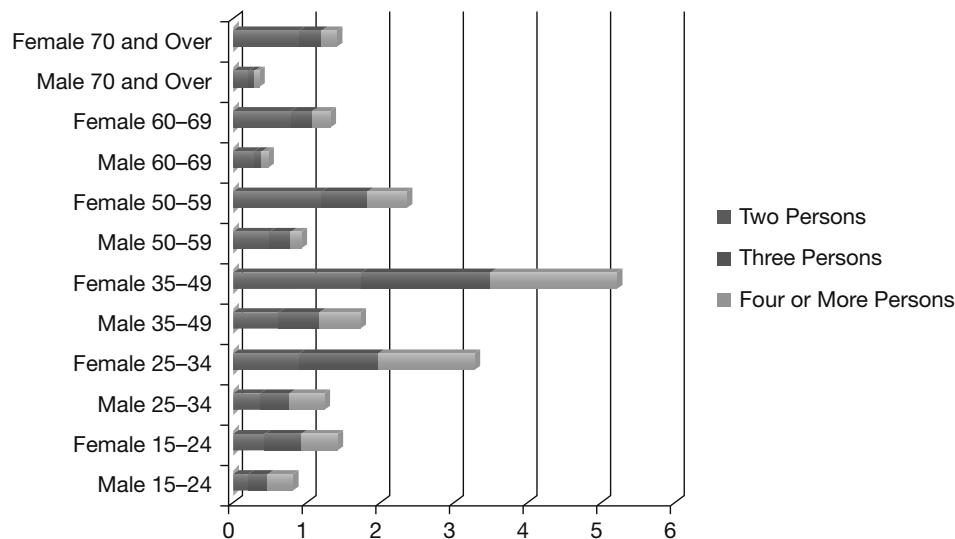
households (i.e., non-family households) rose from almost 19% in 1970 to 34% in 2010. During this same time frame, the percentage of family households without a spouse present rose from 11% to almost 18%, and the number of people living alone grew from 17% in 1970 to almost 27% in 2010. Also, whereas in 1970, 65% of men and 60% of women age 18 and older were married, by 2010 these figures had declined to 53% of men and 50% of women.

Figure 8.11 illustrates the significance of non-family household in the United States. As people get older, many more non-family households emerge, and, because of increased life expectancy, this segment has been growing and marketers must not ignore it. Figure 8.12 shows that, across age groups, there are significantly more women than men living in non-family households, and this ratio becomes even more pronounced as people age.

**Notes****Consumer Behavior of Nontraditional Families and Households**

Several studies have focused on nontraditional families and non-family households. One study discovered that married couples make more purchase decisions separately, whereas

**FIGURE 8.11 Number of Family and Non-family Households by Age (in millions)**

**Notes**

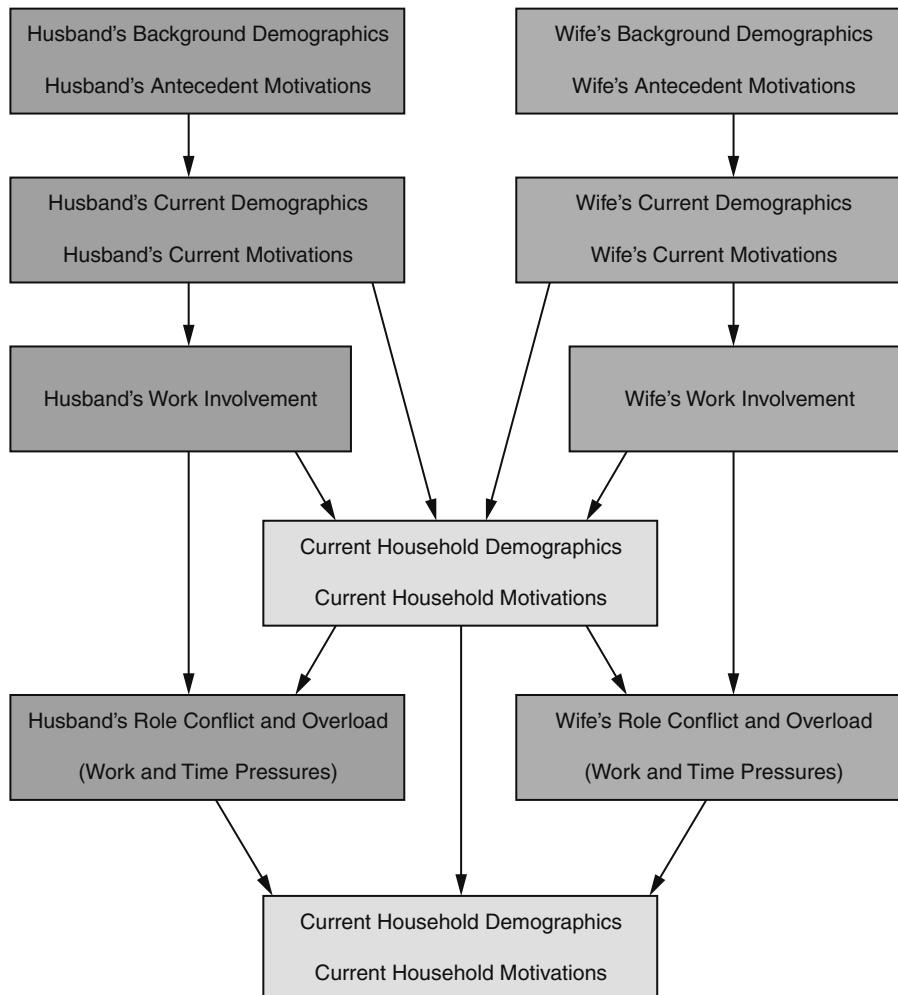
**FIGURE 8.12** Number of Non-family Households: No Spouse Present by Gender, Age, and Household Size (in millions)

cohabitating couples make their decisions together. When households undergo status changes (such as divorce, temporary retirement or job loss, a new person joining the household, or the death of a family member), their consumption patterns and preferences change. Sometimes, these households represent lucrative target markets. For example, divorce often requires that one (or both) of the former spouses find a new residence, buy new furniture, and perhaps find a job. Thus, divorced people are likely to contact real estate agents, visit furniture stores, and, sometimes, contact headhunters or seek professional career guidance. In addition, the residences and consumption patterns of newly divorced parents must accommodate the needs of visiting children, whose influence regarding buying may change following a divorce. One study pointed out that children in newly formed single-parent households have greater influence in the choice of the large items and holiday vacations than children from intact families.

### Advertising to Nontraditional Households

Targeting consumers like the ones featured in Table 8.7 represents a marketing dilemma. On the one hand, marketers of many products must now acknowledge the existence of segments that consist of nontraditional households. On the other hand, some members of traditional families might react negatively to portrayals of nontraditional households, because of religion and beliefs as to what is or is not “right.” Marketers must come up with ads that appeal to both types of households without offending either one. For example, if advertisements for baby food portray only children being reared by young parents, unmarried, single, and older parents might not find them persuasive. However, some young parents rearing children might find ads showing single or divorced parents offensive. Therefore, ads for baby food should focus on the children’s happiness, health, and warm relationship with those rearing them and leave the “definition” of the households shown up to the viewers.

An ad that shows two young professional women talking over a beer with the tagline “he likes my kid and he drinks brand X,” implies, of course, that the woman speaking is either divorced or has had a child out of wedlock. Although many young and “with it” people are likely to find this ad clever, it might offend more traditional individuals. Over the years, more and more ads have shown divorced people, single parents, and unmarried and gay couples. On several occasions, conservative groups have publicly criticized such ads and even boycotted the products advertised. Although marketers can no longer ignore lucrative market segments that some might find objectionable, they must design ads that are persuasive but unlikely to be controversial.

**Notes****FIGURE 8.13** Dual Spousal Work Involvement

### Dual Spousal Work Involvement Household Classification System

Figure 8.13 shows a classification system named “dual spousal work involvement,” which consists of eight types of households based on combinations of occupations and “career-related motivations.” The eight groups shown differ in consumption patterns. For example, dual low-occupation and nonworking wife and low-occupation husband households consumed a lot of fast and convenience foods but very few healthy and nutritious items. In contrast, dual, very high-occupation career couples consumed many healthful items and few convenience foods.

## Social Standing and Consumer Behavior

Social class is the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status. Some form of class structure (or social stratification) has existed in all societies throughout history. In contemporary societies, people who are better educated or have prestigious occupations have more status relative to other members of the same society. Belonging to a given social class also reflects the differences in the values, attitudes, and behaviors (including consumer behavior) among members of the different social classes. Social class is a continuum along which society’s members—usually as households—are placed into one stratum; that is, “assigned” to a social class according to their relative prestige within that society.

### Learning Objective

- 5 To understand the impact of social stratification on consumer behavior.

**Notes**

## Social Class and Social Status

Social class stems from **social status**, which is the degree of prestige the members of one social class have in comparison with members of other social classes. Status is composed of several factors, including *wealth* (amount of economic assets), *power* (the degree of influence over others), and the amount of *esteem* one receives from others.

According to social comparison theory, individuals compare their own material possessions with those owned by others in order to determine their relative social standing. This is especially apparent in a materialistic society, where status is often associated with consumers' purchasing power. Thus, people with more purchasing power (and more possessions) have more status and those with less money have less status. The more expensive and exclusive one's possessions are, the more status one has. In addition, two other demographics that determine social standing are occupational status and educational attainment.

## Social Class Is Hierarchical and Often Used to Segment Consumers

Social-class categories are ranked in a hierarchy, ranging from low to high status. Members of a specific social class perceive members of other social classes as having either more or less status than they do. When it comes to consumption, people look for cues indicating that others are either equal to them (about the same social class), superior to them (higher social class), or inferior to them (lower social class). Marketers often use social class to segment consumers, because members of the same social class share values, attitudes, and priorities regarding all the aspects of their lives, including consumer behavior.

Social-class hierarchies are reflected in consumption patterns. Consumers purchase certain products because these products are favored by members of either their own or a higher social class (e.g., a high-priced Swiss wristwatch), but avoid products that they perceive as "lower-class" (e.g., a "no-name" brand of sneaker or off-the-rack suits). Relationships between product usage and social-class membership exist in all Western societies. For example, Germans perceive instant coffee as an upscale product, whereas French consumers view it as a downscale product. Many studies discovered that social class often determined consumer attitudes toward adopting certain products or not, and strongly influenced their purchases of product types, services, and brands.

**Learning Objective**

- 6 To understand how to measure social class and segment consumers accordingly.

## Measuring Social Class

The demographic factors that determine a person's social class include income (usually household income), wealth (savings and liquid assets), source of income or wealth (inherited or self-made), occupation, and educational attainment (number of years of formal education or the highest degree attained). Social class can be measured subjectively or objectively.

### Subjective versus Objective Measures

**Subjective measures** consist of asking people to estimate their own social class. A typical subjective measure consists of the following question:

*"Which of the following four categories best describes your social class: Lower class, lower-middle class, upper-middle class, or upper class?"*

- |                              |     |
|------------------------------|-----|
| <i>Lower class</i>           | [ ] |
| <i>Lower-middle class</i>    | [ ] |
| <i>Upper-middle class</i>    | [ ] |
| <i>Upper class</i>           | [ ] |
| <i>Do not know/no answer</i> | [ ] |

When researchers use subjective measures of social class, many people identify themselves, often incorrectly, as belonging to the middle class. In fact, most people, both in the United States and other countries and cultures, tend to classify themselves in the middle strata. For example, every year in Japan, a "Life of the Nation" survey asks citizens to place themselves into one of five social-class categories: upper, upper-middle, middle-middle, lower-middle, and lower class. Whereas in the late 1950s more than 70% of respondents placed themselves in one of the three

middle-class categories, this percentage has increased, and in more recent surveys about 90% categorized themselves as middle class.

Many researchers maintain that responses to subjective measures represent the participants' *self-perceptions* and sense of belonging or *identification* with others, rather than comparisons with others belonging to different social groups. Thus, subjective measures actually reflect one's **social-class consciousness**, defined as a person's level of identification with a given social class.

**Objective measures** consist of demographic variables and asking respondents factual questions about themselves, their families, or their places of residence. Objective measures of social class include one or more of the following variables: Occupation, amount of income, education, and other related factors (e.g., source of income). These data are often incorporated into geo-demographic clustering, where Zip Code and residence/neighborhood information are employed to locate consumers with certain incomes, levels of education, and other socio-demographic items (see Chapter 2).

Marketers and providers of geo-demographic data rely heavily on socioeconomic data from the U.S. Census Bureau. Social class consists of a person's education, occupation, and income, which are closely correlated variables in almost all households. In measuring a household's social standing, the occupation and education measured are those of the "head of household," as designated by the household's members. After we examine each of the three demographics separately, we discuss several social class indices that combine them.

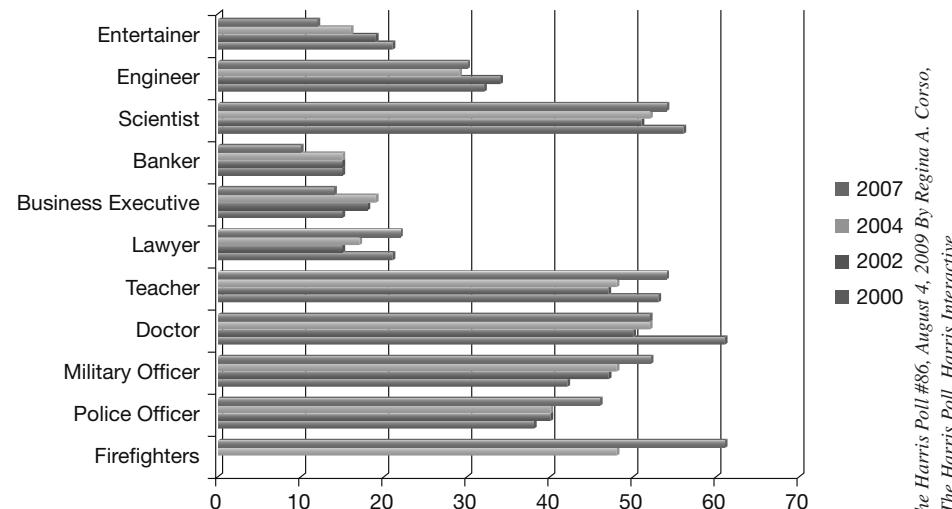
## Notes

### Occupation

People's occupations reflect their social standing relative to other members of the same society. It is often considered to be the best gauge of social class and status, as is illustrated by the often-asked question "What do you do for a living?" We use the responses to this question to "size up" people upon meeting them for the first time and form our initial impressions. Occupational prestige reflects a society's priorities and morals. For example, within the Judeo-Christian tradition, human life is paramount; hence, in the Western world, medicine and nursing are prestigious occupations. In contrast, the communist system held collectivism in high regard; individualism was considered weak and undesirable. As a result, in the Soviet Union (which finally collapsed in 1992), the medical profession was not a prestigious occupation, and medical standards and facilities were far inferior to Western ones. Under communism, very large, uniform, unattractive, blocky, and mostly gray structures were expressions of the "collective will," and their engineers and builders were highly respected. Hence, under communism, it was easy to become a physician, but only a select few were admitted to engineering schools. In the Western world, it is very difficult to be admitted to medical school and become a physician, because we have great respect for life and health and want to ensure that those who treat us medically are truly skilled and thoroughly educated.

Unlike income or educational attainment, occupational prestige cannot be determined objectively (or numerically). Instead, occupational rankings are based on public opinion as measured by administering surveys to large national samples (sized between 1,000 and 3,000 people). One method of calculating job prestige—named the *ladder of social ranking*—consists of giving respondents index cards with about 100 or so jobs listed on them and asking them to arrange the cards from the most to the least prestigious. Another method consists of questioning respondents directly. For example, the results of the Harris Poll (featured in Figure 8.12) are based on responses to the following question: "*I am going to read off a number of different occupations. For each, would you tell me if you feel it is an occupation of very great prestige, considerable prestige, some prestige, or hardly any prestige at all?*"

An **occupational prestige ranking** represents society's collective beliefs regarding the occupation's social worth and desirability, as stemming from the knowledge required to attain it (i.e., educational level) and the material rewards that occupants receive (i.e., income). Interestingly, prestige rankings reflect society's historical events and changing economics, as illustrated by the Harris Poll surveys of occupational prestige (2007 is the latest survey available), which are featured in Figure 8.14. As shown, the prestige of firefighters and police and military officers has increased steadily after the 9/11 terrorist attacks and the subsequent engagement of the American military in operations overseas. The prestige of business-related executives has been low, probably because of the insider-trading and accounting scandals of the past decade. Many surveys have shown that the occupational prestige of bankers and stockbrokers continued to plummet following the financial blowup of 2008 and the stagnant economy that followed. The prestige of doctors has steadily increased, despite the continuing debate over medical costs and the emergence of health insurance coverage as the most prominent social problem in the United States. In the Harris Poll study, occupations that more than one-quarter of respondents indicated had "hardly any prestige at all" included stockbrokers, union leaders, real estate brokers, and entertainers.

**Notes**

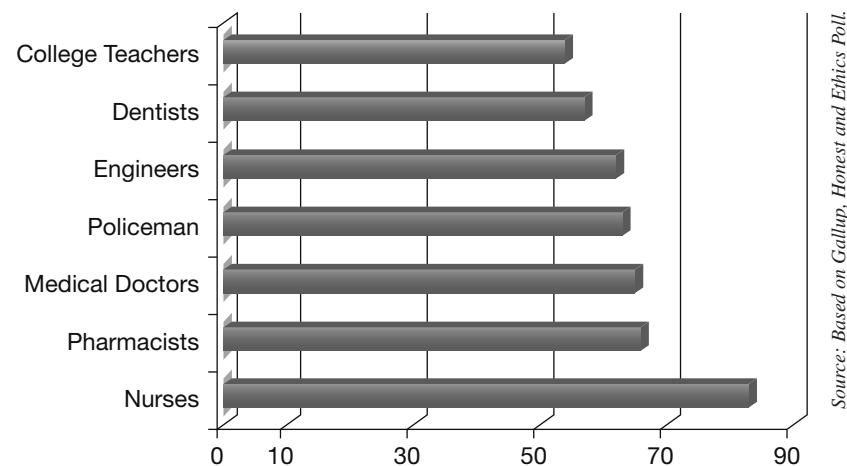
**FIGURE 8.14** Occupational Prestige Ranking: Percentage Responding that Occupation Has “Very Great Prestige”

Source: The Harris Poll #86, August 4, 2009 By Regina A. Corso, Director, The Harris Poll, Harris Interactive

Another way to gauge an occupational prestige is the degree of ethics and honesty associated with it. As principles for our behavior, ethics and honesty are the most important behavioral guidelines within our culture. The Golden Rule, originating in biblical times and mandating that you “treat others as you would like others to treat you;”; George Washington’s statement that “I cannot tell a lie”; and President Lincoln’s fame as “Honest Abe” have been part of every child’s education, and personal honesty is regarded as a virtue. The Gallup Poll has continuously measured Americans’ perceptions of the honesty and ethics associated with popular occupations by using the following question: “Please tell me how you would rate the honesty and ethical standards of people in these fields—very high, high, average, low, or very low?”\* The professions perceived as *most* honest and ethical (by more than 50% of respondents) are featured in Figure 8.15A, and the ones viewed as the *least* honest and ethical (by 40% or more of respondents) are listed in Figure 8.15B.

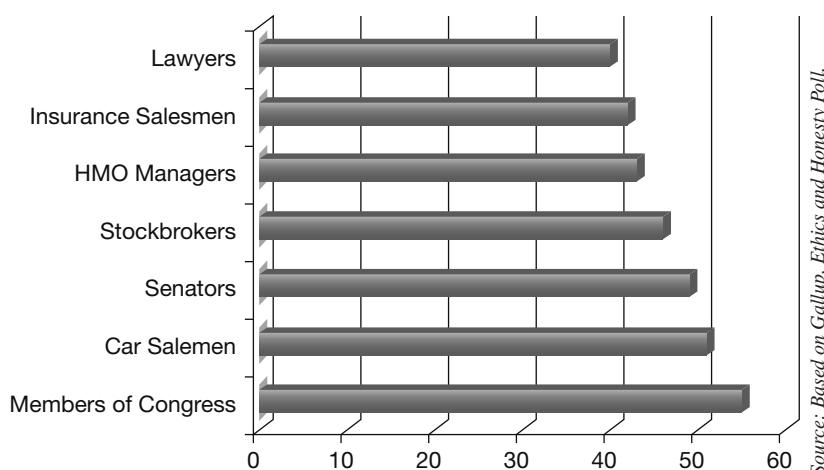
## Education

The more education people have, the more likely it is that they are well paid, have prestigious occupations, and therefore belong to higher social classes than the less educated. According to the latest estimates from the U.S. Census Bureau, there are now 114 million households in the United States, with an average of 2.59 persons per household. Figure 8.16 illustrates the



Source: Based on Gallup, Honest and Ethics Poll.

**FIGURE 8.15A** High Ethics and Honesty: Percentage Responding “High” or “Very High” Honesty

**Notes**

**FIGURE 8.15B** Low Ethics and Honesty: Percentage Responding “Low” or “Very Low” Honesty

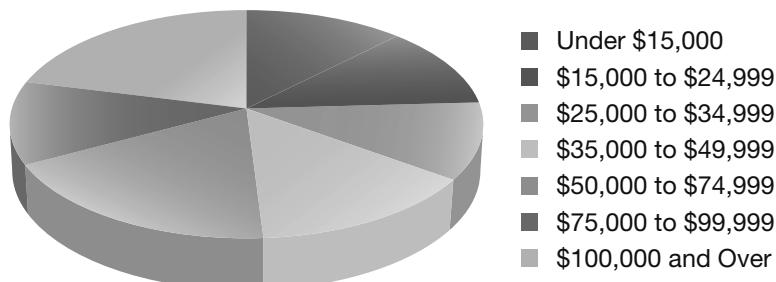
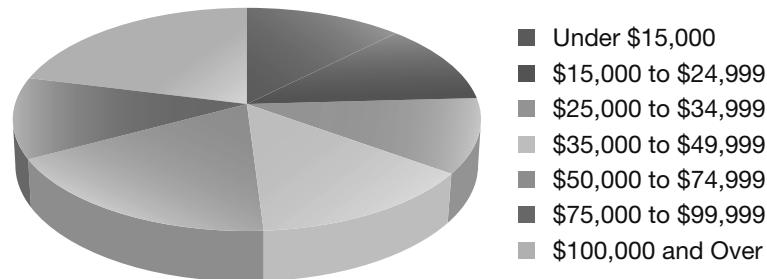
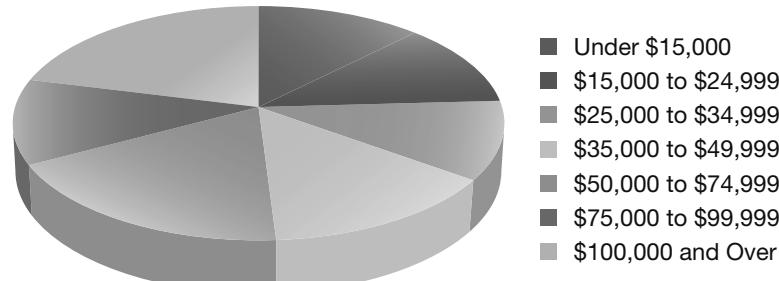
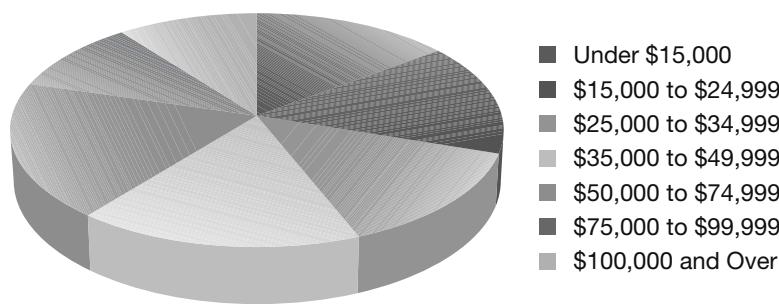
correlation between educational attainment and the amount of household income. The “pies” represent different educational attainment levels and the incomes associated with them. As education increases, so does income. For example, the size of the “slice” representing incomes between \$25,000 and \$34,999 is significantly larger among high school graduates (Figure 8.16D), as compared with those who went to high school but did not graduate (Figure 8.16C). The “slice” representing the \$100,000 and over income group occupies about 45% in the “pie” of the “bachelor’s degree and higher” group (Figure 8.16G), which illustrates that college education makes people more affluent.

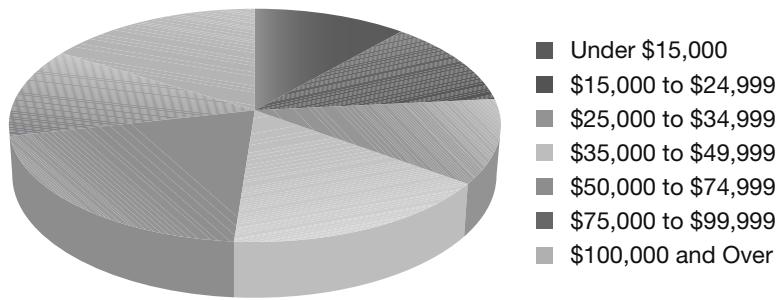
Social-class membership is often mirrored in one’s education. For example, students at the most selective universities in the country are often the sons and daughters of alumni and upper-class Americans, whereas lower-class children are often encouraged to “get a good job.” In a series of articles on social class, a 50-year-old man, whose father was a factory worker, was quoted: “The whole concept of life was that you should get a good job in the factory . . . if I’d said I wanted to go to college, it would have been like saying I wanted to grow gills and breathe underwater.” Almost one in three Americans in their mid-twenties today is a college dropout (compared to one in five in the late 1960s), and most of those are members of poor and working-class families. In contrast, the children of the middle and upper classes generally graduate from college “because they can hardly imagine doing otherwise.”

## Income

Individual or family income is frequently used to measure social standing. When using income as a measure, it is important to study the *source* of income, as well as its amount. It is also important to distinguish between *income* and *wealth*. Wealth is based on savings, may include inheritance, and is often the outcome of having network and alliances, some of which expand over generations. Income often represents only the ability to spend more, whereas net worth (i.e., wealth) can be used to create more financial resources. The distribution of net worth in the United States has become markedly unbalanced over the past few decades. In the year 2001, the richest 1% of households possessed almost 34% of all net worth; the bottom 90% of all households accounted for only 28.5% of all net worth. Since then, the rich have gotten richer, and the poor have gotten poorer.

Although income is a commonly used estimate of social-class standing, many consumer researchers maintain that it is not a good measure. Some point out that a blue-collar electrician and a white-collar administrative assistant may both earn \$87,000 a year, but will spend their incomes differently because of the difference between their educations and occupations. The same is true in the case of a prominent physician and a successful plumbing contractor, each earning \$200,000. The amount of income represents the *ability* to spend money, but *how* the money is spent is determined by peoples’ priorities, which are reflections of their education, occupation, and social contacts.

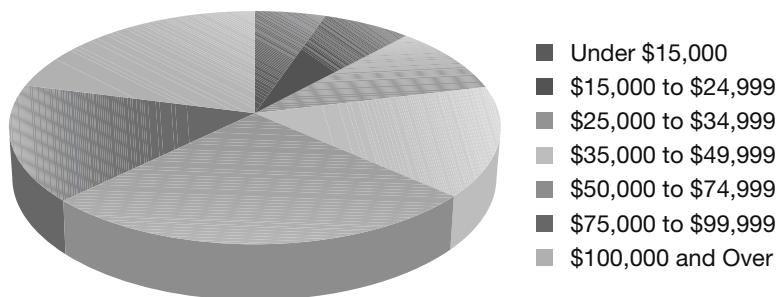
**Notes****FIGURE 8.16A** Twenty-Five or Older Americans' Incomes (Median \$50,971)**FIGURE 8.16B** Incomes of 25 or Older with Less than Ninth-Grade Education (Median \$21,635)**FIGURE 8.16C** Incomes of 25 or Older with Some High School Education (Median \$25,604)**FIGURE 8.16D** Incomes of 25 or Older High School Graduates (Median \$39,647)



**FIGURE 8.16E** Incomes of 25 or Older with Some College But without Degree Education (Median \$44,301)

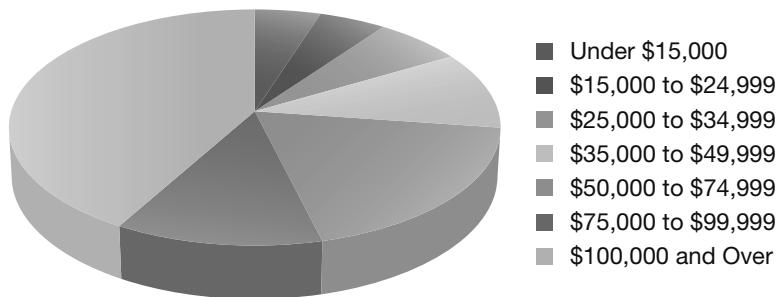
Source: (Figure 10.17A-E) U.S. Census Bureau, *Statistical Abstract of the United States*, 2012; census.gov/popest/2011pubs/12stateb/income Accessed 6/21/2012.

### Notes



**FIGURE 8.16F** Incomes of 25 or Older with Associate College Degree (Median \$67,728)

Source: (Figure 10.17F-G) U.S. Census Bureau, *Statistical Abstract of the United States*, 2012; census.gov/popest/2011pubs/12stateb/income Accessed 6/21/2012.



**FIGURE 8.16G** Incomes of 25 or Older with Bachelor's Degree or Higher (Median \$82,722)

Magazines are an excellent medium because they reach selective consumer segments in terms of income, education, and occupation. For example, marketers who target upper-middle-class consumers should consider placing ads in Wine and Food magazine because most of its readers are young, educated, and hold managerial positions.

## Multivariable Measures

A **multivariable index** consists of more than one demographic variable and combines several socioeconomic factors to determine social-class standing. Many believe that these indices reflect the complexity of social class better than single-variable indexes. For instance, a research study that explored consumers' perceptions of mail and phone order shopping—using a composite of income, occupational status, and education—discovered that the consumers with higher social standing preferred buying by phone or mail over in-store shopping. The same research also found that upscale consumers preferred in-store shopping to buying from catalogues or by phone. Thus, retailers such as Kmart and Walmart that target working-class consumers should

**Notes**

use direct-marketing and catalogs cautiously. In contrast, retailers catering to upscale consumers, such as Neiman Marcus and Saks Fifth Avenue, have been very successful in using catalogs to sell even extraordinarily expensive goods to affluent consumers.

The most widely used multivariable measures are:

- Index of Status Characteristics (Warner's ISC)** is a weighted measure of the following socioeconomic variables: Occupation, source of income (not amount of income), house type, and dwelling area (quality of neighborhood).
- Socioeconomic Status Score (SES)** was developed by the U.S. Bureau of the Census, and combines three socioeconomic variables: Occupation, family income, and educational attainment.

## Social Classes' Characteristics and Consumer Behavior

There is no uniform definition as to how many distinct classes depict the class structure of the U.S. population. Most early studies divided Americans into five or six social-class groups. Other researchers have found nine-, four-, three-, and even two-class schemas suitable. The choice of how many separate classes to use depends on the amount of detail that the researcher believes is necessary to adequately explain the attitudes or behavior under study.

Lifestyles, consumption patterns, leisure activities, hobbies, media exposure, and many other factors are homogeneous within and heterogeneous among social classes. Table 8.8 presents an overview of the American population as divided into seven social classes, and Figure 8.17 shows the distribution of America's population by social class.

### Upward Mobility

Social-class membership in the United States is not as fixed as it is in many other countries and cultures (e.g., the UK and India). Americans have traditionally believed in **upward mobility**, defined as the opportunity to move from a lower social class to a higher one, because of the wide availability of educational resources (e.g., expensive top schools, but also inexpensive state and city universities providing high-quality education) and the opportunities produced by the free enterprise, capitalistic economy. Indeed, the classic Horatio Alger tale of a penniless young orphan who manages to achieve great success in business and in life is the central theme in many American novels and movies.

Because upward mobility has been attainable in American society, the higher social classes have been reference groups for ambitious men and women of lower social status. Examples are the new management trainee who strives to dress like the boss, the middle manager who aspires to belong to an exclusive country club, or the graduate of a community college who gives up necessities in order to save money to send her son to Yale.

**TABLE 8.8 Social-Class Profiles of the United States**

**THE UPPER-UPPER CLASS—INHERITED WEALTH AND PRIVILEGE**

- Also known as "upper crust," "WASPS," or "blue bloods"
- Less than 1% of the population together with the Nouveau Rich
- Inherited privilege, wealth, and trust funds
- Status and wealth are passed on from generation to generation (homes, trust funds)
- Multigenerational wealth and leadership positions (e.g., presidents, senators, judges)
- Serve as trustees and on boards of directors for universities, hospitals, charities
- Control and own significant portions of corporate America
- Heads of major financial institutions; owners of long-established firms
- Attended exclusive boarding schools and Ivy League universities
- Belong to exclusive clubs, "summer" together, marry people "like themselves"

(Continued)

**TABLE 8.8 (Continued)**

- Accustomed to wealth, so do not spend money conspicuously
- Consider “toys” bought to display wealth publicly (e.g., yachts) to be vulgar
- Hobbies: Shooting, sailing, parasailing, golf, horseback riding

**THE NOUVEAU RICH—MONEY IS KING**

- Also known as the “lower-uppers,” “super rich,” or “capitalist class”
- Less than 1% of the population together with the Upper-Upper
- Have millions and often billions of dollars but seldom inherited wealth
- Some have little or no college education (e.g., celebrities)
- Some are entrepreneurs (often in the technology sector) who attended top universities
- Often isolated from others because of bodyguards and large entourages
- Often featured in tabloids, gossip columns, and public scandals
- Strive to join the Upper-Uppers (e.g., by marriage), mostly unsuccessfully
- Highly conspicuous consumption—the more vulgar, the better
- Prime target for “hot” (and mostly short-lived) fashion and interior design trends
- Employ large staffs—chefs, nutritionists, maids, nannies, personal assistants

**THE UPPER-MIDDLE CLASS—ACHIEVING PROFESSIONALS**

- Key features are high educational attainment and professional achievement
- Approximately 15% of the population
- Career-oriented, highly educated professionals whose work is largely self-directed
- Corporate managers, business owners, doctors, lawyers, professors
- College graduates, many with advanced degrees
- Active in professional networks, community, and social activities
- Trendsetters in health, fitness, and environmental causes
- Have a keen interest in obtaining the “better things in life”
- Homes, cars, and travel symbolize their achievements
- Consumption is often conspicuous, but not vulgar
- Some are very child oriented

**THE LOWER-MIDDLE CLASS—FAITHFUL FOLLOWERS**

- Semi-professionals and craftspeople with an average standard of living
- About 30% of the population
- Primarily nonmanagerial white-collar workers and highly paid blue-collar workers
- Most have some college education and are white-collar
- Strive to achieve respectability and be good citizens
- Raise their children to be good and honest adults
- Value religion and are involved in its social activities
- Value and price conscious and avoid fads and “hot” styles

**THE UPPER-LOWER CLASS—SECURITY-MINDED**

- Also known as the “working class,” solidly blue collar, no college education
- About 30% of the population
- High school education
- Clerical and mostly blue-collar workers whose work is highly routinized
- Adequate standard of living dependent on the number of income earners
- Strive for security (often gained from union membership)
- View work as a means to “buy” enjoyment
- Want children to behave properly
- High wage earners in this group may spend impulsively

(Continued)

**TABLE 8.8 (Continued)**

- Interested in items that enhance their leisure time (e.g., TV sets, hunting equipment)
- Males typically have a strongly “macho” self-image
- Males are sports fans, heavy smokers, beer drinkers

**THE WORKING POOR—THE INSECURE**

- Also known as the “lower class”
- About 13% of the population
- Service, clerical, and some blue-collar workers
- Low on the social ladder
- High economic insecurity and risk of poverty
- Some high school education

**THE UNDERCLASS—ROCK BOTTOM**

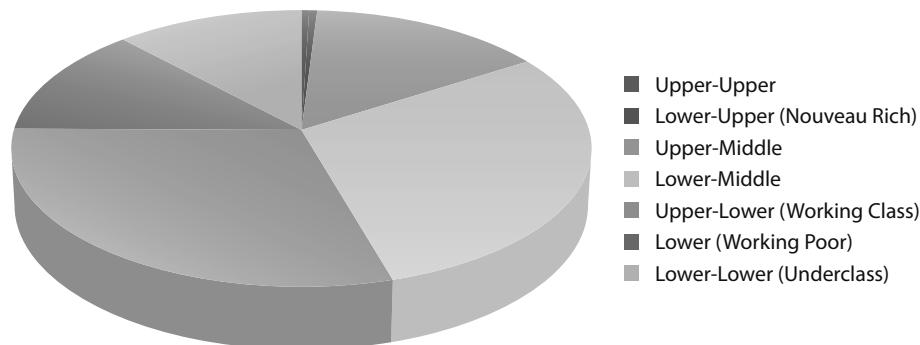
- Also known as the “lower-lower class”
- About 12% of the population
- Limited or no participation in the labor force; uneducated, unskilled laborers
- No political or social power and unable to improve their communities
- Reliant on the government, often unemployed and without health insurance
- Children are often treated poorly
- Live a day-to-day existence

Source: Based on MRI Spring 2012, [www.fwmedia.com](http://www.fwmedia.com), accessed July 16, 2012

**Notes**

Marketers recognize that many people aspire to have the same lifestyles and possessions as the members of higher social classes. Therefore, they frequently depict products and symbols associated with higher classes when advertising to the middle or even lower class. For example, Ralph Lauren’s flagship store in New York City, on Madison Avenue, is located in the Rhinelander Mansion—built in the French Renaissance style more than a century ago—and is decorated with dark, fine antique furnishing and dark carpets, resembling generations-old wealth. The Polo logo also references the upper class, because many members of this select group own polo ponies and belong to clubs that sponsor polo matches. Many of Lauren’s clothing items carry crests resembling insignia designating European nobility.

About a century ago, a sociologist conceptualized the **trickle-down effect**. Originally applied to fashion, the concept stated that members of lower classes adopt the fashions of the upper class and maintain them even after the upper class has abandoned these fashions. Upper class persons abandon fashions adopted by “everyone” because they no longer reflect their exclusivity. To “restore” their exclusivity, members of the upper class adopt new fashions, which are subsequently copied by the lower classes, and the cycle is repeated. The trickle-down concept is also congruent with the model of adopter categories (see Chapter 9). Invariably, as more people adopt a fashion or product, its price declines because more providers emerge. For instance, plastic surgery was once affordable only for movie stars and other very wealthy consumers. Today, even members of lower social classes can easily find a plastic surgeon whose services they can afford.



**FIGURE 8.17** The Distribution of Social Classes in the United States

## Affluent Consumers

Affluent households have large disposable incomes and are a lucrative target market for luxury cruises, foreign sports cars, ski resorts, second homes, fine jewelry, and art, among many other goods. Overall, the affluent are healthier, have higher life expectancies, and are more likely to become marketers' "customers for life" than the less wealthy. However, some studies indicate that children of the affluent often have problems with substance abuse, anxiety, and depression, which are caused by excessive pressures to achieve and isolation from parents (both physically and emotionally).

Americans' wealth grew dramatically during the 1990s, partially due to the longest bull stock market in U.S. history. From 2002 to 2004, the number of *high net worth individuals* (HNWIs) in North America, defined as individuals with a minimum net worth of \$1 million, grew by 9.7% to 2.7 million. Between 2006 and 2007, this number grew from 2.9 million to more than 3 million, a gain of 3.7%. Indeed, although North America has only 6% of the world adult population, it accounts for 34% of the world's household wealth.

For more than 30 years, Ipsos Mendelsohn (a marketing research firm) has annually studied the **affluent market**, defined as households with annual incomes of \$100,000 or more. The survey divided the affluent market into three segments:

1. **Least affluent:** Households with annual incomes of \$100,000 to \$149,000 (12% of American households, \$1.7 trillion combined income).
2. **Middle affluent:** Households with annual incomes from \$150,000 to \$249,000 (6% of all households, \$1.3 trillion combined income).
3. **Most affluent:** Household with annual incomes of \$250,000 or more (2% of all households, \$1.6 trillion estimated household income).

Although affluent households represent only 20% of total U.S. households, they account for more than half of the combined income of all the households in the United States. The average household income for the affluent is \$195,600, with average household liquid assets of \$500,900. By some estimates, 9 million American households have a net worth of at least \$1 million. The IPSOS/Mendelsohn Affluent Survey distinguishes between *affluence* and *wealth*; it defines wealthy household as having liquid assets of at least \$1 million (e.g., cash or cash equivalents, such as CDs, mutual funds, stocks, bonds). According to this definition, out of the 23.3 million affluent households, about 3 million households are considered wealthy. In addition, more than 1 million households have both more than \$1 million in wealth and annual household incomes of at least \$250,000.

The media habits of the affluent differ from those of the nonaffluent. The members of households earning more than \$100,000 a year watch less TV, read more newspapers and magazines, and listen to the radio more than less affluent persons. Table 8.9 lists magazines that cater to affluent consumers.

Affluent consumers are not uniform; they can be divided according to their consumption habits and lifestyles. The "upper deck" consumers are the top 10% of the United States population in terms of annual income, and consist of several segments (see Table 8.10). Marketers can employ this segmentation in many ways. For instance, consumers belonging to the "no strings attached" segment are more interested in going to live theater performances; members of the "nanny's in charge" segment would rather attend a country music performance; and members of the "good life" segment are particularly interested in bird-watching.

## Notes

## Middle-class Consumers

There is no standard definition of "middle class" and business people and sociologists often define it somewhat differently. Many sociologists divide the middle class into two strata: The "upper or professional middle class", which includes highly educated, salaried professionals and managers (about 15 to 20% of all Americans); and the "lower middle class", consisting mostly of semi-professionals, skilled craftspersons, and lower-level management (about one-third of the population). Sociologists describe middle-class persons as having comfortable living standards, economic security, and the expertise they need to maintain their lifestyles. To many, college education is a key indicator of middle-class status. Others focus on the nature of the occupations that are most commonly found among members of the middle class, which enable members to be independent, intrinsically motivated, nonconformist, and innovative.

**TABLE 8.9** Magazines That Cater to Households with Annual Incomes of \$100,000 or More

MAGAZINE	READERSHIP (000)	MEDIAN AGE	MEDIAN HOUSEHOLD INCOME (00)	MEDIAN NET WORTH (00)
Allure	1,267	39.7	142.7	641.7
Architectural Digest	1,389	52.4	152.5	869.0
Barron's	414	53.7	163.3	1,015.0
Bicycling	685	44.0	148.6	636.4
Cigar Aficionado	276	48.8	168.5	613.0
Cosmopolitan	3,179	32.6	142.0	565.8
Essence	1,087	44.9	135.5	470.9
Men's Health	3,179	41.8	152.0	483.4
National Geographic	6,281	50.5	146.1	680.8
People	8,328	46.7	144.7	574.8
Robb Report	175	50.7	187.4	1,077.5
Rolling Stone	1,557	39.5	150.5	543.8
Scientific American	1,002	48.8	158.4	697.9
Time Magazine	4,904	51.5	149.3	850.1
Vanity Fair	1,602	48.0	155.8	768.8
Vogue	2,211	42.7	147.7	690.4

Source: Based on 2011 Survey Ipsos Mendelsohn.

**TABLE 8.10** The Upper Deck Market Segments

NAME	SIZE	DESCRIPTION
Well-feathered nests	37.3% of Upper Deck	Households that have at least one high-income earner and children present
No strings attached	35.1% of Upper Deck	Households that have at least one high-income earner and no children
Nanny's in charge	8.3% of Upper Deck	Households that have two or more earners, none earning high incomes, and children present
Two careers	9.4% of Upper Deck	Households that have two or more earners, neither earning high incomes, and no children present
The good life	10.0% of Upper Deck	Households that have a high degree of affluence with no person employed or with the head of household not employed

Some define the middle class as 50% of the combined incomes of all American households, which amounts to about 57 million households earning between \$25,000 and \$85,000. In contrast, some polls suggest that 90% or more of Americans consider themselves to be “middle class,” “upper-middle class,” or “working class.” Marketers generally consider middle class as households ranging from lower-middle to middle-middle class. Many researchers maintain that America’s middle social class has been shrinking. They argue that some members of the middle class are moving upstream to the ranks of the upper-middle class, whereas others are losing ground and slipping backward to the working class.

Procter and Gamble—the maker of virtually all brands of personal care and home maintenance products (globally)—defined middle class as the core of its business and as households with annual incomes between \$50,000 and \$140,000 (amounting to 40% of American households). As the stagnant economy, initiated by the financial crisis in fall 2008, has dragged on,

the purchasing power of these households has steadily declined, and P & G discovered that its core customers were no longer willing to pay more for iconic, premium-priced brands (e.g., Pampers and Tide). In response, the company introduced lower-priced alternatives, such as Gain dish soap that goes for about half of what its Dawn Hand Renewal dish soap costs.

### Notes

## Downscale Consumers

Working-class or blue-collar people—typically defined as households earning less than \$40,000 annually—control somewhere near 30% of the total income in the United States and are an important market segment. Some studies have pointed out that these consumers are often more brand loyal than other groups because they cannot afford mistakes caused by switching to unfamiliar brands. Dowscale consumers often spend higher percentages of their incomes on food than do middle-class shoppers.

Marketing to the working class can be tricky. For example, a study conducted in the UK showed that brands catering to blue-collar households often introduced “upmarket” makeovers, because research indicated that “working class” represents something to escape from, and to some is even a pejorative term. The study also showed that Pizza Express was among the most popular brands among the working class, presumably because its members are less likely to go to table-service restaurants. To many working-class consumers, food represents an area of “indulgence,” which may have undesirable outcomes. One British writer, reflecting on the growth of super-sized fast-food offerings in the United Kingdom, noted that “[i]t isn’t the wealthy middle classes . . . that are generally obese—it’s the under-class . . . with little budget [or] knowledge of diet . . . that is suffering.” Indeed, studies in the UK (and in the United States) confirmed that obesity among children from lower classes is significantly more common than among wealthier kids.

## Clothing, Fashion, and Shopping

A Greek philosopher once said, “Know, first, who you are; and then adorn yourself accordingly.” What is considered fashionable, tasteful, or elegant varies across social strata. For example, some working-class consumers often wear T-shirts, caps, and clothing that carry logos, trademarks, or names of celebrities or music group. In contrast, upscale consumers prefer clothing without conspicuous labels and in subtle colors and practical styles (e.g., L. L. Bean or Brooks Brothers).

America’s upper social class has often been identified with the “preppy look” and often emulated by lower classes. Preppies (both males and females) prefer practical, comfortable, and timeless rather than trendy clothing. There are few designer labels and even fewer trends. Machine-washable khaki shorts and unisex dressing are very popular because khaki is to preppies what denim is to the lower classes: An everyday staple. Visors are a favorite for women—they keep the sun out of your eyes without messing up your hair, and they’re excellent for tennis. Clothing embroidered with animals or sea creatures are always popular, like bathing trunks embroidered with crabs, as are shirts embroidered with club logos. Any excuse to wear themed clothing is embraced, and wearing red, white, and blue on the Fourth of July is expected at the holiday’s parties. Polo shirts are an exception to the no-obvious-designer-labels rule; in fact, preps were wearing Polo long before it became a designer label. The preppy style originated among members of the upper class also known as WASPs (White Anglo-Saxon Protestant). WASPs are often irritated by shopping guides urging people—men in particular—to buy expensive designer clothes in order to “look like a WASP,” such as ads for expensive, designer-label white buck shoes. Most preps have a pair of such shoes that, most likely, they purchased from Johnston & Murphy (for \$130) years ago. Most importantly, preppies wear white bucks only for special occasions like weddings or cocktail parties, but not for running errands on a Saturday afternoon.

A brand’s social-class symbolism is a tricky issue. Although never publicly confirmed, some journalists have periodically reported that companies such as Timberland and L. L. Bean—perceived as the archetypal choices of upper-class Caucasians—were irritated after their products (particularly men’s shoes) became popular among young members of minority groups residing in inner cities. Apparently, these marketers felt that such “undesirable” customers might blemish the images of their products. Ironically, some fashions originated among adolescents and teens residing in low-income neighborhoods. For example, several years ago, after observing lower-class kids, several designers began marketing pairs of men’s shorts—one longer than the other—to be worn simultaneously, with one on top of the other; this new fashion was very successful. When shopping, consumers avoid stores that appeal to social classes significantly different from their own, but savvy marketers can cater to multiple social classes. For example, The Gap stores offer quality clothing to middle-class consumers. The Gap also introduced Old Navy clothing stores to sell good-value clothing to working-class families who

**Notes**

usually purchased their casual and active wear clothing from general merchandise retailers such as Kmart, Walmart, or Target. The Gap also owns Banana Republic, originally a small retailer of safari-themed clothing that is now positioned as an upscale store.

### Saving, Spending, and Credit Card Usage

The management of financial resources is closely related to social-class standing. Upper-class consumers are “future oriented” and confident of their financial acumen; they invest in insurance, stocks, and real estate. In comparison, lower-class consumers are generally concerned with “immediate gratification;” when they do save, they are primarily interested in safety and security. When it comes to bank credit card usage, members of the lower social classes use their bank credit cards for installment purchases, whereas members of the upper social classes pay their credit card bills in full each month. That is, lower-class purchasers use their credit cards to “buy now and pay later” for things they might not otherwise be able to afford, whereas upper-class purchasers use their credit cards as a convenient substitute for cash.

An Australian study focused on the differences in financial management and a “sense of empowerment” between working-class and young professionals (25–30 years of age). The study discovered that young professionals perceived themselves to be empowered in the sense that they could achieve whatever they set their minds to, and they were disciplined and results oriented. In contrast, working-class participants perceived themselves as being average and expressed frustration (e.g., “I can never finish things”) and uncertainty about the future.

### Communications

When it comes to describing daily life, members of the lower class often portray it in personal and concrete terms, whereas members of the middle-class use different language, and upper-class members use their own lexicon. The following responses to the question “*Where do you usually purchase gas?*” illustrate such differences:

Upper-middle-class answer: “*At Exxon or Sunoco.*”

Lower-middle-class answer: “*At the station on Seventh Street and Post Avenue.*”

Lower-class answer: “*At Charlie’s.*”

Sociologically, linguistics indicates that middle-class consumers have a broader or more general view of the world, whereas lower-class consumers have a narrow and personal perspective and see the world only through their immediate experiences. There are also regional differences in terminology. For instance, the children’s game of hopscotch (where players toss a small object into the numbered spaces of a pattern of rectangles outlined on the ground and then hop or jump through the spaces to retrieve it) is called “potsy” in Manhattan, but “sky blue” in Chicago.

Exposure to mass media differs by social class. In watching TV, the members of higher social classes prefer current events and drama, whereas lower-class individuals prefer soap operas, quiz shows, and situation comedies. Higher-class consumers read more magazines and newspapers than do their lower-class counterparts. Lower-class consumers have greater exposure to publications that dramatize romance and the lifestyles of movie and television celebrities. For example, magazines such as True Story appeal heavily to blue-collar or working-class women, who enjoy reading about the problems, fame, and fortunes of others. Middle-class consumers read fact-based and informative magazines and newspapers, and watch more movies and late-night programs, than lower-class persons.

### Downward Mobility

Commonly, in America, each generation lived better than its predecessor. However, there are now signs that some **downward mobility**, defined as moving down, rather than up the social ladder, is taking place. In fact, many predict that today’s youngest generation—the Eco Boomers—will experience lower living standards than their parents.

Specifically, researchers have found that the odds that young men’s incomes will reach middle-class levels by the time they reach their thirtieth birthday have been slowly declining, regardless of ethnicity, education, or parents’ income. For example, while household income grew by \$1,869 from 1969–1979, by \$2,855 from 1979–1989, and by \$3,888 from 1989–2000, from 2000–2007 the change in household income was a negative \$324.

**Notes**

Additionally, income inequality has been rising to levels not seen since the 1880s—known as the “Gilded Age”—and the gap between the rich and the poor has widened considerably since 1970. Although the income of households in the top fifth grew 70% between 1979 and 2000, the real income of households in the bottom fifth rose only 6.4%. Although most Americans find little wrong with income inequality as long as plenty of social mobility still exists, there are signs that social mobility is also failing. Some data show that 42% of the individuals born into the poorest fifth remained at the bottom and that another 24% moved from the bottom only slightly, to the next-to-bottom group. Only 10% of adult men born into the bottom quarter ever made it to the top quarter.

## Geo-demography and Social Class

Marketers use geo-demography to identify the geographic locations of consumers belonging to various social classes. The rationale for using geo-demographics is that “birds of a feather flock together”; that is, families with similar socioeconomic status reside in the same neighborhoods or communities. **Geo-demographic segments** are groups of households that have been identified, classified, and described according to Zip Codes and data from the U.S. Census and state and local governments.

The most sophisticated geo-demographic segmentation is Nielsen's **PRIZM** ([www.MyBestSegments.com](http://www.MyBestSegments.com)), which combines socioeconomic and demographic factors—education, income, occupation, family life cycle, ethnicity, housing, and urbanization—with consumer buying and media exposure data, and which marketers use to locate concentrations of consumers with similar lifestyles and buying behaviors. This framework designates every household in the United States as belonging to one of 66 segments (see Table 2.3). PRIZM also classifies all U.S. households into eleven “life stages”.

Many marketers have studied the product usage, media exposure, and other consumption factors of the PRIZM segments that are likely to purchase their products and services. For example, investment services should identify the financial websites that “Affluentials” visit frequently and observe what kind of investment opportunities these consumers find attractive. Marketers of very expensive vacations and conspicuous luxury goods should study the spending habits of “Young Accumulators.” However, these marketers should not target the “Accumulated Wealth” segment, because its members have “old money” and shy away from buying conspicuous luxury goods, which they regard as being “in poor taste” “and showing off” one’s money.

## Summary

**Learning Objective 1:** To understand the family as a consumer socialization agent.

The family is the primary reference group for many attitudes and behaviors. The family is also the prime target market for most products and product categories. As the most basic membership group, a family is defined as two or more persons related by blood, marriage, or adoption who reside together. Socialization is the process of making people behave in a way that is acceptable to their society. In the context of marketing, the most important role of the family is the socialization of family members, ranging from young children to adults. This process includes imparting to young children the basic values and modes of behavior consistent with their culture, including moral principles, interpersonal skills, acceptable dress and grooming standards, appropriate manners and speech, and the selection of suitable educational and occupational or career goals.

**Learning Objective 2:** To understand family decision-making and its members' consumption-related roles.

Marketers recognize that families operate as units in terms of consumption behavior, and many researchers have studied

the dynamics of family decision-making. Specifically, marketers focus on husband–wife decision-making; the relative influence each family member has regarding consumption; children's role in family decision-making; and the multiple roles family members can assume in buying, using, and maintaining their possessions. Most consumer studies classify family consumption decisions as husband-dominated, wife-dominated, joint, or autonomic decisions. The relative influence of a husband and wife on a particular consumer decision depends mainly on the product or service category. Over the past several decades, there has been a trend toward children playing a more active role in what the family buys, as well as in the family decision-making process. Measuring family decision-making is complex, because marketing research questionnaires are designed to be administered to only one respondent at a time. Also, family members may not all agree with each other's perspective regarding the degree of relative influence during a purchase decision, which precludes interviewing all members together.

**Learning Objective 3:** To understand the role of the family life cycle in market segmentation and targeting.

The family life cycle represents the life stages of a typical family. It is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a “typical” stage. The ages of the parents and the relative amount of disposable income are inferred from the family’s stage in the cycle. The family life cycle starts with bachelorhood and then moves on to marriage (and creation of the family unit). Marriage usually leads to a growing family (with the birth of children) and later to family contraction (as grown children leave the household). The cycle ends with the dissolution of the family unit (due to the death of one spouse).

**Learning Objective 4:** To understand the consumption patterns of nontraditional families and non-family households.

There are living arrangements that are not “typical.” Families that do not readily fit into the family life cycle include childless couples, people who marry late in life, young people who continue to live with their parents or return after having moved out, and divorced couples. Living situations that are not legally defined as families (e.g., couples who live together but are not married) include unmarried couples, single parents, and gay spouses. The number of non-family households has been on a rather steep rise, which represents a marketing dilemma: Marketers of many products must now acknowledge the existence of nontraditional household segments, but must do so without offending members of traditional families who might react negatively to portrayals of nontraditional households, because of religion and beliefs as to what is or is not “right.”

**Learning Objective 5:** To understand the impact of social stratification on consumer behavior.

Social stratification (or social class) is the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status. Some form of class structure (or social stratification) has existed in all societies throughout history. In contemporary societies, people who are better educated or have prestigious occupations have more status relative to other members of the same society. Belonging to a given social class is also reflected in differences in the values, attitudes, and behaviors (including consumer behavior) among members of different social classes. Social class is a continuum along which society’s members—usually as households—are placed into one stratum; that is, “assigned” to a social class according to their relative prestige within that society.

**Learning Objective 6:** To understand how to measure social class and segment consumers accordingly.

The measurement of social class is concerned with classifying individuals into social-class groupings. These groupings are of particular value to marketers, who use social classification as an effective way to identify and segment target markets. There are two basic methods for measuring social class: Subjective measurement and objective measurement. Subjective measures rely on an individual’s self-perception, whereas objective measures use specific socioeconomic measures, either alone (as a single-variable index) or in combination with others (as a composite-variable index). Composite-variable indexes, such as the Index of Status Characteristics and the Socioeconomic Status Score, combine a number of socio-economic factors to form one overall measure of social-class standing.

## Review and Discussion Questions

- 8.1. How does the family influence the consumer socialization of children? What role does television advertising play in consumer socialization?
- 8.2. As a marketing consultant, you have been retained by the Walt Disney Company to design a study investigating how families make vacation decisions. Among the family members, whom would you interview? What kind of questions would you ask? How would you assess the relative power of each family member in making vacation-related decisions?
- 8.3. Which of the five stages of the family life cycle constitutes the *most* lucrative segment for each of the following products and services: (a) TV cable subscriptions, (b) Club Med vacation, (c) Domino’s Pizza, (d) iPods, (e) mutual funds, and (f) the fastest Internet access available in one’s location? Explain your answers.
- 8.4. Why do marketing researchers use objective, rather than subjective, measures of social class?
- 8.5. Under what circumstances would you expect income to be a *better* predictor of consumer behavior than a composite measure of social class? When would you expect the composite social-class measure to be superior?
- 8.6. Which status-related variable—occupation, education, or income—is the *most* appropriate segmentation base for: (a) family vacations, (b) opera subscriptions, (c) subscribing to online.wsj.com, (d) shopping at Whole Foods supermarkets, (e) buying from freshdirect.com, (f) purchasing new models of the iPhone, and (g) becoming a member of a 24-hour fitness center?
- 8.7. Consider the Rolex watch, which has a retail price range starting at about \$4,500 for a stainless-steel model to tens of thousands of dollars for a solid-gold model. How might Rolex use geo-demographic clustering in its marketing efforts?
- 8.8. You are the owner of two furniture stores, one catering to upper-middle-class consumers and the other to lower-class consumers. How do social-class differences influence each store’s: (a) product lines and styles, (b) advertising media selection, (c) copy and communications style used in the ads, and (d) payment policies?

## Hands-on Assignments

- 8.9.** In this chapter, we have considered how parents and siblings play a role in the consumer socialization of their children and young brothers and sisters, and how adults continue to be socialized throughout their lives. However, we have not considered how children (especially teens and young adults) influence the socialization of their parents. Make a list of ten ways in which you have contributed to or influenced the ongoing socialization of your parents.
- 8.10.** Identify one traditional family and one nontraditional household featured in a TV sitcom or series.
- 8.11.** Classify the traditional household according to the family life cycle stage and the other according to the living arrangements featured in Table 8.7. Compare the characteristics and consumer patterns of the two households.
- 8.11.** Copy the list of occupations in Figure 8.15 and ask students majoring in areas other than marketing (both business and nonbusiness) to rank the relative prestige of these occupations. Do you believe that any differences in the rankings are related to the students' majors? Explain.

## Key Terms

- affluent market 253
- authoritarian parents 228
- authoritative parents 228
- autonomic decisions 232
- bachelorhood 236
- consumer socialization 226
- dissolution 239
- downward mobility 256
- extended family 224
- family 224
- family life cycle 236
- geo-demographic segments 257
- honeymooners 237
- husband-dominated decisions 232
- index of status characteristics (Warner's ISC) 250
- indulgent parents 228
- joint decisions 232
- least affluent 253
- middle affluent 253
- most affluent 253
- multivariable index 249
- neglecting parents 228
- non-family households 240
- nontraditional families 240
- nuclear family 224
- objective measures 245
- occupational prestige ranking 245
- parenthood 237
- post-parenthood 239
- PRIZM 257
- reference group 224
- social class 225
- social status 244
- social-class consciousness 245
- socialization 225
- socialization agent 226
- socioeconomic status score (SES) 250
- subjective measures 244
- trickle-down effect 252
- upward mobility 250
- wife-dominated decisions 232

## Notes

## Multiple-choice Questions

- 8-1.** Two or more persons related by blood, marriage, or adoption residing together are called as:
- A.** Friends
  - B.** Family
  - C.** Social class
  - D.** Peers
- 8-2.** The process of teaching people behave in a way that is acceptable to their society is:
- A.** Socialization
  - B.** Association
  - C.** Relationship
  - D.** Fraternization
- 8-3.** A person or organization involved in the socialization process is called:
- A.** Marketing agent
  - B.** Brand ambassador
  - C.** Socialization agent
  - D.** Special agent
- 8-4.** Parents who are very nurturing and also very restrictive with respect to consumer socialization are:
- A.** Authoritarian parents
  - B.** Indulgent parents
  - C.** Neglecting parents
  - D.** Authoritative parents
- 8-5.** Which is the decision, where either the husband or the wife is the primary or only decision Maker?
- A.** Joint decisions
  - B.** Wife-dominated decisions
  - C.** Equal decisions
  - D.** Autonomic decisions
- 8-6.** The child tries to get the parent in a good mood first and then make the request is called:
- A.** Pressure
  - B.** Ingratiation
  - C.** Exchange
  - D.** Rational
- 8-7.** The stage which refers to older married couples with no children living at home:
- A.** Post-parenthood
  - B.** Parenthood
  - C.** Honeymooners
  - D.** Bachelorhood
- 8-8.** Children returning to their parents' homes are called:
- A.** Bachelors
  - B.** Single parent
  - C.** Nesters
  - D.** Non-family households
- 8-9.** Households with annual incomes from ₹3,50,000 to ₹6,49,000 is termed as:
- A.** Least affluent
  - B.** Most affluent
  - C.** Average affluent
  - D.** Middle affluent
- 8-10.** What represents society's collective beliefs regarding the occupation's social worth and desirability, as stemming from the knowledge required to attain it and its income?
- A.** Occupational ranking
  - B.** Occupational prestige ranking
  - C.** Income based ranking
  - D.** Occupational Dignity ranking

**Answer Keys:** 8-1. B 8-2. A 8-3. C 8-4. D 8-5. D 8-6. B 8-7. A 8-8. C 8-9. D 8-10. B

## Notes

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## Notes

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# 9

## Culture's Influence on Consumer Behavior

### Learning Objectives

- 1 To understand culture's role, dynamics, evolution, and impact on consumers' priorities and behaviors.
- 2 To understand language, symbols, and rituals as expressions of a learned culture.
- 3 To understand how to measure the influence of culture on consumer behavior.
- 4 To Understand How Core Cultural Values Impact Indian Consumers.
- 5 To Understand the Cultural Aspects of Emerging Markets.
- 6 To understand how to study the values and customs of different cultures in order to develop effective marketing strategies.

**C**ULTURE is the collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society. Cultural values express the collective principles, standards, and priorities of a community. Most of the promotional messages across the world reflect, to some degree, the target audiences' cultural values. For instance, Americans value personal achievement and success and like to demonstrate their accomplishments by showing off prosperity and material possessions. The Dodge ad in Figure 9.1 recognizes this desire. By telling consumers that they will make a "bold statement" to other drivers by driving a Dodge brand vehicle, the ad reflects and reinforces the eagerness to show off one's wealth. Americans also greatly value efficiency and progress, especially when it comes to technological innovations. Dell's ad in Figure 9.2 promotes an Ultrabook, which is small and thin, yet strong, powerful, and durable. The ad's tagline—"Everything. And More."—appeals to Americans' beliefs that technological advances provide them with more productive ways to work and manage their lives.

This chapter describes the societal role and dynamics of culture, explains how cultural values satisfy needs, and investigates how they are learned, expressed, and measured.



*Source: Courtesy of Chrysler Group LLC.*

**FIGURE 9.1** An Appeal Based on Personal Achievement and Prestige



*Source: Copyright © 2013 Dell, Inc. Used with permission.*

**FIGURE 9.2** An Appeal Based on Progress, Efficiency, and Practicality

**Learning Objective**

- 1 To understand culture's role, dynamics, evolution, and impact on consumers' priorities and behaviors.

**Notes****Culture's Role and Dynamics**

We often refer to culture as an “invisible hand” that guides the actions of people of a particular society. When consumer researchers ask people why they do certain things, they frequently answer, “Because it’s the right thing to do”—a response reflecting the ingrained influence of culture on our behavior. We can truly understand and appreciate the influence of our culture only after visiting other countries and observing the local values and behaviors. For instance, after visiting restaurants in France or Italy, many Americans may realize that they eat too much food and snack too often. Furthermore, if we travel within the United States, we will also observe differences in the norms and preferences of subcultures. For instance, whereas consumers living in the Northeastern section of the United States have historically preferred ketchup on their hamburgers, consumers living in other sections have liked mustard, or a mixture of mustard and ketchup (see Chapter 12).

Some researchers conceptualized different “levels” of cultural norms:

1. **The supranational** level reflects the underlying dimensions of culture that affect multiple societies (i.e., subcultural cross-national or cross-cultural boundaries). For instance, it might reflect regional character (e.g., people living in several nations in a particular region of South America), or racial and religious similarities or differences, or shared or different languages.
2. **The national** level reflects shared core values, customs, and personalities that represent the core of the “national character” of a particular country.
3. **The group** level reflects the subdivisions of a country or society, such as subcultures, and the influences of various reference groups.

On the supranational level of culture, which crosses national boundaries, researchers have developed a lifestyle matrix for four segments of global youth aged 14 to 24:

1. **In-crowd:** It’s all about privilege and reinforcement; members of this group seek approval from others and prefer classic brands like Nike and Abercrombie & Fitch to uphold tradition.
2. **Pop Mavericks:** Word-of-mouth spreads rapidly, and passion, individuality, and instant gratification are important; members prefer brands that they can personalize—brands like Diesel and Adidas.
3. **Networked Intelligentsia:** They are the hub of online social networks, and it’s all about revolution, creativity, and deconstruction; members prefer cult brands, like Vespa (in America) and Vans, which add to their sense of obscurity.
4. **Thrill Renegades:** It’s all about infamy, adrenaline, and anarchy (and pretending that law and order do not exist).

When operating in India, marketers need to be aware of and sensitive to its cultural diversity. The cultural diversity is reflected in several aspects of life ranging from behavior/rituals to specific values. ISKCON (premises shown in Figure 9.3), is a religious subculture with followers all over the world. It adheres to the values of compassion towards all forms of life and “food for all.” Its Akshaya Patra scheme feeds 13,94,757 children below the poverty line in Bengaluru and in 20 other locations in nine states of the country.

**Culture's Continuous Evolution**

Marketers must always monitor cultural changes to discover new opportunities and abandon markets that have “dried up” because of cultural changes. To this end, marketers should periodically reconsider *why* consumers are doing what they do, *who* are the purchasers and the users of their offerings, *when* they do their shopping, *how* and *where* they can be reached by the media, and *what* new product and service needs are emerging. For example, cultural changes in America have increasingly recognized the expanded career options open to women. Today, most women work outside the home, and frequently in careers that were once exclusively male oriented. Later in this chapter, we explain why achievement and personal success are two of

**Notes**

*Source: Courtesy of ISKCON*

**FIGURE 9.3** ISKCON, Bengaluru

America's core values and how marketers can use them in advertising. Although traditionally associated with men, especially male business executives, achievement has become important for women as well, as they increasingly enroll in undergraduate and graduate business (and other college) programs and often attain top-level business positions. Also, many women are now in professions previously dominated by males (e.g., medicine, engineering, science). Therefore, many ads that target women now depict appeals that emphasize achievement and success, whereas some years ago the same kinds of promotions appealed to women's roles as mothers and housewives.

A longitudinal study examined how women have been depicted in advertising over the years, and discovered that changing gender roles were manifested in promotional messages. Specifically, there has been a fourfold increase in the number of women as the "figure" (i.e., the focal point of the print advertisement) compared to men, and a substantial increase in the number of ads portraying women as business professionals.

#### Box 9.1 Formation of a Rare Subculture – The Indian Context with Culture's Continuous Evolution

India is a land of subcultures and an interesting example of this has been discovered in the north-eastern state of Manipur. The cultural activist organizations in the state have banned Bollywood movies (perceived by consumers as a reflection of the state of the art fashion associated with the masses). While Manipuri movies have got a fillip in the state, the youth are now looking up to Korean movies.<sup>4</sup> These movies have gained popularity in the state for their fashion and grooming practices. From the marketers point of view, this is an unusual situation of an eastern foreign culture (while the normal diffusion takes place with the western trends) diffusing into an Indian state.

Fastrack used "Move on" in its campaigns the reality among the youth<sup>5</sup> by using values that are very different from the conservative values associated with the Indian culture. The ads showed a girl dumping her boyfriend and another showed a girl referring to her boyfriend as luggage and flirting with a man at the check-in counter of an airport. It should be noted that such an orientation for a brand does not mean that such values have radically transformed the Indian context. It may be appropriate for a specific sub segment of consumers (in this case the target segment for the brand).

**Notes****Cultural Beliefs Reflect Consumers' Needs**

Culture expresses and satisfies the needs of societies. It offers order, direction, and guidance for problem solving by providing “tried-and-true” methods of satisfying physiological, personal, and social needs. For example, culture provides standards about when to eat (“not between meals”); where to eat (“most likely, the restaurant is busy because the food is good”); what is appropriate to eat for breakfast (pancakes), lunch (a sandwich), dinner (“something hot and good and healthy”), and snacks (“something with quick energy, but not too many calories”); and what to serve to guests at a dinner party (“a formal sit-down meal”), at a picnic (barbecued “franks and burgers”), or at a wedding (champagne). Culture also determines whether a product is a necessity or discretionary luxury. For example, whereas mobile phones (initially introduced as car phones) were once expensive and uncommon, today they are a necessity because fewer and fewer people have landlines and payphones are largely extinct.

Culture also dictates which clothes are suitable for different occasions (such as what to wear around the house, and what to wear to school, to work, to church, at a fast-food restaurant, or to a movie theater). In recent years, dress codes have changed drastically and Americans have been dressing casually for occasions that once required more formal attire. For example, in large cities, only a handful of restaurants and clubs still require men to wear jackets and ties. With the relaxed dress code in the corporate work environment, fewer men are wearing dress shirts, ties, and business suits, and fewer women are wearing dresses, suits, and pantyhose. Instead, employees wear casual slacks, sports shirts and blouses, and even neat jeans and polo shirts.

Some customs, however, are unlikely to change. For example, soft-drink companies would prefer that consumers receive their morning “jolts” of caffeine from one of their products, instead of coffee. Because most Americans do not consider soda a suitable breakfast beverage, soft-drink companies have faced a dual challenge: “overcoming” culture, as well as the competition among breakfast drinks. Teas, soft drinks, and even caffeinated water have challenged coffee as the traditional source of morning caffeine—mostly unsuccessfully. Indeed, coffee is entrenched in our culture not only as a breakfast beverage, but also as the core of the “coffee break.” Wisely, coffee marketers have not relied on their cultural advantage, but have been preempting their competitors by introducing assortments of gourmet and flavored coffees and also by aggressively targeting young adults with such exotics as espresso, cappuccino, and café mocha.

When a specific standard no longer satisfies the members of a society or reflects its needs, it is modified or replaced. For example, once it was unheard of for restaurant servers to pose questions of a personal nature. Now, we commonly answer servers’ questions about our food allergies and other medical, food-related limitations. At times, society’s collective interest contradicts an emerging custom. For instance, because most young Americans are now electronically connected all the time and at almost any place, distracted driving because of texting or calling on mobile phones is causing more car accidents. The two ads shown in Figure 9.4 are part of a government initiative to discourage distracted driving.

**Application 1: Culture and Business to Business Marketing**

Tetra Pak, the packaging company in the B2B marketing domain, has used an interesting metaphor drawn from the Indian culture as an initiative to expand more into the beverages market. The television commercial (TVC) depicts the over-protective nature of Indians by showing a baby fondly dotted with *kajal* (kohl) on his face and draws comparison to the six-layered protection offered by the brand towards food and its nutritional benefits. In India, kohl symbolizes protection from evil spirits.

**Application 2: The Cultural Dimension to Ego-defensive Function**

Complan, the health drink, has been around for about four decades. The brand has successfully repositioned itself as a health drink associated with height enhancement (from a drink that was prescribed for convalescing people). The sustainable core proposition of enhancing height has been around for about 25 years or so.

The current campaign reinforces the same proposition (despite the onslaught from Horlicks’s “taller, stronger, and sharper” campaign).

Making fun of physical appearances of people is considered an appalling act, but it is a widely spread behavioral phenomena found across the globe. Cultural sophistication may inhibit such expressions in a few societies. Unfortunately, such jokes seem to be a part of the Indian culture (movie jokes in several regional movies).

Complan uses this cultural aspect with the ego-defensive function. The TVC shows a young boy asking a doctor for a diet that would increase his height as he is being made fun of in school. Complan comes into the picture putting an end to his low self-esteem; he drinks Complan and his height increases. Under such situations, it is to be noted that the ego-defensive function is equally associated with the mothers (and several brands use this aspect). This ad cuts across both the child and mother in terms of its appeal, without even showing the image of the mother (which is the normal practice).



Source: (Left & Right) National Highway Traffic Safety Administration

**FIGURE 9.4** Discouraging Distracted Driving

### Symbolism in the Indian Cultural Context

Mother-child relationship has a universal appeal and the Indian context probably typifies the portrayal of this relationship. This trend has been reflected in advertisements over the last five decades, including radio jingles and cinema ads. For almost a century Johnson & Johnson (J&J) has used this relationship as the symbol of love, warmth, and affection, thereby associating it with the unique relationship of mother and child all over the world. The brand's offerings range from wipes for the up-market consumer to a ₹10 soap for the middle-class consumer. Its symbol of mother and child commands a high loyalty and J&J has taken care to ensure that its imagery is viewed consistently by all segments of consumers. The mother-child relationship illustrates the values associated with the occasion of bathing, portrays the baby as the hero, suggests enjoyment to the mother who goes through the ritual of bathing the child, and it has become an eternal symbol of this unique relationship.

Hofstede's model fits well with this product context and explains how a brand has made of use of such an application. Wipro and Marico are firms that entered the baby soap segment and exited it, perhaps due to the strongly entrenched image of J&J developed over a period of time with cultural dimensions.

Cadbury's has been constantly using cultural aspects to become a part of the consumption ritual of the user. It used the "sweet tooth" culture in India to expand its market; it also made an interesting point by positioning its Dairy Milk chocolate as a dessert in an attempt to compete with the Indian *mithai* (sweet dish). In the ad, a bar of chocolate was depicted as something that a family could share (it is a custom among Indian families to share *mithai*).

ITC's Bingo had been making strides in the competitive snacks category. In this case, distribution too has played a role. The brand had an interesting ad – a gang of thieves loot a house (also becoming a part of the accepted culture?). While leaving, the leader tastes a pack of Bingo and suddenly asks his followers to release the inmates of the house and says, "I cannot do harm to a house hold whose salt I have eaten." Salt is a considered a symbol of gratitude in the Indian culture. This is a well-entrenched belief in several parts of the country and it also serves to drum up the USP – Bingo Salted Potato chips!

### Notes

**Learning Objective**

- 2 To understand language, symbols, and rituals as expressions of a learned culture.

**Notes**

## Learning Cultural Values

To be considered a cultural value, a belief or custom must be shared by a significant portion of the society, because culture is essentially a series of norms that guide personal and group conduct and link individuals into a largely cohesive group. Generally, members of a society share their values and customs through a common language, although some cultures include more than one language.

### Forms of Learning

We learn cultural norms and customs mostly from family and peers, and begin to understand at a very young age that some behaviors are appropriate and others are not. Anthropologists have identified three forms of cultural learning. **Formal learning** takes place when parents, older siblings, and other family members teach younger members “how to behave.” **Informal learning** takes place when children imitate the behaviors of selected others, such as family, friends, or TV and movie heroes and characters. **Technical learning** happens when teachers instruct children, in educational environments, about what should be done, how it should be done, and why it should be done, in social as well as personal settings. Our ethical values (e.g., the importance of kindness, honesty, and responsibility) are also formed during childhood as we learn them from parents, teachers, and other significant adults.

### Enculturation and Acculturation

Anthropologists distinguish between the learning of one's own (or native) culture and the learning of new cultures. **Enculturation** is learning one's own culture. **Acculturation** is learning new or foreign cultures. In Chapter 13, we demonstrate that acculturation is important for marketers that sell products in multinational markets. When selling products overseas, marketers must study the culture(s) of their potential customers so as to determine whether their products will be acceptable and how to communicate the characteristics of their products effectively and persuade consumers to buy them.

Sometimes, consumers can be “foreigners” in their own countries. For example, one study traced a group of provincial women in Thailand as they enrolled at a university in Bangkok (Thailand’s capital city). As their first semester began, the women quickly formed their own group; they kept to themselves and did not mix with students from Bangkok or participate in the city’s social scene. Ironically, the longer the provincial women lived in Bangkok, the more they resisted adopting Bangkok’s culture and strongly expressed their provincial values.

Key components of one's enculturation are the family and the process of **consumer socialization** (see Chapter 10). This process consists of teaching children and young adults consumption-related values and skills, such as the meaning of money and value, how to judge product quality, styles and preferences, product usage, and the meaning and objectives of promotional messages. In addition to the family unit, educational and religious institutions also convey cultural values to younger members. Educational institutions impart the knowledge of arts, sciences, civics, and professional and specialized skills. Religious institutions provide spiritual and moral guidance and values, which often have a substantial impact on behavior.

### Marketing Influences on Cultural Learning

The contents of media, advertising, and marketing reflect cultural values and convey them to all members of society very effectively. Given Americans’ extensive exposure to print, broadcast, and online media, promotional messages are powerful vehicles for imparting cultural values. Every day, at almost any time, we are exposed to hundreds of promotional cues and messages, many of which we hear and see more than once. The repetition of marketing messages both conveys and reinforces cultural beliefs and values. For example, in the highly competitive environment of cellular communications, providers have aggressively promoted such features as low rates of dropped calls, high extent of coverage, and flexible pricing plans. After years of seeing such ads, wireless phone users learned to expect extensive benefits from cellular gadgets, and their expectation levels have been going up steadily—further reinforced by the frequent introductions of more sophisticated mobile communications.

In advertisements, cultural values are not only depicted in the advertising copy, but are also coded in the visual imagery, colors, movements, music, and other nonverbal elements of an

advertisement. Many products became American icons and tangible expressions of the nation's cultural values. For example, Tea is a part of the Indian culture. Chai Point outlets in Bangalore have made use of this aspect. Likewise, festivals are a part of the Indian culture and Asian Paints had made use of them.

Marketers also transmit a lot of information that enables consumers to express shared cultural values. For example, advertising in sophisticated magazines such as Vogue, Bon Appetit, and Architectural Digest instructs readers how to dress, how to decorate their homes, and what foods and wines to serve guests. Online, people form virtual communities that are focused on products and enable consumers to exchange and learn product-related customs. Social media is rapidly becoming a key factor in conveying and sharing cultural values. People follow tweets of influential people and peers and write in blogs that are focused on their activities, interests, and opinions. As a result, for example, more people may get involved in civic groups and humanitarian causes. Their actions, respectively, express the importance of personal achievement and success and humanitarianism, which are two of our core values (discussed later in this chapter).

### Notes

#### Box 9.2 Branding Communication and Cultural Intricacies

One of the aspects of culture, useful for brand managers, is the contextual differentiation between high-context and low-context cultures.<sup>16</sup> India is a high-context culture where communication between consumers or even individuals will have to be interpreted with the socio-cultural nuances that involve display of emotions, symbols, gestures, and even body language (as against a low-context country like US where communication conveys direct meaning). How does such high-context cultural backdrop be used in ads? The ad for Surf (Quick wash) detergent positions itself against stains. The proposition of the brand is not conveyed straight away as a "detergent that fights stains on clothes". There is a small story developed in the TVC that shows a happy family wherein the daughter-in-law uses the brand and wins the praise of her mother-in-law. Mother-in-law and daughter-in-law relationships have a traditional significance in India.

Another example is the TVC from Johnson & Johnson for its blood sugar monitoring meter, One Touch. "Ease of use" is the proposition of the brand. This proposition is conveyed by a "song and dance" kind of overtone with the middle-aged couple celebrating the brand's ease of use with the child in the context. Family orientation and an overt display of happiness – strongly entrenched in the Indian culture – were used by the brand.

## Language and Symbols

Cultural values are reflected in the languages, symbols, communications, and artifacts of a society. A **symbol** is anything that represents something else, and symbols can be either verbal or nonverbal. Words are verbal symbols, so the text of any ad is a composition of symbols. Nonverbal symbols, such as figures, colors, shapes, and even textures, are cultural cues that appear within advertisements, trademarks, packaging, and product designs. Many symbols have linguistic as well as psychological meanings. For example, the word "hurricane" is defined as a particular type of severe weather condition, but often stirs feelings of danger and thoughts of finding protection and safety. Similarly, the word "Cadillac" has symbolic meaning: To some it suggests a fine luxury automobile; to others it implies wealth and status (e.g., the phrase "the Cadillac of refrigerators" indicates that a refrigerator is the best in its product category).

### Notes

Symbols can have contradictory meanings. For example, the advertiser that uses a trademark depicting an old craftsman to symbolize careful workmanship may instead be communicating an image of outmoded methods and lack of style. Marketers who use slang in advertisements directed at teenagers must do so with great care; slang that is misused or outdated will symbolically date the marketer's firm and product, and may also be offensive to some.

Prices and channels of distribution are symbols and reflect cultural meanings of products. For instance, the stores where clothes are sold (and also the prices of the items) symbolize their quality. In fact, all the elements of the marketing mix—the product, its promotion, price, and the stores at which it is available—are symbols that communicate the item's quality, value, and image.

## Rituals

In addition to language and symbols, cultures include ritualized behaviors. A **ritual** is a type of symbolic activity consisting of a series of steps occurring in a fixed sequence and repeated

periodically. Rituals can be public, elaborate, or ceremonial (e.g., weddings), or mundane routines (e.g., daily grooming). Typically, ritualized behavior is formal and often scripted (e.g., a religious service or proper conduct in a court of law), and occurs repeatedly (e.g., singing the national anthem before the start of a sports event).

Many rituals include artifacts, and some products are marketed specifically for certain rituals. For instance, turkey, stuffing, and cranberries are part of the ritual of Thanksgiving Day. Rituals such as graduations, weekly card games, or visits to beauty salons include artifacts. Table 9.1 lists culturally appropriate artifacts for various occasions.

### **Application 1: Rituals, Children, and Indian Brands**

The Surf Excel cricket commercial had made use of several aspects of the Indian culture and had also linked some aspects of the Hofstede's model that may be applicable to the Indian context. The ad showed a boy being pushed into slushy waters by his playmates while playing cricket (in several middle class households, getting dirty while playing is a part of the sports ritual even in today's digital world). The boy who is the "victim" of the quarrel (the one who has been pushed down) makes use of the opportunity to get his clothes dirty and hugs his playmates as a symbol of belongingness (collectivism reflected in a country like India that places emphasis on belongingness). The brand proposition of clearing stains is conveyed through the tagline in the ad that suggests that "stains are good" (implying that they enhance belongingness). Pepsodent is another brand (incidentally from the same company, Hindustan Unilever) that used kids habit of snacking on the way back home from school to convey its proposition of "anti-germ" protection (snacking among kids on their way back to home from school is yet another cultural ritual in India).

### **Application 2: Cultural Beliefs and Brands**

Rituals are a part of all cultures. For several decades consumers in India have used talcum powders during sweaty summers as a well-entrenched ritual. Garnier Men's deodorant (though deodorant is not a part of the larger mass culture's grooming ritual), has introduced the proposition that it absorbs five times the sweat as compared to a talcum powder. This proposition reflects the efforts of the brand to connect with the Indian consumer.

### **Application 3: The Ritual-Brand Linkage**

Ritual is an activity (either symbolic or functional) that is generally repeated over time with multiple fixed and episodic sequences that reflect seriousness, inner intensity, and formality. For example, eating and bathing are rituals that serve some kind of functional utility; grooming is another ritual that may reflect the some degree of symbolism about the self. Marketers need to make brands part of a ritual appropriate for the consumer segment.

Sunsilk Natural Recharge is a brand of shampoo that has hair strength as its proposition and makes the brand a part of the "office going" ritual in its advertisement.

After-Shower was a brand of hair gel that targeted youngsters and had become a part of the grooming ritual. Marie biscuits are a part of the tea-drinking ritual. Ujala, a variant of liquid blue, became a part of the ritual of consumers adding drops of blue to their white clothes while washing them. Parachute Advanced coconut oil advocated that the consumer should apply the oil before bath. Using a hand wash (Lifebuoy, for instance) has become a part of our day-to-day ritual. 3 Roses tea advertisement featured a young wife caring for her husband's health, presumably by being a part of the "serving the tea" ritual.

**TABLE 9.1** Selected Rituals and Associated Artifacts

RITUAL	ARTIFACTS
Wedding	White gown (something old, something new, something borrowed, something blue)
Birth of child	U.S. savings bond, silver baby spoon
Birthday	Card, present, cake with candles
Fiftieth wedding anniversary	Catered party, card and gift, display of photos of the couple's life together
Graduation	Pen, U.S. savings bond, card, wristwatch
Valentine's Day	Candy, card, flowers
New Year's Eve	Champagne, party, elegant formal dress
Thanksgiving	A turkey dinner served to family and friends
Going to the gym	Towel, exercise clothes, water, iPod
Sunday football	Beer, potato chips, pretzels
Super Bowl party	Same as Sunday football (but more)
Starting a new job	Get a haircut and buy new clothes
Getting a job promotion	Taken out to lunch by coworkers and receive token gift
Retirement	Company party, a watch, and a plaque
Death	Send a card, send flowers, donate money to charity in honor of the deceased

**TABLE 9.2** Facial Beauty Ritual of a Young Advertising Executive

1. I pull my hair back with a headband.
2. I take off my makeup with L'Oréal makeup remover.
3. Next, I gently rub a Qtip with some moisturizer around my eyes to make sure all of my eye makeup is removed.
4. I wash my face with Noxzema facial wash.
5. I apply Clinique Dramatically Different Lotion to my face and neck.
6. If I have a blemish, I dry it out with Clearasil Treatment.
7. Once a week, using a wet and warm cloth, I apply Clinique Clarifying Lotion 2 to my face and neck to remove dead skin cells.
8. Every three months, I get a professional salon facial to clean my pores deeply.

**Ritualistic behavior** is an action or series of steps that have become a ritual. For example, golfers who take a few practice swings before actually hitting the ball display a ritualistic behavior. Personal-care activities are often ritualized; Table 9.2 describes the daily ritual of a woman's facial care.

## Measuring Cultural Values

Culture reflects a society's values, customs, and rituals, which in turn reflect how we live and communicate. The most widely used measurements of cultural values are content analysis, consumer field observation, and value measurement instruments.

### Learning Objective

- 3** To understand how to measure the influence of culture on consumer behavior.

### Content Analysis

**Content analysis**, as the name implies, focuses on the content of societies' verbal, written, and pictorial communications, including promotional messages. Content analysis can be applied to marketing, gender and age issues, sociology and political science, psychological studies, and many other fields. Among other concepts, content analysis can:

**Notes**

1. Identify the intentions, focus, or communication trends of an individual, group, or institutions.
2. Describe attitudinal and behavioral responses to communications.
3. Determine psychological or emotional state of persons or groups.

Content analysis can determine what social and cultural changes have occurred in a specific society or compare different cultures. Content analysis of more than 250 ads appearing in 8 issues of Seventeen Magazine—4 Japanese issues and 4 American issues—found that teenage girls are portrayed quite differently. Portrayals of American teen girls often reflected images of independence and determination, whereas those of Japanese teen girls portrayed happy, playful, childlike girlish images. Another content analysis study compared American and Chinese television commercials targeted to children and revealed that 82% of the Chinese ads aimed at children were for food products, whereas 56% of the ads directed at American children were for toys.

## Field Observation

When examining a specific society, anthropologists frequently study cultures through **field observation**, which consists of observing the daily behavior of selected members of a society. Based on their observations, researchers draw conclusions about the values, beliefs, and customs of the society under investigation. For example, if researchers were interested in how women select jeans, they might position trained observers in department and clothing stores and note how many and which types of jeans buyers pick up, look at, and try on.

Field observation:

1. Takes place within a natural environment.
2. Generally, the subjects are not aware that they are being watched.
3. Focuses on observation of behavior.

Because the emphasis is on a natural environment and observable behavior, field observation of buying and consumption activities occurs in stores, and, less frequently, during in-home product usage.

In some cases, researchers become **participant-observers**; that is, they become active members of the environment that they are studying and engage in the same behaviors, rituals, and customs that they study. For example, if researchers were interested in examining how consumers select a washing machine, they might take a sales position in an appliance store and observe and interact with the customers. Researchers who specialize in field observation often videotape subjects at work, at home, in their cars, and in public places. For instance, if researchers ask teenagers directly why they are buying certain T-shirts, teenagers might give answers that they believe will make them look sensible to the researchers. Instead, watching teenagers as they shop and listening to their conversations with other shoppers or salespersons might reveal more about the kids' motivations for buying. As a classic example, when Nissan was designing its Infiniti automobiles in the 1990s, two individuals, posing as students, rented rooms in the suburban homes of two families in the Los Angeles area and observed the car-related behaviors and preferences of "typical" Americans, without the families' awareness. Among other findings, they discovered that the Japanese notion of luxury was very different from the American notion; whereas the Japanese crave simplicity, Americans crave visible opulence.

In addition to fieldwork, marketers have used **depth interviews** and **focus groups** (see Chapter 16) to study social and cultural changes. In focus group discussions, consumers are apt to reveal attitudes and behaviors that signal shifts in values that may affect, for example, the acceptance of new products and services. Focus groups have been used to generate ideas for persuasive strategies designed to reinforce customer loyalty and retention. Studies showed that established customers, especially for services (such as investment and banking), expected marketers to acknowledge their loyalty by providing them with more personalized services. Subsequently, several companies instituted loyalty (or frequency) programs tailored to customers' specific needs.

Researchers exploring the symbolic meanings of foods conducted 30 in-depth interviews (lasting 1.5 to 2.5 hours) of females and males within the (very wide) age range of 22 to 71 years old. They found that, in the context of cultural settings, there are seven types of foods: *Symbolic* foods (e.g., homemade and comfort foods); *individual* foods (e.g., healthy foods); *social* foods (e.g., foods typically shared with family and others); *cultural* foods (e.g., foods eaten during sexual encounters and believed to enhance libido); *ritualistic* foods (e.g., foods associated with nostalgic events); *context* foods (e.g., date and coffee-break foods); and *experience* foods (e.g., unfamiliar foods from other cultures).

## Value Measurements

Anthropologists have traditionally observed the behavior of members of a specific society and inferred the underlying values of the society from the behaviors observed. However, there are also structured, self-administered questionnaires that measure individuals' cultural values, such as the Rokeach Value Survey, the Values and Lifestyles **VALS** (discussed in Chapter 2) measure, and Gordon's survey of personal and interpersonal values.

### Notes

### Rokeach Values Survey

The **Rokeach Value Survey** is a self-administered, two-part values inventory:

1. Eighteen **terminal values** that reflect goals and desirable states of existence and are defined as *ends* (e.g., happiness, pleasure, freedom, self-respect).
2. Eighteen **instrumental values**, defined as the *means* to achieve the ends (e.g., ambitious, honest, polite, responsible).

Respondents are asked how important each value is to them as "a guiding principle" in their lives.

Within each set of values, there are also two subsets: Some terminal values focus on *personal* aspects (e.g., a comfortable or exciting life, happiness, inner harmony) and the others on *interpersonal* ones (e.g., a world of peace and beauty, national security). The instrumental values are composed of *competence* (e.g., ambitious, intellectual, responsible) and *moral* values (e.g., forgiving, helpful, polite).

According to the Rokeach typology, in terms of cultural orientation, individuals can belong to one of four types. Table 9.3 describes the characteristics of each type and also lists applicable, illustrative promotional themes.

As an example, let's assume that a study employed the Rokeach Value Survey to categorize a given population. The members of one segment uncovered were mostly concerned with "world peace," followed by "inner harmony" and "true friendship." Members of this segment were involved in domestic-oriented activities (such as gardening, reading, and going out with the family to visit relatives); they were less materialistic, nonhedonistic, and reluctant to try new products. In contrast, the members of another segment were self-centered and concerned with values such as "self-respect," "a comfortable life," "pleasure," "exciting life," "accomplishment," and "social recognition." They were least concerned with values related to the family and other people, such as friendship, love, and equality. Because they were self-centered, achievement-oriented, and pleasure seekers, they preferred provocative and highly fashionable clothes, enjoyed adventurous lifestyles, and were willing to try new products.

### Gordon's Surveys of Personal and Interpersonal Values

**Gordon's Survey of Personal and Interpersonal Values** measures values that determine how people cope with their daily lives. There are two surveys—one for **personal values** and one for **interpersonal values**—that are partially described in Table 9.4, together with the illustrative characteristics that exemplify each value. As expected, Gordon's values are strongly reflected in Americans' core values, which are discussed next.

**TABLE 9.3 The Rokeach Typology and Illustrative Promotional Themes**

	TERMINAL VALUES: GOALS AND DESIRED STATES OF EXISTENCE		
	PERSONAL VALUES: PERSONAL FOCUS	SOCIAL VALUES: INTERPERSONAL FOCUS	
INSTRUMENTAL VALUES: Preferable behaviors and means for achieving terminal values.	COMPETENCE VALUES: Being ambitious, capable, and responsible. When violated, the person feels ashamed and inadequate.	Promotional messages should reflect consumers' sense of accomplishment, self-respect, and striving for a comfortable life and independence.	Rather than depicting merely concern, messages should show helping others and the role of one's skills in doing so.
	MORAL VALUES: Being cheerful, helpful, and honest. When violated, the person feels guilty.	Promotions should stress concern for societal issues and intense conviction to advance such causes.	The majority of Americans. Promotions should stress conformity, caring for others, and social consciousness.

**TABLE 9.4** Marketing-Applicable Values from Gordon's Inventory

PERSONAL VALUES	INTERPERSONAL VALUES
<b>ACHIEVEMENT</b> Enjoying challenge, growth, and accomplishment. Knowing what one wants to accomplish and doing so in an outstanding manner.	<b>LEADERSHIP</b> Being in charge and having authority and power. Not having to follow orders. Leading groups. Having others work under one's direction.
<b>GOAL ORIENTATION</b> Prefer having well-defined objectives and completing tasks. Knowing exactly what one is aiming for.	<b>RECOGNITION</b> Being looked up to, considered important, and admired. Having people make favorable remarks. Being noticed.
<b>VARIETY</b> Disliking routines and preferring new experiences. Visiting new places. Trying new and different things. Being able to have a variety of experiences and travel a lot.	<b>CONFORMITY</b> Doing the correct thing and following regulation. Doing what's accepted and proper. Conforming strictly to rules and moral standards.

**Learning Objective**

- 4 To Understand How Core Cultural Values Impact Indian Consumers.

**Notes****Indian Core Values**

Indian society is driven by a set of **core values**, though these may vary in the urban and rural contexts. These values remain basic to Indian culture and are strongly embedded in most subcultures. The variation in the urban milieu may be attributed to changing lifestyles, the impact of Westernization, and the diffusion of technology. Even within the urban context, these values may have further variations or contradictions. Young couples working with high-technology firms may lead a typically Western lifestyle (cars, fast food and weekend holidays) but still hold on to or practice certain religious beliefs and customs that are totally ethnic in nature. In general, Indian consumers are culture-conscious in the sense that they conform to the cultural expectations of society. Core values of a society are adopted by a significant number of people; are enduring, or followed by people for a long time; and enable marketers to understand the behavior of consumers. The following are some of the core values of Indians.

**Family Orientation**

Family for an average Indian not only includes one's own family (spouse and children) but also the extended family—parents, siblings, grandparents, etc. The commitment of the male consumer (in some cases, the female consumer, too) to the family is such that he, as the chief wage earner, supports the entire joint family. This has several marketing implications. First, the disposable income of such a consumer gets radically reduced and he (or she, since the wife makes most of the daily purchase) is always looking for value-based brands at a lower price point. This logic works equally for purchases concerning oneself and one's immediate family members. The brands at the lower end of the market in a number of product categories like tea, soap, toothpaste, and shampoo typically cater to these kinds of consumers. This type of consumer also mixes brands and products from the unorganized sector to balance his/her expenditure on such consumption needs. In fact, low-end brands attempt to upgrade the consumer from the products of the unorganized sector (unbranded and local products, which may be marketed in an unstructured and haphazard manner). A consumer may buy a branded detergent powder like Surf to wash his/her "special" clothes and may buy low-end washing soaps (branded but cheaper) for washing ordinary clothes. Once in a while, he/she may buy shampoo sachets that are offered for around ₹2 to ₹2.50 (Chik shampoo was introduced at 50 paise). Such implications in terms of "value" offerings (₹1 is less than 5% of a US dollar) will not be felt in developed countries.

As the consumer feels the need to economize, he/she may also down-trade—or buy less expensive brands after using higher-priced ones. Down-trading occurs as the consumer's response to price increases across product categories; and also when the cost of essential services like electricity, water, or cooking fuel goes up. This behavior of consumers is important for marketers as there have been constant efforts by companies to upgrade consumers in several categories. For example, Unilever India Limited has a number of price points in almost all its product lines. Colgate has also a number of brands at different price points—Colgate Herbal, Colgate, Colgate Gel, and Colgate Total brands. Consumers may down-trade at any price point in the product-line and not necessarily at the lower end of the market (though brands at the upper end may experience a degree of price insensitivity).

**Notes**

## Savings Orientation

Saving is still an inherent value of Indians; given the uncertainty in income generation (a majority of the population depends on agriculture and about 24% lives in urban areas, monthly salary as a regular source of income being available only to a small cross-section of the population). Unlike in developed countries, community medical services or assured pension after retirement are not available to most consumers. Most Indian families have to depend on personal savings for their living after retirement and for their medical expenses all through their lives. Therefore, saving up for old age is a major concern for Indians. Consumers fall back on their savings to celebrate festivities—very specifically, weddings in the family—and spend as lavishly as possible. Recently, consumers have begun spending on durable products after the basic needs have been taken care of. Bicycles, watches, and TVs are perhaps popular “entry-level” purchases for the average Indian who is able to take care of the basic necessities. Savings as a habit pervades all sections of the society. Consumers belonging to all socio-economic classes are interested in jewelry and for most of them it may mean investing a considerable amount of their savings. Traditionally, jewelry is more associated with women. Families with girl children are more likely to spend their savings on jewelry. Mostly, consumers buy their jewelry from family jewelers who have been associated with them for several generations. Branded jewelry like Tanishq and Carbon cater to just about 2% of the jewelry market and target an up-market niche. The popularity of installment payments for a number of products ranging from bicycles to computers can be attributed to consumers splitting savings between traditional purchases like jewelry and appliances required for a convenient living.

## Festivities

Celebrating festivals is very much a part of India's culture in all the states. The subculture within a state (territory) determines the type of festival that is to be actively celebrated. For example, Pongal is not quite popular except in Tamil Nadu. Like most festivals in this country, Pongal has a special association with the farmers of the state. Durga Puja in West Bengal is celebrated with a great deal of enthusiasm every year. But it is not popular in all states even though its variations are celebrated in other parts. Similarly, Onam in Kerala is another example of a regional festival. Such festivals are a huge opportunity for marketers. Given that 76% of Indians live in rural areas, a number of companies step up their advertising campaigns and logistics during the festive months. Several brands in a number of product categories offer sales promotional programs during festive seasons and hundreds of thousands of consumers make use of “value-based” deals during these times. A number of consumers postpone their purchases, especially durables, in the hope of getting such deals. Even a niche jewelry brand like Tanishq came out with rakhis (fraternal friendship bonds tied by girls to boys they consider to be their brothers) in gold on Raksha Bandhan. Gold coins with images of gods (a sign of financial prosperity) are given away as gifts by marketers of durable brands, normally through specified outlets in a city.

## Shopping as a Ritual

Shopping is a ritual of sorts, among both urban and rural Indians. The type of buyers, the shops they buy from, and the products they purchase vary across geographical territories and the economic spectrum of consumers. Retail outlets may range from a roadside shop selling vegetables to departmental stores like Big Bazaar or Croma or Shoppers Stop, which promise ambience, variety, and service over other conventional outlets. The fact that only about 5% of products (in value terms) are retailed through departmental stores is a reflection of the fragmented nature of retailing in India, quite the reverse of what happens in developed countries. Housewives shop almost regularly for basic commodities and vegetables even though the trend may be changing in the urban context. Bargaining, especially in the case of commodities and vegetables, is an unwritten rule in the transaction process. The popular departmental stores cater to the middle class and have a sales promotion strategy for all the year across product categories. In the case of durable products like TVs, refrigerators, or two-wheelers, the average Indian consumer is oriented toward the “extended problem-solving” kind of decision making. As part of the great shopping ritual, members of a family visit outlets with the objective of comparing prices and arriving at the best deal in a product category. The shopping of durables by typical Indian consumers can be associated with the compensatory style of decision making, with buyers analyzing one brand after another (especially when sales promotions are advertised). It is extremely difficult to find retailers (durable categories) who refuse to sell the brand below the marked retail price in order

**Notes**

to clinch the deal with the consumer. This has been true of FMCG products in recent times and such shops use signboards that say something like “Buy and Save” to achieve big volumes.

The rural Indian scenario (a rural area is defined as a geographical region with a population of around 5,000 people and where 75% of the male population is engaged in agriculture) presents a unique characteristic, which marketers have used. In a number of villages and towns (there are around 635,000 villages in India), flea markets are held every week and people buy the basic necessities (sometimes even durables like bicycles and watches) from there. These are generally held one specific day in a week and retailers spread their “product-mix” in makeshift stalls. Most of them stock fast-moving units across product categories that they buy from wholesalers near their place of trade. A number of companies make use of video-vans that arrange some kind of entertainment (most commonly, a movie) and end with a brand message. Not every village or town, of course, has this makeshift market that attracts consumers from a number of neighboring villages. Most consumers in semi-urban and rural areas visit the closest market in the town/city for their purchases. Given the nature of the potential of durables (upper-end ones like refrigerators and color television sets), brands are not in a position to have a network of outlets reaching out to most parts of the country (like FMCG companies that reach millions of outlets in rural areas). There are potential markets in villages where higher-end durable categories may be consumed, but the rural households in such categories, unlike their urban counterparts, are spread out while the latter are concentrated in specific pockets. Some of them, however, may be concentrated in a specific state (Punjab, for instance, has a number of such households in rural areas). Marketers of durables can adopt specialized channel strategies. A brand can identify such customers, have a company-owned outlet (depending on its feasibility), and start a direct marketing exercise to reach out to these households. Company-owned outlets are preferred because the company establishes contact with these consumers and can, at a later stage, attempt up-selling and cross-selling of its products. LG, the brand that has a leading share in several categories of durable products, opened up sales offices in semi-urban markets in an effort to reach out to consumers in the hinterland.

### **Mythology**

Mythological stories, scriptures, and music are an inherent part of the Indian culture. Apart from creating a brand experience in a service like tourism, toys, and souvenirs, and artifacts can also be drawn from the Indian cultural milieu. Such products are marketed in places of tourist interest but the products are not branded. Most of these may not even have good quality in terms of product finish and durability. Tourism, largely promoted by government enterprises, has received considerable impetus in the form of infrastructure and service support. But there is a vast potential for creating a brand in this industry—among both foreign and domestic travelers. A value-based branding experience can create a huge market in tourism, which seems to have taken off in a big way only in the upper social crust. Local toy manufacturers cater to specific markets and a large chunk of the industry is in the unorganized sector. Branded toys with Indian cultural themes (with several elements of the marketing mix brought together) can open up attractive avenues for a brand. Even multinational brands like Leo and Mattel can develop ethnic products and make them affordable to the masses considering the potential that exists in this sector.

### **Food Habits**

As in most Asian countries, hot, spicy delicacies are popular in India too. It may be worthwhile to note that food habits have a strong link with culture and are difficult to change. With the exception of Maggi noodles during the 1980s, there has not been a single “foreign” food item that has become as popular. Bread, which has been around for several decades, is still not popular barring certain urban and some semi-urban markets. But it is interesting to note that several variants of wheat flour are popular throughout India. The consumption of biscuits with tea, too, has almost become part of the eating culture of million of Indians both in urban and rural markets. The success of Tiger biscuits, with its low-priced packs, reflects the strength of such a habit.

### **Changing Cultural Trends In Indian Urban Markets**

The urban setting is very different from the rural or semi-urban market setting. There are target segments in cities comprising professionally qualified, high-salaried people who are into the fast track of life. The cultural values of this segment reflect the trends in the urban markets (trends with regard to niche consumers that do not cover the majority of the population). This

segment is strongly influenced by the lifestyle and aspirations of the West. The following values can be associated with this niche.

### Notes

#### Achievement Orientation

These aspects contribute to the intrinsic and extrinsic motivational levels and are reflected in the consumption of products and brands. Possessing a middle-end car (like Opel or Honda City), membership of prestigious clubs, and holidaying in a foreign resort are some products and services these consumers are interested in procuring. These products/brands reinforce a feeling of accomplishment in individuals and are perceived as rewards. Cielo positioned itself as a brand for "those who have arrived" when it entered India. Though the brand is no longer in the market, it is a typical example of how a brand positioned the car, a status symbol, as an aspirational product in an appropriate context.

#### Work Ethic

As a logical extension of the previous value, contemporary consumers are breaking away from traditional work practices and are involved in high-tension, fast-paced jobs. They experience time pressure and hence prefer time-compression or convenience products. A variety of retail outlets across product categories have emerged in the context (ordering of groceries online, direct marketing of brands, one-stop shops, fast-food restaurants like McDonald's or Pizza Hut, and grocery shops in petrol pumps are some examples). There is a growing need for services that offer high levels of satisfaction. On-call services like plumbing, bill payment, laundry services, and home delivery of grocery and food are some of them.

#### Material Success

Young professionals between 25 and 30 years, who are extremely conscious of their materialistic success, have emerged in the last decade. This segment is significantly and markedly different from its equivalent counterparts (in terms of education and status) two decades ago. Present-day young adults have tremendous exposure to the environment through education or work experience abroad. They belong to cutting-edge professions like software or are high-profile entrepreneurs. The education, intelligence, and aspirations of these consumers have resulted in their acquiring substantial wealth at a relatively young age. The wealth is spent on essential products, which have contributed to the service economy—health, amusement, timecompression, and convenience. Besides, this segment chooses products and brands with a symbolic overtone; probably to tell the society that they have "arrived." There is great demand for quality-oriented, branded services like laundry services, in-home delivery of food, baby-sitters, pet-care people and, in a small way, online marketing of essentials.

#### Middle-of-the-Road Approach to Tradition

A niche segment of consumers, who are urban, highly educated, and in the upper end of the socio-economic strata, adopt a middle-of-the-road approach toward rituals and other cultural practices. Most are neither too permissive nor too traditional in their approach toward tradition. In the food segment, Indians have traditionally preferred home-cooked food, with eating out being reserved for very special occasions. In urban India, however, as more and more women are working outside the home, eating out on a regular basis, especially among young professionals, has become a part of the culture. Figure 9.5 illustrates how a brand like Ashirwad, from ITC, will appeal to consumers who enjoy traditional dishes with the added proposition of convenience.



Source: ITC

FIGURE 9.5 ITC Ready-To-Eat Meals

**Notes****Impulse Gratification**

While a number of consumers may be using credit cards, neo-urban young adults exhibit a compulsive need to buy products and services through credit cards. This niche segment may possess multiple credit cards. Some banks even attempt to get into the consideration set of such consumers by offering discounts to students of premier institutions, in the hope that they are prospective consumers interested in banking with them.

**Use of Hi-Tech Products**

High-profile consumers use products like iPods, iPhones, iPads, computers, and hi-tech products in the categories of household appliances and entertainment systems. This lifestyle aspect may be of interest to marketers of high-end products like fuzzy-logic washing machines, plasma television sets and, perhaps, products using bluetooth technology (a company with a rich database of consumers belonging to this segment can have several variations of permission marketing (which essentially deals with getting the consumer involved in the brand's messages that suits his/her interests rather than bombard the consumer with a barrage of direct mailings). This segment is oriented toward information, is independent and involved in its search and has the potential and willingness to spend. A number of brands may address this segment through a media-mix. The penetration of PCs is high among members of this segment as is online information processing, even though these consumers may eventually transact at a retail outlet. Several brands are positioned to this segment with lifestyle and symbolic appeals. Symbolic positioning can be backed up with a strong cognitive (information-oriented) copy on the Internet. Interactivity can be put to good use if the Web site can customize the information provided to the consumer. Queries are likely to be diverse in nature and TV commercials can be supplemented by the Internet. There is also a possibility for the brand to develop a brand community on the net. The urban, niche segment is ideal for the marketers interested in one-to-one marketing or relationship marketing.

A recent research study published by S. Ramesh Kumar with his co-authors identified 32 Indian values that are relevant to marketing. These values include traditional and contemporary ones:

1. Power distance (social hierarchy emerging from different aspects of living)
2. Uncertainty avoidance (dealing with the unfamiliar)
3. Forward-looking (futuristic orientation of the individual)
4. Conservatism (not wanting to lead a fashionable lifestyle)
5. Need for affiliation (a sense of belongingness with others)
6. Family bonding (a close and a bonded relationship with family)
7. Utilitarianism (buying products that have sheer utility value)
8. Fatalism (resigned to destiny)
9. Nominalism (following rituals with regard to one's culture)
10. Achievement seeking (a strong desire to be successful)
11. Respect for age (respecting old people)
12. Cooperation (providing support to others in group work)
13. Nuclear family (one's immediate family consisting of spouse and children without one's parents or a joint family with other relatives)
14. Group emphasis (a tendency to be in groups both for formal and informal gatherings)
15. Respect for work (commitment and involvement with one's work)
16. Seeking prosperity (desire to acquire materialistic possessions as a way of living)
17. Hospitality (being cordial with friends and relatives)
18. Social orientation (choosing a lifestyle that will reflect one's personality)
19. Self-esteem (one's beliefs about one's self-worth)
20. Honor (not overspending as a matter of honor and prestige to ensure that one does not get into debt)
21. Innovation (one's desire to experiment with brands and products)
22. Conspicuous Western symbols (use of brands and products that symbolize Westernization)
23. Gifting trends (a desire to gift others on various social occasions)

24. Personal grooming (desire to groom oneself for social purposes)
25. Family hierarchy orientation (accepting that the main salary earner, generally men, influence the family purchases)
26. Ethnocentrism (desire to buy brands made in one's own country)
27. Individualism (desire to be identified as an individual)
28. Thriftiness (desire to save money by being price sensitive)
29. Celebrity orientation (a desire to get influenced by celebrities in advertisements with regard to purchase decisions)
30. Time orientation (a desire to be nostalgic about the days gone by)
31. Emotional decision making (a desire to make purchase decisions based on emotions)
32. Neo-mindset orientation (a desire to break conventions and be rebellious)

## Cultural Aspects of Emerging Markets

Hofstede defined culture as the mental programming of people in an environment. He called culture a combination of symbols (women wearing abundant 22 karat gold jewelry are perceived as prosperous in several parts of India), heroes (celebrities are widely used in Indian advertising), rituals (wedding rituals in India), and values (it is unusual to find even educated and Westernized women smoking in public places in India). This combination of factors is useful in differentiating between one marketing scenario and another. Kenichi Ohmae defined an emerging economy as a country with a per capita income of less than US\$10,000. India has a per capita income of around US\$700 and as an emerging economy has a complex set of factors associated with its demographic and cultural dimensions. The explosion of mass media and the aspirations of young consumers (about 40% of the Indian population is below the age of 21 years) in a country with a strong traditional culture have resulted in advertisements innovatively using both traditional and contemporary cultural dimensions to influence consumers.

Several facets of culture are overtly and covertly used in marketing communications. In addition to cultural overtones finding a place in advertising, there are some product categories that are culturally oriented (meaning that these product categories are a part of the Indian culture in terms of the habits and lifestyles of consumers). Advertising appeals for these product categories too need to be formulated with the cultural factors and target segment of consumers taken into consideration.

### The Indian Context

India has a population of about one billion and it is a country of contrasts with regard to lifestyles at different levels of its socio-economic structure. About 74% of the population lives in villages or hamlets. A village is a rural area that has a population below 5,000, has a population density of less than 400 per sq. km and where 75% of the males are engaged in agriculture. There are about 635,000 villages in the country and 63% of villages have a population of between 1,000 and 5,000. The population can be categorized into different kinds of households with regard to economic criteria. There are 100.1 million households classified as "deprived," earning less than US\$ 1,969, 91.3 million households known as "aspirers," earning US\$ 1,969–4,376, 10.9 million households of "seekers," earning US\$ 4,376–10,941, 2.4 million households of "strivers," earning US\$ 10,941–21,882, and 1.2 million households of "global Indians" who earn over US\$ 21,882. While lifestyles of each of these clusters differ in terms of product and services categories purchased, there are also cultural differences between these clusters, and consumers within each of these segments may belong to different subcultures as these households are spread throughout the country in metropolitan areas as well as rural areas.

Brands have national advertising campaigns in English and in Hindi, the official language of the country. But there are states that do not have Hindi-speaking people and hence many brands also come out with advertisements in regional languages and sometimes with regional content, too. Soap operas in regional languages are very popular in the respective states and brands use these soap opera slots to advertise appropriate brands and product categories depending on the type of target segment. For example, Coke may carry a TV commercial in several states (sometimes in regional languages) during the summer and textile and TV brands may advertise during the months of October and November, the religious and festive season, during which most states will have festivities. Durable purchases peak during this season. For instance,

### Learning Objective

**5** To Understand the Cultural Aspects of Emerging Markets.

### Notes

**Notes**

Cadbury, the multinational brand of chocolates, introduces special packs during the festival seasons. Ethnic wear for women is a category that has regional brands, which advertise during these seasons in their regions. Quite a few advertisements in the Indian context have “storytelling” themes, and brand and cultural dimensions (both traditional and modern) get interwoven in these themes.

The changing lifestyles of consumers after the globalization of the Indian economy are also frequently reflected through advertisements. Though India still has a male-dominated culture, women in select “pockets” of the country have made rapid strides with regard to education and employment. Some advertisements also reflect these changes, especially ones that are aimed at urban target segments. Several millions of consumers in rural markets derive their aspirations from urban-oriented advertisements. The advertisements for a soft drink, Thums up (owned by Coca-Cola in India), had a macho appeal that was very urban, but the brand was advertised nationally in both urban and rural areas of the country. There are also brands that were very rural some decades back but have acquired an urban imagery to attract urban target segments. For instance, Lifebuoy (from Unilever India limited) was launched several decades back as a rural brand of soap with a strong carbolic scent and its cinema hall commercials showed football players (a popular rural sport at that time). The brand was popular throughout the country with its “germ-killing” proposition, especially in rural areas. Recently, however, the brand repositioned itself as an urban, family soap with a change in its fragrance with the same “germkilling” proposition. The concept of “family soap” is also a popular in India, where several members of the family use the same bar of soap.

Almost every product category also has up-market branding associations. Jewelry has been a part of the Indian culture for centuries. Most of the jewelry demand is in the unorganized sector (small traders dealing with unbranded offerings limited to specific geographical areas). Customers also develop a relationship with these traders and several families in the country may have inter-generational links with these jewelers and their family members (the buyer-seller relationships transcend generations). Even in such a category, there are regional and national brands that are advertised with contemporary appeals for urban women. Some of the brands combine traditional appeals with modernity. For instance, a national brand, Tanishq, launched diamonds (traditionally supposed to denote higher status of the wearer in India). The television commercial shows a husband and wife in traditional clothes, with the husband admiring the diamonds on his wife and finally an elderly lady (likely to be perceived to be the mother-in-law who normally stays with the son even after his marriage as per the culture of the country) seeing the husband falling at the feet of the wife. In Indian culture, prostrating implies a request for blessings from someone who is of a higher social rank or is older. Traditionally, wives are supposed to seek blessings from their husbands. The Tanishq advertisement also has a song from a popular south Indian movie of the 1960s. Nostalgic linkages with traditional culture, traditional roles in the culture, and the changing role of women in the society, are well captured in the advertisement for a product (in this case also a brand) that has been a part of the culture for centuries.

## Frequently Used Product Categories In India

An analysis of the advertisements of FMCGs was made using the 32 values identified earlier and the concept of ritual setting. A product is a ritual artifact. When the product is used in a specific setting (created by brand communication), the consumer derives meaning from the communication. The ritual setting is the context portrayed by a brand's communication and it creates a specific perception in the mind of the consumer. For instance, a brand of Titan watches is positioned as a gift across several categories involving relationships of romance and warmth. The “gift-giving ritual setting” creates the “gifting-brand” association. FMCG brands were chosen as they are a part of the everyday life of consumers, and the communication of brands across categories indicates strong cultural values. The advertisements of brands chosen have cultural values that are dominant in the marketing communication context. We have presented some of the brand analyses here.

### Hamam (Soap)

This brand from Unilever India has been in the country for decades and was advertised as the “family soap” a few decades back. The brand's proposition during the 1990s was a “natural” soap using the association of an innocent child. The brand launched herbal variants. In recent times, its advertisements have centered on portraying women who can be perceived as beautiful while still being traditional (identified from their apparel, looks, presence of elderly family members). Some of the advertisements also project a child with traditional apparel and a ritual known as *kolam*—traditional artwork with a white powder drawn at the entrance of the house

**Notes**

that symbolizes prosperity and good omen. Advertisements show a family that values traditional beauty. The traditional beauty is also portrayed in a way such that the woman is also a stereotype of conservative middle-class households.

Values identified: family bonding, seeking prosperity

Ritual setting: middle class, traditional family, ritual associated with culture, appreciation of traditional beauty with regard to women, happiness

### **Lux (Soap)**

It is interesting to note that Unilever India that also has Lux under its portfolio of soaps uses another approach to distinguish this product (Lux) using other cultural dimensions. Lux has a history of using topical (reigning) celebrities from films for the last several decades. The brand has introduced different variants for different kinds of applications concerned with skin. The advertisement shows a celebrity from films (frequently someone who is also a Miss India or a Miss World), usually dressed in Western clothes, who is the center of attention for her beauty and class. The advertisement projects the brand as being associated with contemporary beauty—someone who is modern and not conscious of her beauty.

Values identified: Social orientation, conspicuous Westernized symbols, celebrity orientation, neo-mindset orientation

Ritual setting: very urban, Westernized, fitness and health culture (the “in-thing” among urbanites), international association of the celebrity, “state-of-the-art,” charm as associated with beauty contests

### **Sunrise (Coffee)**

This brand is from another multinational (Nestlé) and it is aimed at urban youth, particularly couples. The TV commercial shows a young couple shopping in a departmental store when the husband gets a phone call and informs his wife that his elderly uncle and aunt, who were unable to make it for their wedding (implying that they are recently wedded), have come to their home to visit them. It is customary for the wife to treat the relatives of her husband with reverence, especially if the couple is newly married. The wife is in a Western outfit and signals to the husband to go ahead and receive the traditional, elderly visitors. The wife enters through the window of the house (unseen by the visitors), quickly changes into ethnic clothing and presents herself to the visitors. She serves Sunrise, which is well appreciated by her visitors and then accepts their blessings by prostrating before them. Prostrating before elders is strongly valued in India, especially by Hindus.

Values identified: Respect for elders, family bonding, family hierarchy, emotional decision-making

Ritual setting: urban, young couple, traditional apparel, Western apparel, comfortable urban home, preparation of traditional coffee

### **Coke (Cola)**

A well-known brand name throughout the world, Coke has been in the country since the mid-1990s (Coke was earlier withdrawn from the country during the mid-1970s). Coke has used several celebrities from films and a recent ad shows a group of youngsters on a bike longing for some food during a night out. Finally, they find the drink and the signature tune of the jingle ends with the theme that it is better to celebrate the day without waiting for the next day. The ad uses a celebrity.

Values identified: need for affiliation, group emphasis, celebrity orientation and social orientation

Ritual setting: urban youth enjoying themselves as a group

It may be interesting to note that the same brand used a different celebrity to position the brand as *thanda* (meaning, cold) and to popularize it in rural areas. The ritual setting was rural.

### **Pepsi (Cola)**

A strong competitor to Coke in the cola market, Pepsi has used a number of cricket celebrities over a period of time with themes conveying group fun and “mischief.” A recent TV commercial has three reigning film celebrities enacting a humorous theme.

**Notes**

Values identified: celebrity orientation, social orientation, group emphasis  
 Ritual setting: urban setting

**Colgate (Toothpaste)**

Colgate has several variants in the country. Colgate Strong Teeth positions itself as a toothpaste for strong teeth. The advertisement shows the father and son painting the fence of the house. The father asks the son to paint the spaces in between the fence's cross design and the son replies that the dentist too told him that he should brush the space between his teeth using Colgate.

Values identified: family bonding and family hierarchy orientation, utilitarianism  
 Ritual setting: advice of father to son and brushing of teeth as a ritual (using the brand)

**Closeup (Toothpaste)**

This was a brand launched in the 1970s as a toothpaste-cum-mouthwash, with the advertisement focusing on "the close-up smile" of urban young teenagers and getting "close" to unleash the "close-up" smile. A recent advertisement for the brand shows a group of youngsters chatting in a restaurant and one youngster who cannot laugh aloud at a joke because of "bad" teeth. The other table has another youngster (using the brand) who is all smiles, with his whiteteeth shown while laughing. The setting and the laughter assume special significance because of girl companions.

Values identified: social orientation, self-esteem, group affiliation, utilitarianism  
 Ritual setting: romantic, need for good teeth to impress members of the opposite sex

Using similar analyses, the following were extracted for various brands:

**Gillette (Razors and Blades)**

Values identified: Conservatism, thriftiness, personal grooming, innovativeness, utilitarianism  
 Ritual setting: excitement of using a new product form at a lower price, durability of offering, ethnic orientation (as compared to the other up-market products of the company), utilitarianism

**Red Label (Tea)**

Values identified: family bonding (especially with the mother-in-law included in the emotional bonding), emotional decision-making, and a variant of family hierarchy orientation  
 Ritual setting: urban, family that is not too stringent on traditions, unusual companionship, domestic happiness with the brand being a part of it

**Surf Excel (Detergent Bar)**

Values identified: social orientation, need for affiliation, utilitarianism  
 Ritual setting: difficult stains, stains that may occur in the everyday lives of a majority of users of bar detergent, strong cultural orientation

**Dettol (Floor Cleaner)**

Values identified: family hierarchy orientation, family orientation, utilitarianism  
 Ritual setting: middle-class housewife, homemaker, group (family) affiliation

**Cadbury (Chocolates)**

Values identified: celebrity orientation, social orientation, group affiliation  
 Ritual setting: Celebrity looking not very urban (showing the popularity of the celebrity in rural areas too), middle-class neighborhood, common-man orientation of the group and occasion identified, celebration, humor

**Horlicks (Milk Additive)**

Values identified: group affiliation, indirect family orientation as the "mother" segment is influenced by the advertisement, indirectly seeking prosperity through success  
 Ritual setting: urban groups of school children, Westernized jingle, "showcasing" of achievement

**Head & Shoulders (Shampoo)**

Values identified: celebrity orientation, utilitarianism, social orientation, group affiliation  
 Ritual setting: urban, embarrassing problem, fun orientation

**Parry's (Sugar)**

Values identified: family orientation, family hierarchy, utilitarianism

Ritual setting: mother-child interaction, highlighting a specific practice in the culture

**Notes**

## Inferences with Regard to Cultural Values in Advertisements

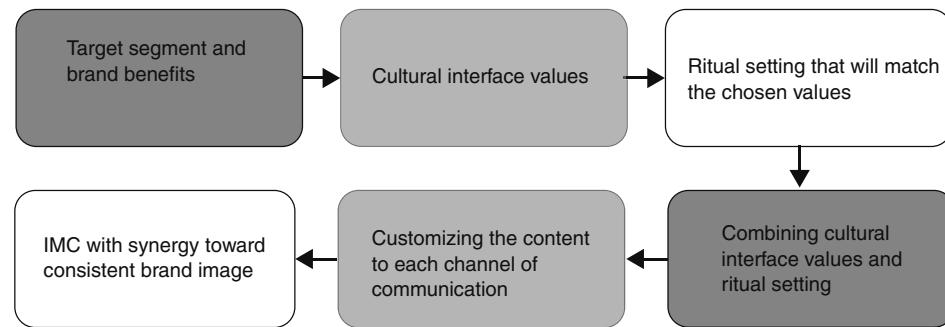
1. In an emerging market like India, *integrated marketing communications* (IMC) should be formulated taking into consideration the values that are associated with the culture, especially when they have been an important part of the advertising scenario for several decades.
2. The analysis of advertisements of several categories/brands clearly shows that there are specific cultural values that are used by most advertisements. Celebrity orientation, family orientation, family hierarchy orientation, utilitarianism, and group affiliation are some of the cultural values that are common to several advertisements. These values may be called “cultural interface values” as they serve to integrate marketing communication with the prevalent culture in the market.
3. The ritual setting adds meaning to the perception of the advertisements containing cultural values. The ritual setting can vary from brand to brand and category to category. It needs to be formulated based on the type of target segment for the respective brand.
4. The ritual setting is also important in identifying the extent to which cultural values are portrayed in the advertisement. There are categories where utilitarianism is not very explicit (like soft drinks and chocolates). Such brands are driven by hedonic motivation rather than by utilitarianism. Hence, the ritual setting may be more pronounced to project the cultural values in the advertisement to a greater extent than compared to categories that offer tangible benefits.

## Adapting IMC to Emerging Markets

An IMC should project a consistent image of the brand through synergized communication through various media channels. This is more important in the digital era where connectivity (telecommunication developments), digitalization (content in the digital mode), convergence (mobile-cum-computer), and social networking (groups that bond together quickly over Internet groups) have an impact on consumers who are able to participate in the digital era. The challenge for IMC with regard to a particular brand is to have the right balance not only with regard to cultural values and ritual setting but also with regard to how “cultural interface values” and ritual setting are conveyed across channels like TV commercials, print advertisements, the Internet, mobile advertisements, point-of-purchase advertisements, hoardings, cinema advertisements and even wall paintings (quite popular in rural areas in India) to convey a consistent and coherent brand image over a period of time.

An example will be useful to illustrate the process of using cultural values for formulating the IMC for a brand in an emerging market. Iced green tea is a category that is quite new to an emerging market like India. A brand of iced green tea can advertise to the urban, young group (group affiliation) and use a popular celebrity (celebrity orientation). The proposition can be health (utilitarianism based on the positive aspects of green tea) through the group fun route. The product can be launched in a few urban areas with the celebrity and several media impressions will be generated (publicity). The brand's Web site can run a promotional campaign on how its benefits (utilitarianism) could have contributed to the characteristics of a particular celebrity (celebrity orientation) and have several rounds of filtering before deciding on a group, the “Green Tea Group,” to meet the celebrity. This meeting can be covered through television channels that run youth programs (group affiliation). The company can start a blog to identify several other green tea groups (who would interface with the celebrity under different ritual settings) by encouraging bloggers to compare the brand with regular soft drinks. Some criteria can be used to identify the groups. Regular TV and print advertisements can also be used to convey the benefits of the brand (utilitarianism with an appropriate ritual setting).

After the first phase of advertisements, the second phase can have a set of advertisements on how the group fun of green tea groups can spread into their respective families (with a different ritual setting). The print advertisements can also publish specific benefits of green based on well known research sources. This will be associated with both family orientation and group affiliation values. Point-of-purchase advertisements can portray photographs of the “Green Tea Group,” with a ritual setting highlighting group fun and the brand name. After a few months, the brand can introduce monthly meetings of the groups, presided over by a local youth icon (group

**Notes****FIGURE 9.6** IMC and Cultural Dimensions: Emerging Markets

affiliation and a variant of celebrity association). Sales promotion in the form of free sampling can be done in colleges and software companies (as these are places with urban youth population). An innovative SMS contest that involves group fun, nutritional aspects of the brand, and a film of the celebrity initially elected for the launch will also associate the brand with the mobile mania among the young sweeping across the country.

An IMC of this kind (see Figure 9.6), covering all channels of communication, planned on cultural values and differentiated ritual settings, will strengthen the brand with consistent messages across channels. Such an approach will also create the buzz factor necessary for the brand.

Cultural values are important brand differentiators in emerging markets with heterogeneous consumer groups. A combination of cultural aspects and IMC will result in a pioneering marketing exercise for any brand attempting the approach in an emerging market.

**Learning Objective**

- 6 To understand how to study the values and customs of different cultures in order to develop effective marketing strategies.

**Cross-Cultural Analysis and Acculturation**

Within the scope of consumer behavior, **cross-cultural analysis** is defined as determining to what extent the consumers of two or more nations are similar or different. Such analyses can provide marketers with an understanding of the psychological, social, and cultural characteristics of the non-Americans they wish to target, so that they can design effective marketing strategies for the specific markets. Table 9.5 lists the research issues that should be considered in cross-cultural analysis. Cross-cultural consumer analysis might also include a comparison of subcultural groups (see online) within a single country (such as English and French Canadians,

**TABLE 9.5** Cross-Cultural Analysis

<b>FACTORS</b>	<b>EXAMPLES</b>
Differences in language and meaning	Words or concepts (e.g., "personal checking account") may not mean the same in two different countries.
Differences in market segmentation opportunities	The income, social class, age, and sex of target customers may differ dramatically between two different countries.
Differences in consumption patterns	Two countries may differ substantially in the level of consumption or use of products or services (e.g., mail-order catalogs).
Differences in the perceived benefits of products and services	Two nations may use or consume the same product (e.g., yogurt) in very different ways.
Differences in the criteria for evaluating products and services	The benefits sought from a service (e.g., bank cards) may differ from country to country.
Differences in economic and social conditions and family structure	The "style" of family decision making may vary significantly from country to country.
Differences in marketing research and conditions	The types and quality of retail outlets and direct-mail lists may vary greatly among countries.
Differences in marketing research possibilities	The availability of professional consumer researchers may vary considerably from country to country.

**TABLE 9.6 A Comparison of Chinese and American Cultures**

CHINESE CULTURAL TRAITS	AMERICAN CULTURAL TRAITS
<ul style="list-style-type: none"> <li>• Centered on a set of relationships defined by Confucian doctrine</li> <li>• Submissive to authority</li> <li>• Ancestor worship</li> <li>• Passive acceptance of fate by seeking harmony with nature</li> <li>• Emphasizes inner experiences of meaning and feeling</li> <li>• A closed worldview, prizing stability and harmony</li> <li>• Culture rests on kinship ties and tradition with a historical orientation</li> <li>• Places weight on vertical interpersonal relationships</li> <li>• Values a person's duties to family, clan, and state</li> </ul>	<ul style="list-style-type: none"> <li>• Centered on the individual</li> <li>• Greater emphasis on self-reliance</li> <li>• Resents class-based distinctions</li> <li>• Active mastery in the person–nature relationship</li> <li>• Concerned with external experiences and the world of things</li> <li>• An open view of the world, emphasizing change and movement</li> <li>• Places primary faith in rationalism and is oriented toward the future</li> <li>• Places weight on horizontal dimensions of interpersonal relationships</li> <li>• Values the individual personality</li> </ul>

Source: Alexander Josiassen, "Consumer Disidentification and Its Effects on Domestic Product Purchases: An Empirical Investigation in the Netherlands," *Journal of Marketing*, Vol. 75 (March 2011): 124–140.

Cuban Americans and Mexican Americans in the United States, or Protestants and Catholics in Northern Ireland).

The objective of cross-cultural consumer analysis is to determine how consumers in two or more societies are similar and how they are different. For instance, Table 9.6 presents the differences between Chinese and American cultural traits. Countries like China and Mexico are “collectivistic” (“we”) cultures, whereas the United States and the United Kingdom are “individualistic” (“I”) cultures. A study of “I” versus “we” consumers in Montreal, Canada, found that collectivists rely more on word-of-mouth, preferring information from trusted, familiar sources when forming their expectations regarding airline travel. Individualists, in contrast, rely on unambiguous verbal or written communication, and attach more importance to explicit and implicit promises and third parties. A study of consumers in Australia (an individualist nation) and Singapore (a collectivist country), found that Singaporean consumers were more responsive to social influence in a hypothetical buying situation than Australian consumers. Moreover, Australian subjects were more internally oriented, whereas Singaporean subjects were more externally oriented. This resulted in Australians attributing more responsibility to themselves for good or bad outcomes of their buying decisions.

An understanding of the similarities and differences that exist between nations is critical to the multinational marketer who must devise appropriate strategies to reach consumers in specific foreign markets. The greater the similarity between nations, the more feasible it is to use relatively similar marketing strategies in each nation. However, when the cultural beliefs, values, and customs of specific target countries are found to differ widely, then a highly individualized marketing strategy is indicated for each country. As another illustration, in addition to the IKEA furniture company’s generic global website that uses English, the firm also offers a series of localized websites (in selected languages) and other mini-sites (in more languages) that only provide contact information.

A study in four Central European nations (Croatia, the Czech Republic, Hungary, and Poland) found that although these nations are in the same geographic region, national differences would make it unwise to employ the same advertising content and imagery in all four countries. However, in contrast to these results, other consumer research examining the notion of an Asian regional brand has found that some marketers have been able to create a “multicultural mosaic” for their brand that can “appeal across national boundaries”. They have done this by creating the image of an Asian consumer that is “urban, modern, and multicultural.”

A firm’s success in marketing a product or service in a number of foreign countries is likely to be influenced by how similar the beliefs, values, and customs are that govern the use of the product in the various countries. For example, the worldwide TV commercials and magazine ads of major international airlines (American Airlines, British Airways, Continental Airlines, Air France, Lufthansa, Qantas, Swissair, United Airlines) all depict the luxury and pampering offered to their business-class and first-class international travelers. The reason for their general cross-cultural appeal is that these commercials speak to the same types of individual worldwide—upscale international business travelers—who have much in common.

### Notes

**TABLE 9.7** “Consumer Styles” in Four Nations**GERMAN CONSUMERS:**

- Less brand loyal
- More price-sensitive
- Least likely to seek variety in products
- Most likely to consider themselves impulsive shoppers
- Least likely to say they dislike shopping

**U.S. CONSUMERS:**

- More likely to seek new and different products than French and German consumers
- See advertising as more informative than do French and German consumers

**UNITED KINGDOM CONSUMERS:**

- More likely to seek new and different products than French and German consumers
- See advertising as more informative than do French and German consumers
- See advertising as insulting

**FRENCH CONSUMERS:**

- Believe shopping is no fun
- Claim to engage in comparison shopping, but are not the most likely to purchase products on sale

**TABLE 9.8** Consumer Clusters (Segments) in Four Nations

CLUSTER	FRANCE	GERMANY	UNITED KINGDOM	UNITED STATES
Price-Sensitive Consumers	27.5	38.7	19.3	21.0
Variety-Seeking Consumers	22.0	19.4	22.4	23.3
Brand-Loyal Consumers	30.4	20.0	36.2	22.2
Information-Seeking Consumers	20.1	21.9	22.1	33.5

**Notes**

A study in four countries (United States, United Kingdom, France, and Germany) examined whether there were differences in terms of “consumer style” (i.e., how a consumer approaches the purchase and consumption experience, including attitudes, beliefs, and decision rules about price, value, etc.) in the four nations. Table 9.7 presents some of the differences among subject participants from the four countries. Based on consumer style, the researchers were able to segment these consumers into four clusters: (1) Price-sensitive consumers, (2) variety-seeking consumers, (3) brand-loyal consumers, and (4) information-seeking consumers, which are described in Table 9.8. Because German consumers, for example, tend to be less brand loyal and more price sensitive than their counterparts from the other three nations in the study, it is not surprising that German participants are underrepresented in the brand-loyal consumer cluster and overrepresented in the price-sensitive cluster.

**Measures of Cross-Cultural Aspects**

There are several frameworks for assessing consumption-related cultural differences. One study identified the dimensions that cross-cultural studies should address:

1. Judgments regarding the quality of a country’s products.
2. Willingness to buy a country’s products.
3. Ethnocentrism—willingness to buy foreign-made products (see Chapter 3).
4. Perceptions of a country’s consumption culture.
5. Acculturation—identification with a country’s culture.
6. Ethnic self-identification.
7. National self-identification.

**Notes**

Another study investigated the interrelationship between consumers' attitudes toward local and global products and identified the following relevant dimensions for measuring such attitudes (sample statements for "agree"/"disagree" scales are shown for each item):

- 1. Entertainment:** "I enjoy entertainment that is popular in many countries around the world more than traditional entertainment that is popular in my own country."
 

"I enjoy traditional entertainment that is popular in my own country as well as entertainment that is popular in many countries around the world."
- 2. Furnishings:** "I prefer to have home furnishings that are traditional in my country rather than furnishings that are popular in many countries around the world."
 

"I don't really like my own country's traditional home furnishings or furnishings that are popular in many countries around the world."
- 3. Food:** "I enjoy foods that are popular in many countries around the world more than my own country's traditional foods."
 

"I enjoy my own country's traditional foods as well as foods that are popular in many countries around the world."
- 4. Lifestyles:** "I prefer to have a lifestyle that is traditional in my own country rather than one that is similar to the lifestyle of consumers in many countries around the world."
 

"To be honest, I don't find the traditional lifestyle in my own country or the consumer lifestyle that is similar in many countries around the world very interesting."
- 5. Brands:** "I prefer to buy brands that are bought by consumers in many countries around the world rather than local brands that are sold only in my country."
 

"I prefer to buy both local brands that are sold only in my country and brands that are bought by consumers in many countries around the world."

## Acculturation

**Acculturation** is the process by which marketers learn—via cross-cultural analysis—about the values, beliefs, and customs of other cultures and then apply this knowledge to marketing products internationally. In fact, acculturation is a dual learning process: First, marketers must learn everything that is relevant to the product and product category in the society in which they plan to market; then they must persuade, or "teach," the members of that society to break with their traditional ways of doing things and adopt the new product. To gain acceptance for a culturally new product in a foreign society, marketers must develop a strategy that encourages members of that society to modify or even break with their own traditions (to change their attitudes and possibly alter their behavior). To illustrate the point, a social marketing effort designed to encourage consumers in developing nations to secure polio vaccinations for their children would require a two-step acculturation process. First, the marketer must obtain an in-depth picture of a society's present attitudes and customs with regard to preventive medicine and related concepts. Then the marketer must devise promotional strategies that will convince the members of a target market to have their children vaccinated, even if doing so requires a change in current attitudes.

Too many marketers contemplating international expansion believe that if their products are successful domestically, they will also succeed overseas. This biased viewpoint increases the likelihood of marketing failures abroad. It reflects a lack of appreciation of the unique psychological, social, cultural, and environmental characteristics of distinctly different cultures. To overcome such a narrow and culturally myopic view, marketers must learn everything that is relevant about the usage or potential usage of their products and product categories in the foreign countries in which they plan to operate. Take the Chinese culture, for example. For Western marketers to succeed in China, it is important for them to take into consideration *guo qing* (pronounced "gwor ching"), which means "to consider the special situation or character of China." An example of *guo qing* for Western marketers is the Chinese policy of limiting families to one child. An appreciation of this policy means that foreign businesses will understand that Chinese families are open to particularly high-quality baby products for their single child ("the little emperor").

## Consumer Research Difficulties

Conducting consumer research studies in other foreign countries is often difficult. For instance, it is hard to conduct Western-style market research in the Islamic countries of the Middle East. In Saudi Arabia, for instance, it is illegal to stop people on the streets, and focus groups are

**Notes**

impractical because most gatherings of four or more people (with the exception of family and religious gatherings) are outlawed. American firms desiring to do business in Russia have found a limited amount of information regarding consumer and market statistics. Similarly, marketing research information on China is generally inadequate, and surveys that ask personal questions arouse suspicion. Marketers have tried other ways to elicit the data they need. For example, Grey Advertising has given cameras to Chinese children so they can take pictures of what they like and do not like, rather than asking them to explain their preferences to a stranger. Moreover, ACNielsen conducts focus groups in pubs and children's playrooms rather than in conference rooms; and Leo Burnett has sent researchers to China to "hang out" with consumers.

Another issue in international marketing research concerns scales of measurement. In the United States, a 5- or 7-point scale may be adequate, but in other countries, a 10- or even 20-point scale may be needed. Still further, research facilities, such as telephone interviewing services, may or may not be available in particular countries or areas of the world. To avoid such problems, consumer researchers must familiarize themselves with the availability of research services in the countries they are evaluating as potential markets, and must learn how to design marketing research studies that will yield useful data. Researchers must also keep in mind that cultural differences may make "standard" research methodologies inappropriate.

**Learning Objective**

- 7 To understand how to decide whether to customize products for global markets or to sell standardized ones.

**Notes****Localization versus Standardization**

As illustrated in the chapter opener, American companies marketing overseas can adapt their offerings in other nations or market them the same way they do at home. For example, McDonald's is an example of a firm that tries to localize its advertising and other marketing communications to consumers in each of the cultural markets in which it operates.

**Product and Service Customization for Local Cultures**

The Ronald McDonald that we all know has been renamed Donald McDonald in Japan, because the Japanese language does not contain the *R* sound. Additionally, the McDonald's menu in Japan has been localized to include corn soup and green tea milkshakes. In Sweden, McDonald's developed a new package using woodcut illustrations and a softer design to appeal to the consumers' interest in food value and the outdoors. Each French person eats about 150 grams of bread a day, or roughly 55 kilograms a year. The French eat some form of bread with all meals, viewing bread as an extension of the knife and fork for pushing food around on the plate. In France, McDonald's introduced McBaguette, a traditional French bread with a burger made from France's famed Charolais beef and topped with French-made Emmental cheese and mustard. Filipinos like their dried chicken with either rice or spaghetti, and both KFC and McDonald's are serving them such dishes.

In contrast, when rival Pizza Hut ventured into China, parent company Yum Brands Inc. opted to introduce Pizza Hut Casual Dining, a chain that more closely resembles a Cheesecake Factory in terms of menu and motif, with a vast selection of American fare, including ribs, spaghetti, and steak, as well as café latte. However, Domino's was not interested in offering table service, even if that was what locals were used to. The company entered the new market with a tried-and-true business model of delivery and carryout pizza that it deploys around the world. In contrast, the chain's U.S. competitor, Pizza Hut, has reinvented itself for China, India, and other emerging markets, in order to mesh with the strikingly different consumer trends there.

Starbucks adjusted its offering in several European countries. For instance, the British like to drink takeaway coffee, so Starbucks is planning hundreds of drive-through locations in Britain. Many Britons consider the Starbucks version too watery, so baristas in Britain recently began adding a free extra shot of espresso. Sixty percent of French people like espresso, but many complained that Starbucks' espresso tasted charred. In response, Starbucks introduced a lighter "blonde" espresso roast in Paris. In London, the company experimented with taking customers' names with their orders and then addressing them by name when filling it. Participating patrons got a free coffee, but, using Twitter, many others had complaints about bogus, American-style "chumminess". In Amsterdam, the company opened a striking space with local woods and avant-garde architecture, including a stage for poetry readings, designed to make Starbucks feel more like a trendy neighborhood shop.

The maker of sunglasses bearing such brands as Ray-Ban, Ralph Lauren, and Prada has started making glasses in China specifically tailored for the Chinese. Part of their strategy included making technical tweaks to better suit Asian facial characteristics, such as a lower

**Notes**

nose saddle, where glasses rest on the face, and prominent cheekbones. Ray-Ban, Oakley, and Vogue have also rolled out special Asian collections. In contrast, Mattel shut its Barbie stores in China after learning that Chinese parents wanted their girls to model themselves after studious children, not flirts. Consequently, Mattel decided to market mostly educational toys in China. Home Depot Inc. closed about half its stores in China, finding scant interest among Chinese for do-it-yourself renovation, and decided to come up with a new strategy for the Chinese market.

### Linguistic Barriers

Many American brand names and slogans must be revised or changed altogether in non-English-speaking countries. Linguistic differences are probably the most challenging factor facing companies that are expanding globally, as illustrated by the following examples:

1. The slogan “Chevy Runs Deep” did not translate well in some languages. The company replaced it with the slogan “Find New Roads” because the car represents different things to different people, and the new theme resonates with consumers around the world.
2. When General Motors introduced the Chevy Nova in South America, it was apparently unaware that “no va” means “it won’t go.” After the company figured out why it was not selling any cars, it renamed the car in its Spanish markets and called it Caribe.
3. When Parker Pen marketed a ballpoint pen in Mexico, its ads were supposed to say “It won’t leak in your pocket and embarrass you.” However, the company mistakenly thought the Spanish word “embarazar” meant “embarrass.” Instead the ads said that “It won’t leak in your pocket and make you pregnant.”
4. When Vicks first introduced its cough drops on the German market, it was chagrined to learn that the German pronunciation of “v” is f—making its name in German the guttural equivalent of “sexual penetration.”
5. In Taiwan, the translation of the Pepsi slogan “Come alive with the Pepsi Generation” came out as “Pepsi will bring your ancestors back from the dead.”

The rapidly growing Chinese market represents an enormously difficult cultural and linguistic challenge. The name *Coca-Cola* in China was first rendered as *Ke-kou-ke-la*. Unfortunately, the Coke company did not discover until after thousands of signs had been printed that the phrase means “bite the wax tadpole” or “female horse stuffed with wax” (depending on the dialect). Coke then researched 40,000 Chinese characters and found a close phonetic equivalent, *ko-kou-ko-le*, which can be loosely translated as “happiness in the mouth.” Some brands, like Cadillac (*Ka di la ke*), or Hilton (*Xi er dun*), are phonetic translations that mean nothing in Chinese. Nevertheless, a genuine Chinese name can say a lot about the product’s characteristics and result in consumer attachment to the brand. For example:

1. Snickers’ Chinese name is *Shi Li Jia*, which literally means “honorary powerful support.”
2. Tide detergent is called *Tai Zi*, which, in addition to resembling the name *Tide* phonetically, also means “gets rid of dirt.”
3. Colgate is *Gao Lu Jie*, meaning “revealing superior cleanliness.”
4. Mr. Muscle is *Wei Meng Xian Sheng*, which literally means “Mr. Powerful.”
5. Citibank is *Hua Qi Yinhang*, which literally means “star-spangled banner bank.”
6. Lay’s is called *Le Shi*, meaning “happy things.”

### Promotional Appeals

Promotional appeals must reflect the local culture’s values and priorities. For example, after surveys indicated that, globally, Coke was regarded as more “daring” and “energetic” than Pepsi, the Pepsi company came up with a new ad push with the tagline: “Live for Now,” and then changed it to “People Who Define the Now” and its ads featured well-known disc jockeys, celebrities, and artists. Pepsi has a long history of using groundbreaking pop culture artists in its ads (e.g., Madonna, Michael Jackson). A study revealed that there are significant differences between UK and Greek humorous advertising. Compared with the U.S., in the UK, riskier, more aggressive, and affective humorous advertisements are used. In contrast, Greeks preferred neutral humorous advertisements whose appeal was not perceived as very offensive. Additionally, in Greece, there was a lower percentage of print ads using humor, compared with the UK. Another study showed that many fragrance ads shown in Western countries featured overt sexual appeals. However, in Asian countries, particularly those that are predominately Muslim or Buddhist, advertisers should not portray women in sexual poses.

**Notes**

Regarding South Asian cultures, one study discovered that Australian, Chinese, and U.S. consumers form significantly different attitudes regarding the same ad. However, buying intentions toward the advertised brand are not significantly different. Despite the general assumption that Chinese consumers might react least favorably to sex-appeal ads, the study found that they hold similar attitudes toward such ads as U.S. consumers and even more favorable attitudes than Australian consumers. A study of Chinese Generation X consumers, aged 18 to 35, with high incomes and education, found that they were equally persuaded by individualistic and collectivistic ad appeals, whereas their older counterparts were more persuaded by collectivistic rather than individualistic ad appeals. A study focused on Chinese wine consumers discovered that some mixed red wine with lemonade and preferred corked (rather than twist-off or screw-cap) wine bottles. The study also uncovered a link between wine consumption and beliefs in traditional Chinese medicine. Interestingly, some Western medicine maintains that red wine consumption reduces cholesterol.

Comparative advertising has been used more in the United States than in other countries. However, one study of American and Thai consumers discovered that the persuasive ability of comparative ads among both groups was related to the two personality traits: **Self-construal**, which refers to how individuals perceive, comprehend, and interpret the world around them, particularly the behavior or action of others towards themselves, and **need for cognition** (Chapter 3). Another study compared American and Korean consumers and demonstrated that cultural values were more important in influencing reactions to comparative ads than reactions to noncomparative ads, and that need for cognition had an impact on the persuasiveness of comparative ads among consumers in both nations. These studies and many others support the view that, if used properly and in the right context, comparative marketing is a highly effective positioning strategy.

### Legal Barriers

At times, local laws force American marketers to alter their offerings. Here are a few examples:

1. Australia's parliament passed a law restricting logos, branding, colors, and promotional text on tobacco packets. Brand names have to appear in standard colors and positions in a plain font and size on packets colored a dark olive-brown, which government research has found holds the lowest appeal to smokers. Health warnings with graphic images of the harmful effects of smoking make up 75% of the front of the packaging.
2. Singapore tightened its rules on casino advertising as part of efforts to limit the social impact of resort hotels on urbanites. Casinos must obtain government approval for all casino advertising and promotions, media-related activities, and sponsorships.
3. The UK's Advertising Standards Authority said that it has referred Groupon Inc.—the Internet daily-deals company—to the Office of Fair Trading for breaches of the nation's advertising code. Apparently, Groupon failed to conduct promotions fairly, by not making significant terms and conditions clear, failing to provide evidence that offers are available, and exaggerating savings claims.
4. China's regulators banned advertising during television dramas, dealing a blow to marketers who had ramped up ad spending to reach the nation's growing consumer class. The new rules restrict commercials from interrupting the plots of TV dramas, allowing showing ads only back-to-back between programs.
5. Chinese trademark laws are very "fluid." For instance, Michael Jordan sued Qiaodan Sports because, phonetically, the company's name resembles "Jordan." However, the company said that it had the exclusive right to the Qiaodan trademark and was operating "in accordance with Chinese laws."

### World Brands versus Local Brands

Marketers of products with a wide or almost mass-market appeal have also embraced a world branding strategy. For instance, multinational companies and their brands, such as General Motors, Gillette, Estée Lauder, Unilever, and Fiat, have each moved from a local strategy of nation-by-nation advertising to a global advertising strategy. Researchers examining more than 2,500 Taiwanese advertisements, in terms of the use of Western models and English brand names, found that less than half of ads were "global-looking." The Lauder Company—marketer of popular brands like Estée Lauder, Clinique, and Bobbi Brown—introduced a hybrid East-Meets-West beauty line called Osiao (pronounced O-Shao). Osiao's specialized formulas contain Chinese plants like ginseng. To communicate the brand's imported status to consumers, the product names on the bottles appeared in English.

**Notes**

A 12-nation consumer research project found that global brands tend to be viewed differently than local brands, and that consumers worldwide associate global brands with three characteristics:

- 1. Quality Signal:** Consumers believe that the more people who purchase a brand, the higher the brand's quality (which often results in a global brand being able to command a premium price). Furthermore, consumers worldwide believe that global brands develop new products and breakthrough technologies at a faster pace than local brands.
- 2. Global Myth:** Consumers view global brands as a kind of "cultural ideal"; their purchase and use make consumers feel like citizens of the world, and give them an identity (i.e., "*Local brands show what we are; global brands show what we want to be*").
- 3. Social Responsibility:** Global companies are held to a higher level of corporate social responsibility than local brands, and are expected to respond to social problems associated with what they sell.

In this 12-nation study, the importance of these three dimensions was consistent, and the insights revealed by the research accounted for more than 60% of the variation in the overall brand preferences. The study also identified intracountry segments with respect to how a country's citizens view global brands:

- 1. Global Citizens** (55% of the total respondents) use a company's global success as an indication of product quality and innovativeness, and are concerned that the firm acts in a socially responsible manner.
- 2. Global Dreamers** (23%) view global brands as quality products, and are not particularly concerned about social responsibility issues.
- 3. Antiglobals** (13%) feel that global brands are higher quality than local brands, but dislike brands that preach U.S. values and do not trust global companies to act responsibly. Generally, they try to avoid purchasing global brands.
- 4. Global Agnostics** (8%) evaluate global brands in the same way they evaluate local brands.

A study of consumers from eight countries discovered that the following two means of presenting brands were perceived most favorably. First, *self-enhancement* advertisement stressing that the brand conveys one's status and exquisite taste. Second was advertising that stressed *openness* in terms of allowing people to pursue their goals in exciting ways. A study comparing U.S. and South Korean adolescents found that Americans considered the availability of well-known brands significantly more important than the South Koreans did, and the Americans were more willing to pay high prices for clothes with a well-known brand name than their counterparts. However, one of the reasons may have been that well-known brands are very expensive in South Korea, and most adolescents there cannot afford them. Interestingly, American adolescents were motivated primarily by social approval and recognition, whereas their counterparts' main motive was self-expressions through the fashions they adopted.

Distribution of consumer goods in other nations can sometimes seem nearly impossible. For example, a Nestlé sales agent in South Africa ventured into one of Johannesburg's high-crime neighborhoods—where most sales agents would not go—with just taxi money, two cell phones, and a briefcase with order forms. His objective was to distribute Nestlé products, such as baby food and nondairy creamers, in tiny shops and single-serving packages. Apparently, many South African customers are very price-sensitive and buy food items in smaller packages and in small stores, instead of supermarkets.

## Summary

**Learning Objective 1:** To understand culture's role, dynamics, evolution, and impact on consumers' priorities and behaviors.

Culture is the collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society. Cultural values express the collective principles, standards, and priorities of a community. Most of the promotional messages across the world reflect, to some degree, the cultural values of

the target audiences. Cultures always evolve, so marketers must monitor the sociocultural environment so as to market existing products more effectively and develop new products that are congruent with changing cultural trends. Understanding cultural changes is not an easy task, because many factors produce cultural changes within a given society, including new technologies, population shifts, resource shortages, and customs from other cultures.

**Learning Objective 2:** To understand language, symbols, and rituals as expressions of a learned culture.

To be considered a cultural value, a belief or custom must be shared by a significant portion of the society, because culture is essentially a series of norms that guide personal and group conduct and link together individuals into a largely cohesive group. Generally, society's members share their values and customs through a common language, although some cultures include more than one language. We learn cultural norms and customs mostly from family and peers, and begin at a very young age to understand that some behaviors are appropriate and others are not. Anthropologists have identified three forms of cultural learning: Formal learning, informal learning, and technical learning. Our ethical values are also formed during childhood, as we learn them from parents, teachers, and other significant adults. Anthropologists distinguish between enculturation (learning one's own culture) and acculturation (learning a new or foreign cultures). The contents of media, advertising, and marketing reflect cultural values and convey them to all members of society very effectively. Given Americans' extensive exposure to print, broadcast, and online media, as well as the easily ingested and entertaining presentation formats of their contents, media and advertising are powerful vehicles for imparting cultural values.

Cultural values are reflected in societies' languages, symbols, communications, and artifacts. A symbol is anything that represents something else; symbols can be either verbal or non-verbal. Words are verbal symbols and the text of any ad is a composition of symbols. In addition to language and symbols, cultures include ritualized behaviors. A ritual is a type of symbolic activity consisting of a series of steps (multiple behaviors) occurring in a fixed sequence and repeated periodically.

**Learning Objective 3:** To understand how to measure the influence of culture on consumer behavior.

The most widely used measurements of cultural values are content analysis, consumer field observation, and value measurement instruments. Content analysis focuses on the content of societies' verbal, written, and pictorial communications, including promotional messages. When examining a specific society, anthropologists frequently study cultures through field observation, which consists of observing the daily behavior of selected members of a society. Based on their observations, researchers draw conclusions about the values, beliefs, and customs of the society under investigation. There are also structured, self-administered questionnaires that measure individuals' cultural values, such as the Rokeach Value Survey, the Values and Lifestyles instrument, and Gordon's Survey of Personal and Interpersonal Values.

## Review and Discussion Questions

- 9.1. Distinguish among beliefs, values, and customs. Illustrate how the clothing a person wears at different times or for different occasions is influenced by customs.
  - 9.2. A manufacturer of fat-free granola bars is considering targeting school-age children by positioning its product as a healthy, nutritious snack food. How can the three forms of cultural learning be used in developing applicable marketing strategies?
  - 9.3. The Citrus Growers of America is designing an advertising campaign aimed at getting consumers to switch to orange and grapefruit juices instead of soft drinks, as a "sugar jolt" in the late afternoon. Describe how the organization can use the Rokeach and the Gordon measures in planning its campaign.
  - 9.4. For each of the following products and activities:
    - a. List two relevant core values and explain your choices.
    - b. Describe how each value either encourages or discourages buying the product or engaging in the activity.
- The products and activities are:
1. Donating blood
  2. Visiting tanning salons
  3. Buying an e-reader
  4. Buying a GPS device
  5. Drinking diet beverages
  6. Travelling overseas
  7. Using sun protection products regularly
  8. Buying a convection oven
  9. Buying a pair of sneakers online
  10. Following the latest fashions
- 9.5. Why are companies increasingly introducing green products and engaging in ecologically friendly practices?
  - 9.6. How did consumers react to green products?

## Hands-on Assignments

- 9.7. Identify a singer or singing group whose music you like and discuss the symbolic function of the clothes that person (or group) wears.
- 9.8. Thinking of your daily routines, identify one routine that you consider a ritual. Describe it and explain why it is a ritual. Assume that you allow a marketing researcher come to your house and observe your entire ritual. Explain how the marketer of a product that you use during your routine can employ the observation to design an ad aimed at getting you to switch brands.
- 9.9. a. Summarize an episode of a TV or online series that you watch regularly. Describe how the episode transmitted cultural beliefs, values, and customs.
- b. Select three commercials that were broadcast during the episode and describe how each reflects a cultural value(s).

- 9.10.** a. Find advertisements for two brands of deodorants. Do a content analysis of the written and pictorial aspects of each ad. Identify any core values portrayed in each ad and explain your choices.
- 9.11.** b. Describe how the symbols in each ad convey the deodorant's characteristics and brand image.
- 9.11.** Find five ads promoting green products or activities and explain whether you believe each one is effective or not.

## Key Terms

- acculturation 266
- Americans' core values 271
- consumer socialization 266
- content analysis 270
- culture 260
- depth interview 270
- enculturation 266
- field observation 270
- focus group 270
- formal learning 266
- Gordon Survey of Personal and Interpersonal Values 271
- informal learning 266
- instrumental values 271
- interpersonal values 271
- participant-observers 270
- personal values 271
- ritual 267
- ritualistic behavior 269
- Rokeach Value Survey 271
- symbol 267
- technical learning 266
- terminal values 271
- VALS 271

## Notes

## Multiple-choice Questions

- 9-1.** What is the collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society called?
- A. Civilization
  - B. Culture
  - C. Society
  - D. Acculturation
- 9-2.** The level of cultural norm that reflects the underlying dimensions of culture that affect multiple societies is:
- A. National level
  - B. Group level
  - C. In-crowd
  - D. Supranational level
- 9-3.** What type of learning takes place when children imitate the behaviors of selected others, such as family, friends, or TV and movie heroes and characters?
- A. Technical learning
  - B. Formal learning
  - C. Informal learning
  - D. Concept learning
- 9-4.** Learning new or foreign culture is termed as:
- A. Acculturation
  - B. Enculturation
  - C. Formal learning
  - D. Technical learning
- 9-5.** Anything that represents something else which can be either verbal or nonverbal is:
- A. Badge
  - B. Symbol
  - C. Image
  - D. Emblem
- 9-6.** Which type of symbolic activity consist of a series of steps occurring in a fixed sequence and repeated periodically?
- A. Formality
  - B. Habit
  - C. Culture
  - D. Ritual
- 9-7.** Which analysis focuses on the content of societies' verbal, written, and pictorial communications, including promotional messages?
- A. Culture analysis
  - B. Descriptive analysis
  - C. Predictive analysis
  - D. Content analysis
- 9-8.** Which survey is a self-administered and has two-part values inventory such as terminal and instrumental?
- A. Rokeach Value Survey
  - B. Gordon's survey of personal and interpersonal values.
  - C. VALS
  - D. Market research survey
- 9-9.** Country's citizens who evaluate global brands in the same way they evaluate local brands are called:
- A. Antiglobals
  - B. Global Dreamers
  - C. Global Agnostics
  - D. Global Citizens
- 9-10.** Country's citizens who view global brands as quality products, and are not particularly concerned about social responsibility issues are called:
- A. Global Dreamers
  - B. Antiglobals
  - C. Global Citizens
  - D. Global Agnostics

**Answer Keys:** 9-1. B 9-2. D 9-3. C 9-4. A 9-5. B 9-6. D 9-7. D 9-8. A 9-9. C 9-10. A

## Notes

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## Notes

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# 10

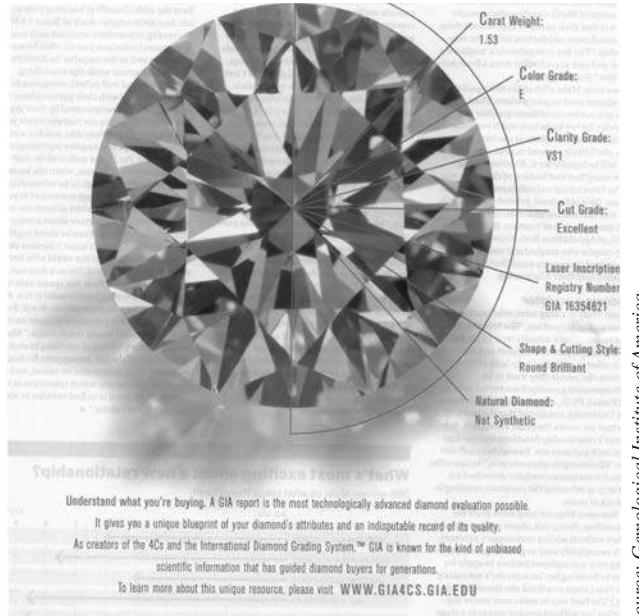
## Consumer Decision-Making and Diffusion of Innovations

### Learning Objectives

- 1 To understand the consumer's decision-making process.
- 2 To understand the dynamics of buying gifts.
- 3 To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

**T**HIS CHAPTER integrates the concepts discussed so far into a framework that illustrates how consumers make buying decisions. Consumption decisions vary. For example, the ad featured in Figure 10.1 is by the Gemological Institute of America (GIA), a nonprofit educational institute of the jewelry industry. The tag line "Understand what you're buying" is directed at consumers seeking to buy diamonds. In consumer decision-making terms, purchasing a diamond represents **extensive problem solving** because consumers buy diamonds infrequently and have no established criteria for evaluating them. The GIA ad tells buyers what to look for in a diamond: Carat weight, clarity, color, cutting style, and other features. In contrast, the Advil ad in Figure 10.2 represents **routinized response behavior**, because consumers have experience with over-the-counter pain relievers and do not need to establish the criteria for evaluating them. More importantly, diamonds are not branded, whereas the Advil brand has a quality reputation and is instantly recognized by millions of consumers around the world. In stores, consumers reach for Advil without much thought. The ad also shows that Advil's reputation enables the brand to use **family branding**, which is marketing different versions of a product under the same brand (see Chapter 5).

When consumers have already have established the basic criteria for evaluating a product or service but still need additional information to understand the differences among brands, they engage in **limited problem solving**. This type of decision occurs when consumers purchase updated versions of products they have bought before, which often have additional features: For example, buying a new laptop computer with multiple input devices, some of which did not exist previously (e.g., a mini disk slot or a faster USB port).



**FIGURE 10.1** Purchase Decision: Extensive Problem Solving



**FIGURE 10.2** Purchase Decision: Routinized Response Behavior

## Consumer Decision-Making Model

Figure 10.3 presents a model of consumer decision-making that ties together the ideas on consumer decision-making and consumption behavior discussed throughout this book. It does not presume to provide an exhaustive picture of the complexities of consumer decision-making. Rather, it is designed to synthesize and coordinate relevant concepts into a significant whole. The model includes three components: input, process, and output.

### Decision-Making: Input

The input component of the consumer decision-making model includes three types of external influences:

1. The marketing mix consists of strategies designed to reach, inform, and persuade consumers to buy the marketer's products repeatedly. They include the product, advertising and other promotional efforts, pricing policy, and the distribution channels that move the product from the manufacturer to the consumer.
2. The sociocultural influences include the consumer's family, peers, social class, reference groups, culture, and, if applicable, subculture, which are discussed in Chapter 9 and Part Four.
3. The input also includes communications, which are the mechanisms that deliver the marketing mix and sociocultural influences to consumers and are described in Part Three.

The impact of the marketing mix and sociocultural influences is the input that determines what consumers purchase and how they use what they buy. Because these influences may be directed to the individual or actively sought by the individual, a two-headed arrow is therefore used to link the *input* and *process* segments of the model (see Figure 10.3).

### Learning Objective

- 1 To understand the consumer's decision-making process.

### Notes

**Notes**

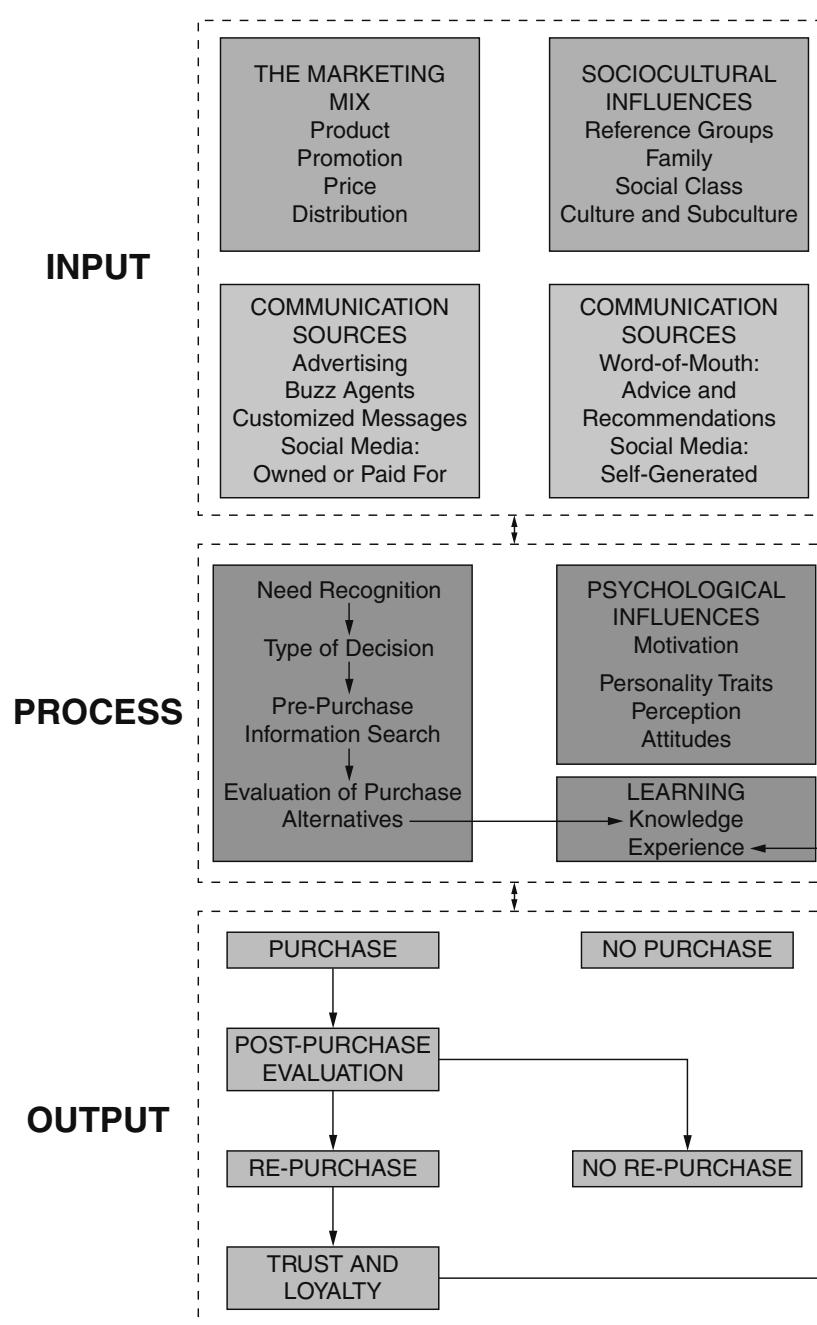


FIGURE 10.3 Consumer Decision-Making Model

### Box 10.1 The Changing Nature of Consumer Decision-Making (CDM)

Consumers in the digital era consider three stages of consumer decision-making – the initial consideration stage, the elaboration stage, and the moment of purchase stage. All these stages have important implications for marketers. Contrary to the traditional CDM model, consumers add or subtract brands when they consider the elaboration stage. This is in contrary to the traditional assumption that the number of brands would decrease when the consumers close in on their purchase. Aquaguard water purifier may want to concentrate more on the moment of purchase than the initial two stages. Kent, a similar product, has also made inroads into the market and may get accommodated in the elaboration stage without being present in the initial consideration stage. A new brand of organic vegetables in a city like Bangalore may use customized information to target consumers through digital channels and break into the elaboration stage. Research published in McKinsey Quarterly shows that these stages – besides having implications on purchase – may also affect the loyalty pattern.

## Decision-Making: Process

The process component of the model is concerned with how consumers make decisions. To understand this process, we must consider the influence of the psychological concepts examined in Part Two of this book. The model's *psychological field* consists of the internal influences (motivation, perception, learning, personality, and attitudes) that affect consumers' decision-making processes (what they need or want, their awareness of various product choices, their information-gathering activities, and their evaluation of alternatives).

### Notes

### Need Recognition

**Need recognition** occurs when a consumer is faced with a "problem." For instance, take a young executive who decides to purchase a new cell phone with a high-quality digital camera. He imagines that he would benefit from having a high-quality digital camera built into his phone because it would make it easier and more convenient to take more vivid and realistic photos, without having to lug around a separate digital camera. This executive has recognized a need and identified a suitable response.

There are two types of need recognition. Some consumers are *actual state* types, who perceive that they have a problem when a product fails to perform satisfactorily (e.g., a cordless telephone that develops constant static). In contrast, other consumers are *desired state* types, for whom the desire for something new may trigger the decision process.

### Pre-Purchase Search

**Pre-purchase search** begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. Sometimes, recalling past purchases provides the consumer with adequate information to make the present choice. However, when the consumer has had no prior experience, he or she may have to engage in an extensive search for useful information on which to base a choice.

The consumer usually searches his or her memory (the *psychological field*) before seeking *external* sources of information regarding a given consumption-related need. Past experience is considered an *internal* source of information. The greater the relevant past experience, the less external information the consumer is likely to need to reach a decision. Many consumer decisions are based on a combination of previous experience (internal sources) and marketing and noncommercial information (external sources). The degree of perceived risk can also influence this stage of the decision process (see Chapter 4). In high-risk situations, consumers are likely to engage in complex and extensive information search and evaluation; in low-risk situations, they are likely to use very simple or limited search and evaluation.

The act of shopping is an important form of external information. According to consumer research, there is a big difference between men and women in terms of their response to shopping. Whereas most men do not like to shop, most women claim to like the experience of shopping; and although the majority of women found shopping to be relaxing and enjoyable, the majority of men did not feel that way.

An examination of the external search effort associated with the purchase of different product categories found that, as the amount of total search effort increased, consumer attitudes toward shopping became more positive, and more time was made available for shopping. Not

**Notes**

surprisingly, the external search effort was greatest for consumers who had the least amount of product category knowledge. It follows that the less consumers know about a product category and the more important the purchase is to them, the more extensive their pre-purchase search is likely to be. Conversely, consumers high in subjective knowledge (a self-assessment of how much they feel that they know about the product category) will rely more on their own evaluations rather than on others' recommendations.

It is also important to point out that the Internet has had a great impact on pre-purchase search. Rather than visiting a store to find out about a product, or calling the manufacturer and asking for a brochure, consumers can go to manufacturers' websites to find much of the information they need about the products and services they are considering. For example, many automobile websites provide product specifications, prices, and dealer cost information; reviews; and even comparisons with competing vehicles. Volvo's website, for example, lets you "build" your own car, and see how it would look, for example, in different colors. Some auto company websites will even list a particular auto dealer's new and used car inventory. There are also websites that allow women to customize a large number of cosmetic products.

With respect to surfing the Internet for information, consider one consumer's comments drawn from a research study: "I like to use the Web because it's so easy to find information, and it's really easy to use. The information is at my finger-tips and I don't have to search books in libraries." However, a Roper Starch Survey found that an individual searching the Internet gets frustrated in about 12 minutes, on average; other research suggested that although the Internet may reduce physical effort, there is nevertheless a "cognitive challenge" that limits consumers' online information searches.

What happens if a search is a failure? According to a study of "search regret," consumers' post-purchase dissonance results from an unsuccessful pre-purchase search. Furthermore, the same research revealed that failure can also have a damaging effect on retailers. However, retailers can help eliminate or reduce search regret by providing ample information, trying to reduce out-of-stock situations, and giving salespeople proper training.

How much information a consumer will gather also depends on various situational factors. Table 10.1 lists several factors that increase consumers' pre-purchase information search. For some products and services, the consumer may have ongoing experience on which to draw (such as a golfer purchasing a "better" set of golf clubs), or the purchase may essentially be discretionary in nature (rather than a necessity), so there is no rush to make a decision.

### Online versus Traditional Information Search

For a while now, researchers have been examining how the Internet has affected the way consumers make decisions. It is often thought that because consumers have limited information-processing capacity, they must develop a strategy for searching for information online. The

**TABLE 10.1 Factors That Increase Pre-Purchase Information Search**

#### PRODUCT FACTORS

- Long periods of time between successive purchases
- Frequent changes in product styling
- Frequent price changes
- Volume purchasing (large number of units)
- High price
- Many alternative brands
- Much variation in features

#### SITUATIONAL FACTORS

**Experience:** First-time purchase; No past experience because the product is new; Unsatisfactory past experience within the product category.

**Social Acceptability:** The purchase is for a gift; The product is socially visible.

**Value-Related Considerations:** The purchase is discretionary rather than necessary; All alternatives have both desirable and undesirable consequences; Family members disagree on product requirements or evaluation of alternatives; Product usage deviates from important reference groups; The purchase involves ecological considerations; Many sources of conflicting information.

#### CONSUMER FACTORS

**Demographics:** Education, income, occupation, age, wealth, and marital status.

**Personality Traits:** One's degree of dogmatism, willingness to accept risk, product involvement, and novelty seeking.

strategy is based on both individual (e.g., knowledge, personality traits, demographics) and contextual factors (characteristics of the decision tasks). The three major contextual factors that have been researched are:

- 1. Task Complexity** – the number of alternatives and amount of information available for each alternative.
- 2. Information Organization** – the presentation, format, and content.
- 3. Time Constraint** – the amount of time the consumer has to decide.

### Consumer Decision-Making - The "Need" Stage and Its Linkages with Classical Theories

- Ashirwad is a brand of *atta* (wheat flour) that has been very successful.
- Sonata is a brand of watch that has been successful.
- Fair&Lovely is a successful brand.
- Reynold pens were successful when it was introduced in the eighties.

Unlike the conventional decision-making strategies associated with consumer behavior, there is another perspective to consider in CDM process. The approach suggested, uses the conventional decision-making stages, but offers a different perspective on CDM. Specifically, the model takes into account certain theories and addresses the importance of formation of needs. The suggested CDM process can be conceptualized as shown in Figure 10.4.

Conventional CDM process starts with the "Need" stage. But it is the involvement level is that is responsible for generating and articulating the need associated with the individual consumer. Henry Assael proposed that the involvement levels are associated with

- a) Krugman's involvement theory
- b) Social Judgment Theory
- c) Elaboration Likelihood Model (ELM)

This proposed model has added "Personality Traits" as the fourth factor to these theories.

### How Does the CDM Process of the Model Work?

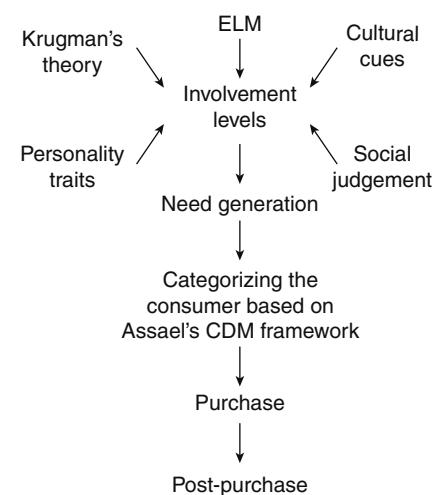
Let us assume that one of the brands of fairness creams for men is interested in analyzing the CDM process to formulate a strategy for the brand. How can consumer behavior support such a strategy?

Social Judgment theory mentions that an individual (in this case, the consumer of fairness cream) will have a latitude of acceptance (a mental state to accept beliefs that are in line with his thinking on fairness cream), "latitude of rejection" (to reject the beliefs that are not in tune with his thinking). There can also be a possibility that a consumer is indifferent with regard to the issue (non-committal kind). It is clear that a consumer who believes that the fairness cream (any brand) lays the foundation for his confidence and success in life (relevance) is different from a consumer who believes that fairness cream is a waste of money. In between these two extremes, there may be a consumer who may believe in using fairness creams for "moderate social purposes" (lower degree of involvement) or another consumer who have to use it only for specific situations (situational involvement), for instance, in a run-up to a special event at the office. Let's assume Mohan, a high-involvement consumer (Krugman), thinks that the fairness cream has a high degree of relevance for him; he is most likely to pursue the following steps:

- He actively searches for information across brands (Fair & Lovely, Fair & Handsome, Nivea, etc.)
- He may use several attributes to compare the brands
- He may think that his social esteem among his reference group is based on his fairness.
- He may look for an optimal solution for his fairness need and may have certain personality traits (like being a high-monitor, achievement orientation, and self-fulfillment) that creates a strong state of need.

This state emphasizes the difference between the consumer's actual needs and desired need.

Additionally, as per the ELM model, a consumer who has a high degree of motivation will process the attributes and benefits associated with the brand (central route) when they perceive



**FIGURE 10.4** Explaining the Consumer Decision-Making Aspects

### Notes

**Notes**

an advertisement. This high degree of involvement is perhaps due to the relevance of the category to him and also because of the perceived risk associated with his self-esteem.

The consumers who are (relatively) involved to a very low degree with the category would process the ad based on several aspects that are peripheral to the ad itself. These aspects could include the celebrity featured in the ad and its creative aspect. Also, a consumer could process an ad through the central as well as the peripheral route.

The major implication of the “Involvement Levels” at the beginning of the model is that the “Need State” generated is different for different segments (involvement-based segment) and there is no generic “Actual” or “Desired” state.

After the need state, Assael’s framework combines Low and High involvement with Decision-Making and Habit and creates an excellent continuity with regard to the CDM model. For the same category of fairness cream for men, consumers can be categorized under:

- i) Complex decision-makers (highly involved consumers who have a combination of high involvement and decision-making with in-depth aspects)

This is a segment that will use TV ads, websites of the brands as well as Facebook, YouTube, and Twitter to compare Fair & Handsome, Fair & Lovely and Nivea on several attributes.

- ii) Loyal Consumers

This segment may prefer a brand for a variety of reasons and form a habit of buying the brand. The brand may become a part of their ritual or event through habits. Habits can be created by contextual cues like time (day or night).

Location (home), social setting (friendly), and preceding or ensuing events (“After-shower”, for instance) are some of the reasons why occasion-based positioning is effective. When contextual cues are maintained, the habit is triggered within the consumer. Hence, brand loyalty can exist due to the attitude towards the brand and habit. The habit, viewed in this context, is different from the conventional treatment of the term “habit” in the literature that is generally associated with inertia buying.

- iii) Variety-seeking Consumers

This segment of consumers will have a low degree of involvement with the category and may experiment with many brands in the category based on some more information or simply for the sake of change.

- iv) Consumers who reflect inertia

A segment of consumers (who are involved to a very small degree) may pick up a brand (Fair & Lovely, for instance) simply because it is widely advertised or because they link up the advertising with the brand at the point of purchase. They are “inertia” consumers (little commitment to the brand).

Depending on their involvement, the “purchase” stage requires different marketing strategies for different types of consumer segments. In fact, unlike the conventional CDM process where the purchase stage triggers operational aspects of purchase, this stage (as per this model) can trigger several aspects of product line development and researching consumer segments.

Should there be an exclusive brand (with several additional benefits – functional, social or psychological) for the “complex buying behavior” segment?

Are there adequate retail outlets that provide an “experiential” touch to the “complex-buying behavior” segment?

Should a retail outlet located in a specific area carry both the lower-end brand and the higher-end brand? Should there be a middle brand (in terms of price) that can upgrade the “variety seeking” consumer?

What is the percentage of “inertia” consumers who buy the brand? Can enhancing the brand involvement (“slice of life” appeal of solving a problem with the cream rather than aspiration-based appeal) through ads make the consumer more involved with the brand though he may not be involved in the category?

Finally, the post-purchase stage has to take into the involvement levels of the consumer. Will a highly involved consumer participate in a “Reality Show”? (Media aspects). Will he or she be prepared for a customized set of services with regard to personal care? (brand extension). As consumers of the brand, will “inertia” consumers be prepared for a sales promotional deal when they consider buying the brand at the point of purchase? Can variety-seeking consumers be consumers for some other related category associated with the brand? (skin lotion as these consumers may be inclined towards trying out brands).

Several of the important aspects that are associated with the conventional CDM process like compensatory rule (where the consumer compensates for the negative aspects of

a brand with its positive aspects) or non-compensatory rule (where a consumer rejects a brand because it fails to match up on a specific dimension) can be related to the process of CDM model, as discussed.

Also, will CDM process work for all categories of products or services?

A brand like IFB launching dish-washing machines targets young and married professionals (a new concept product in the Indian context). Given the time constraints and the demands of multiple roles, the target segment is likely to be highly involved with such an offering.

A brand like Kaya offers personal care or beauty services. Consumers at different levels of involvement are likely to approach the service.

A brand of smart phone like Galaxy or iPhone that has both utilitarian benefits and status benefits and is likely to attract consumers who reflect a high sense of personal relevance towards such brand.

A brand like Reliance Fresh that is high on sales-promotional deals and “Value for money” offers or Big Bazaar with its low prices on several categories is likely to appeal less to consumers who would like to have variety in every category and high degree of sales support and ambience at the store.

The CDM model discussed highlights the important levels of different segments. Every stage in the CDM model is likely to draw insights from the “need” stage.

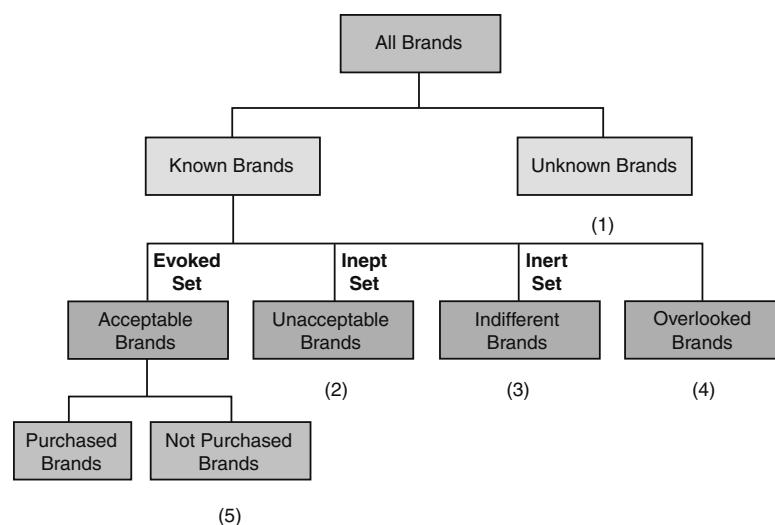
### Notes

#### Brand-Sets and Attributes Considered During Evaluation

Within the context of consumer decision-making, the **evoked set (consideration set)** refers to the specific brands (or models) a consumer considers in making a purchase within a particular product category. An **inept set** consists of brands (or models) that the consumer excludes from purchase consideration because they are unacceptable or seen as inferior. An **inert set** consists of brands (or models) the consumer is indifferent toward because they are perceived as not having any particular advantages. Regardless of the total number of brands (or models) in a product category, a consumer's evoked set tends to be quite small on average, often consisting of only three to five brands or models.

The evoked set consists of the small number of brands the consumer is familiar with, remembers, and finds acceptable. Figure 10.5 shows the evoked set as a subset of all available brands in a product category. Marketers must ensure that their products become a part of a consumer's evoked set if they are to be considered at all. Excluded products include:

1. Unknown brands or models because of the consumer's selective exposure to advertising media and selective perception of advertising stimuli.
2. Unacceptable brands of poor quality or not having specific features or attributes or inappropriate positioning in either advertising or product characteristics.
3. Brands that are perceived as not having any special benefits.
4. Overlooked brands that have not been clearly positioned.
5. Brands that are not selected because they do not satisfy perceived needs.



**FIGURE 10.5** Brand-Sets Considered During Evaluation

**Notes**

In each of these instances, the implication for marketers is that promotional techniques should be designed to impart a more favorable and relevant, product image to the target consumer. This may also require a change in product features or attributes (more or better features). An alternative strategy is to get consumers in a particular target segment to consider a specific offering and possibly put it in their evoked set.

Research also suggests that the use of white space and choice of typeface in advertisements may influence the consumer's image of the product. For example, quality, prestige, trust, attitude toward the brand, and purchase intention have been shown to be positively conveyed by white space, and typefaces were perceived as being attractive, warm, and liked when they were simple, more natural, and included serifs. It has also been suggested that consumers may not, all at once, incorporate the entire number of possible choices into their evoked set, but instead may make several decisions within a single decision process. Consumers screen their options and eliminate unsuitable alternatives before they start the information search process, which makes reaching a final decision more manageable.

In reality, the criteria consumers use to evaluate the products within their evoked sets are in the form of important product attributes. In addition to price, examples of product attributes that consumers have used while evaluating product are:

1. **E-Book readers:** Size, weight, touch screen, battery life, memory size, and the compatibility with a cell phone signal.
2. **Orange juice:** Amount of pulp, degree of sweetness, weakness or strength of flavor, color, and packaging.
3. **Wristwatches:** Alarm features, water resistance, quartz movement, and size of dial.

When a company knows that consumers will be evaluating alternatives, it sometimes advertises in a way that recommends the criteria consumers should use in assessing product or service options. We have probably all had the experience of comparing or evaluating different brands or models of a product and finding the one that just feels, looks, and/or performs "just right." Interestingly, research shows that when consumers discuss such "right" products, there is little or no mention of price; items often reflect personality characteristics or childhood experiences; and it is often "love at first sight." In one study, the products claimed to "just feel right" included Big Bertha golf clubs, old leather briefcases, Post-it notes, and the Honda Accord.

Research has explored the influence of brand credibility (which consists of trustworthiness and expertise) on brand choice, and has found that it improves the chances that a brand will be included in the consumer's evoked set. Three factors that affect a brand's credibility are: The perceived quality of the brand, the perceived risk associated with the brand, and the information costs saved by deciding to buy the brand and end the search for information. Furthermore, the study indicated that trustworthiness is more important than expertise when it comes to making a choice.

### Consumer Decision Rules

Decision rules are procedures that consumers use to facilitate brands and other consumption-related choices. These rules reduce the burden of making complex decisions by providing guidelines or routines that make the process less taxing. There are two types of consumer decision rules. **Compensatory decision rules** come into play when a consumer evaluates brand or model options in terms of each relevant attribute and computes a weighted or summated score for each brand. The computed score reflects the brand's relative merit as a potential purchase choice. The assumption is that the consumer will select the brand that scores highest among the alternatives evaluated. In contrast, **noncompensatory decision rules** do not allow consumers to balance positive evaluations of a brand on one attribute against a negative evaluation on some other attribute.

There are three types of noncompensatory rules. In following a **conjunctive decision rule**, the consumer establishes a separate, minimally acceptable level as a cutoff point for each attribute. If any particular brand or model falls below the cutoff point on any one attribute, that option is eliminated from further consideration. Because the conjunctive rule can result in several acceptable alternatives, it becomes necessary in such cases for the consumer to apply an additional decision rule to arrive at a final selection (for example, accepting the first satisfactory brand). The conjunctive rule is particularly useful in quickly reducing the number of alternatives to be considered. The consumer can then apply another, more refined decision rule to arrive at a final choice.

In following a **lexicographic decision rule**, the consumer first ranks the attributes in terms of perceived relevance or importance. The consumer then compares the various alternatives in terms of the single attribute that is considered most important. If one option scores sufficiently high on this top-ranked attribute (regardless of the score on any of other attributes), it is selected and the process ends. When there are two or more surviving alternatives, the process is repeated

with the second highest-ranked attribute (and so on), until the consumer reaches the point that one of the options is selected because it exceeds the others on a particular attribute.

With the lexicographic rule, the highest-ranked attribute (the one applied first) may reveal something about the individual's basic consumer (or shopping) orientation. For instance, a "buy the best" rule might indicate that the consumer is *quality oriented*; a "buy the most prestigious brand" rule might indicate that the consumer is *status oriented*; a "buy the least expensive" rule might reveal that the consumer is *economy minded*.

A variety of decision rules appear quite commonplace. According to a consumer survey, nine out of ten shoppers who go to the store for frequently purchased items possess a specific shopping strategy for saving money:

- 1. Practical Loyalists**—those who look for ways to save on the brands and products they would buy anyway.
- 2. Bottom-Line Price Shoppers**—those who buy the lowest-priced item with little or no regard for brand.
- 3. Opportunistic Switchers**—those who use coupons or sales to decide among brands and products that fall within their evoked set.
- 4. Deal Hunters**—those who look for the best bargain and are not brand loyal.

We have considered only the basic consumer decision rules. Most of the decision rules described here can be combined to form new variations, such as conjunctive-compensatory, conjunctive-disjunctive, and disjunctive-conjunctive rules. It is likely that, for many purchase decisions, consumers maintain in long-term memory overall evaluations of the brands in their evoked sets. This would make assessment by individual attributes unnecessary. Instead, using the **affect referral decision rule**, the consumer selects the brand with the highest perceived overall rating. This type of synthesized decision rule represents the simplest of all rules.

Table 10.2 applies the decision rules to purchasing an e-book reader.

### Notes

#### Decision Rules and Marketing Strategy

An understanding of which decision rules consumers apply in selecting a particular product or service is useful for marketers in developing promotional programs. A marketer who is familiar with the prevailing decision rule can prepare a promotional message in a format that will facilitate consumer information processing. The promotional message might even suggest how potential consumers should make a decision. For instance, an advertisement for the latest cell phone might tell potential consumers "what to look for in a new feature-rich cell phone." The ad might advise consumers to consider the attributes of long battery life, high-resolution screen, high-resolution video recording, and a particularly high-quality digital camera.

#### Incomplete Information and Noncomparable Alternatives

In many decision-related situations, consumers have incomplete information on which to base decisions and must use alternative strategies to compensate for the missing elements. Missing information may result from advertisements or packaging that mention only certain attributes, the consumer's own imperfect memory of attributes for no present alternatives, or because some attributes are experiential and can only be evaluated after product use. There are four ways in which consumers can cope with missing information:

1. Consumers may delay the decision until the missing information is obtained.
2. Consumers may ignore missing information and decide to continue with the decision process using only the available information.

**TABLE 10.2 Applying the Decision Rules to Purchasing an E-Book Reader**

DECISION RULE	RATIONALE
Compensatory	"I selected the e-book reader that came out as the best when I balanced the good ratings against the bad ratings."
Conjunctive	"I selected the e-book reader netbook that had no bad features."
Disjunctive	"I picked the e-book reader that excelled in at least one attribute."
Lexicographic	"I chose the e-book reader that scored the best on the attribute that I consider to be the most important."
Affect referral	"I bought the brand with the highest overall rating."

**Notes**

3. Consumers may change the decision strategy to one that better accommodates missing information.
4. Consumers may infer (“construct”) the missing information.

In discussing consumer decision rules, we have assumed that a choice is made from among the brands (or models) evaluated. Of course, a consumer may also conclude that none of the alternatives offers sufficient benefits to warrant purchase. If this were to occur with a necessity, such as a home water heater, the consumer would probably either lower his or her expectations and settle for the best of the available alternatives or seek information about additional brands, hoping to find one that more closely met predetermined criteria. In contrast, if the purchase is more discretionary (e.g., a new pair of shoes), the consumer probably would postpone the purchase. In this case, information gained from the search up to that point would be transferred to long-term storage and retrieved and reintroduced as input when the consumer regained interest in making such a purchase (see Chapter 5).

### **Decision-Making: Output**

The output portion of the consumer decision-making model consists of purchase behaviors and post-purchase evaluation of the purchases. Consumers make three types of purchases. When a consumer purchases a product (or brand) for the first time and buys a smaller quantity than usual, the purchase is a trial. Thus, a trial is the exploratory phase of purchase behavior in which consumers attempt to evaluate a product through direct use. For instance, when consumers purchase a new brand of laundry detergent about which they may be uncertain, they are likely to purchase a smaller quantity than if it were a familiar brand. Consumers can also be encouraged to try a new product through such promotional tactics as free samples, coupons, and/or sale prices.

When a new brand in an established product category (cookies, cold cereal, yogurt) is found by trial to be more satisfactory or better than other brands, consumers are likely to repeat the purchase. Repeat purchase behavior represents **brand loyalty**. Unlike a trial, in which the consumer uses the product on a small scale and without any commitment, a repeat purchase usually signifies that the product meets with the consumer’s approval and that he or she is willing to use it again and in larger quantities.

Trial purchases are not always feasible. For example, with most durable goods (e.g., refrigerators, washing machines, electric ranges), a consumer usually moves directly from evaluation to a purchase and long-term commitment without an actual trial. While purchasers of a new Volkswagen Beetle were awaiting delivery of their just-purchased cars, they were kept “warm” by receiving a mailing that included a psychographic tool called “Total Visual Imagery” that was personalized to the point that it showed them the precise model and color they had ordered.

Still further, post-purchase evaluation occurs after consumers have used the product, and in the context of their expectations. When a product’s performance matches expectations, consumers feel neutral. **Positive disconfirmation of expectations** occurs when the product’s performance exceeds expectations and the consumer is satisfied. **Negative disconfirmation of expectations** occurs when performance is below expectations and the consumer is dissatisfied.

**Cognitive dissonance** (see Chapter 6) occurs when consumers try to reassure themselves that they made wise choices. In doing so, they may rationalize the decision as being wise; seek advertisements that support their choice and avoid those of competitive brands; attempt to persuade friends or neighbors to buy the same brand (and thereby confirm their own choice); or turn to other satisfied purchasers for reassurance.

The degree of post-purchase analysis that consumers undertake depends on the importance of the product decision and the experience acquired in using the product. When the product lives up to expectations, the consumers probably will buy it again. When the product performance is disappointing or does not meet expectations, they will search for better alternatives. Thus, the consumer’s post-purchase evaluation “feeds back” to the consumer’s psychological field and influences similar decisions in the future. In Figure 10.6, Royal Challengers Bangalore (RCB) highlights the importance of consumer engagement even during off-season; in this case, RCB used a contest in the digital media to keep its fans engaged during the off-season. Studies show that customer retention is often an outcome of the brand’s reputation—especially for products that consumers find difficult to evaluate. Research also found that younger customers have more involvement and higher expectations of service offerings and often experience cognitive dissonance after purchasing services.

Satisfied customers feel that they receive “value for their money.” As an outcome of an evaluative judgment (i.e., the consumer purchases one of the brands or models in his or her evoked set), value implies the notion of a trade-off of benefits—the features of the purchased item—versus the sacrifice necessary to purchase it (the price of the product). As early as 1911,



Source: United Spirits

**FIGURE 10.6** Consumer Engagement

researchers suggested that one should view consumption as “voting.” Just as a consumer influences a political election by the act of voting, that same consumer influences the environment and society by his or her purchases.

## Consumer Gifting Behavior

Gifts are a particularly interesting part of consumer decision-making. Gifts represent more than ordinary, “everyday” purchases, because they are symbolic, and mostly associated with important events (e.g., Mother’s Day, births and birthdays, engagements, weddings, graduations, and many other accomplishments and milestones). **Gifting behavior** is a gift exchange that takes place between a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily (“Just to let you know I’m thinking of you”), as well as gifts that are an obligation (“I had to get him a gift”). It includes gifts given to (and received from) others and gifts to oneself (“self-gifts”). Moreover, the majority of products that we refer to as “gifts” are in fact items that we purchase for ourselves.

Gifting represents symbolic communication, with meanings ranging from congratulations, love, and regret to obligation and dominance. The nature of the relationship between gift giver and gift receiver determines the gift chosen, but can also have an impact on the subsequent relationship between the giver and the recipient. There are several types of gifts:

1. **Intergroup Gifting** occurs whenever one group exchanges gifts with another group (such as one family with another). Similarly, gifts given to families will be different than those given to individual family members. For example, a “common sense” wedding gift may include products for setting up a household rather than a gift that would be used personally by either the bride or the groom.
2. **Intercategory Gifting** takes place when either an individual is giving a gift to a group (a single friend is giving a couple an anniversary gift) or a group is giving an individual a gift (friends chip in and give another friend a joint birthday gift). The gift selection strategies “buy for joint recipients” or “buy with someone” are especially useful when it comes to a difficult recipient situation (when “nothing seems to satisfy her”). These strategies can also be applied to reduce some of the time pressure associated with shopping for the great number of gifts exchanged during the American Christmas-season gift-giving ritual. For example, a consumer may choose to purchase five intercategory gifts for five aunt-and-uncle pairs (intercategory gifting), instead of buying ten personal gifts for five aunts and five uncles (interpersonal gifting). In this way, less time, money, and effort may be expended.
3. **Intragroup Gifting** is characterized by the sentiment “we gave this to ourselves”; that is, a group gives a gift to itself or its members. For example, a dual-income couple may find that their demanding work schedules limit leisure time spent together as husband and wife.

### Learning Objective

- 2 To understand the dynamics of buying gifts.

### Notes

**Notes**

Therefore, an anniversary gift (“to us”) of a long weekend in Las Vegas would be an example of an intragroup gift. It would also remedy the couple’s problem of not spending enough time together. In contrast, interpersonal gifting occurs between just two individuals: the gift giver and the gift receiver. By their very nature, interpersonal gifts are intimate because they provide an opportunity for a gift giver to reveal what he or she thinks of the gift receiver. Successful gifts communicate that the giver knows and understands the receiver and their relationship. For example, a pair of “just the right” cufflinks given to a friend is viewed by the receiver as “she really knows me.” In contrast, an electric can opener given as a Valentine’s Day gift, when the recipient is expecting a more intimate gift, can mean the deterioration of a relationship.

Researchers have discovered that both male and female gift givers feel more comfortable in giving gifts to the same sex. However, they also experienced more intense feeling with respect to gifts given to members of the opposite sex. Additionally, although females get more pleasure than males from giving gifts, and generally play the dominant role in gift exchanges, both sexes are strongly motivated by feelings of obligation. Still further, everyone knows that selecting and giving a gift often causes “gifting anxiety” on the part of the givers, the recipients, and the gifting situations. Knowledge of gender differences is therefore useful for marketers, because it implies that additional support might be appreciated at the point of purchase (while in a store) when a consumer is considering a gift for an opposite-sex recipient.

One study of gifts purchased online found that **variety-seeking** (see Chapter 5) extends to gifting, as subjects with this trait considered a wider range of product categories when buying gifts for others. A Hong Kong study identified a continuum of gift receivers: “romantic other,” “close friend,” and “just friends.” For example, a gift given to a “romantic other” involves a high emotional expectation, but one given to a friend has a low emotional expectation.

Intrapersonal gifting, or a self-gift, occurs when the giver and the receiver are the same individual. A self-gift is a state of mind. If a consumer sees a purchase as the “buying of something I need,” then it is simply a purchase. In contrast, if the same consumer sees the same purchase as a “self-gift,” then it is something special, with special meaning. Consumers may treat themselves to self-gifts that are products (clothing, compact disks, or jewelry), services (hairstyling, restaurant meals, spa membership), or experiences (socializing with friends). For example, while purchasing holiday gifts for others, some consumers find themselves in stores that they might not otherwise visit or find themselves looking at merchandise (such as a scarf) that they want but would not ordinarily buy.

The gifting process starts with the question: “Should I give a gift to X?” The answer can be yes or no depending on a variety of factors (e.g., relationship, occasion). If the answer is yes, the gift giver continues by asking: “What shall I give X as a gift?” This leads to the next question: “Do I want to give X something that X desires (i.e., do I want to put in some real effort researching the gift)?” If the answer is yes, the gift giver is then faced with the question: “How do I learn what X desires as a gift?” Here there are two choices: predicting the preferences of the recipient or asking the recipient what he or she desires. If the consumer answers no to the question, “Do I want to give X something that X desires?” then the gift giver has two choices (according to the model): (1) to give a gift that he or she would like (i.e., “To you for me”), or (2) to give a gift that attempts to alter or improve the gift receiver to the gift giver’s liking (i.e., “Identify imposition”). The symbolic messages associated with these gifts tend to be less valued by the recipient. If preference prediction rather than direct questioning of the recipient for a gift idea is chosen, then there will be an element of surprise. In addition, if the giver does not bother to learn the recipient’s preferences, then the outcome can also be a surprise—but maybe not a good surprise.

#### Box 10.2 Segments, Lifestyles, and CDM

Mittal, et al. mentions specific situations that trigger CDM. Replenishment of stocks, availability of variants, or introduction of new products are important situations in low-involvement categories. These situations are also affected by the level of information searched, place of information search (in-store), duration involved in decision-making, and sources of information used in the decision-making. A college student may be taken in by the buzz created by a chocolate advertisement that is offered in a new form (Cadbury Bournville). A middle-aged urban lady who is interested in health and fitness may look for the nutritional details of Kellogg’s Special K Cereal when she visits a modern retail outlet like Nilgiris. A rural consumer may be interested in the low-priced stock-keeping unit of the pain balm Moov, which he or she may occasionally use and would want to avoid buying a more expensive pack.

There are several ways in which a brand can get into the consideration set of consumers. The consumer segment and their respective lifestyle provide directions to the marketer. In the case of consumer durables, Mittal and his

(Continued)

**Box 10.2 (Continued)**

colleagues suggest that the need can be triggered by a new environment, a consumer experiencing a problem for the first time, a replacement phase, and life-cycle changes. These are important aspects for consumers in an emerging market. With about 50% of the Indian population below 25 years of age, the demands for cell phones are high. They are highly involved in searching information from various sources like friends and advertisements. Several models have been introduced by Nokia, Samsung, Micromax, and Karbonn for these segments. Peter England introduced suits for young professionals or people who were entering the job market. Hyundai had launched the Santro brand in 1998, and after its successful diffusion over a period of 16 years, the company discontinued the brand. The company believes in constant evolution through its new products that are in line with the changing preferences of consumers. The company has now launched i10, i20, and Elite i20 models, among others. The example reflects how a brand that is successful also needs to adapt itself to the changing environment to sustain its diffusion.\* Flatscreen and LCD TV sets from brands like Samsung and LG may get into the consideration set of repeat buyers who can purchase at the higher end of the television market. Several years back Akai had a strategy that was in tune with an emerging market like India. There was a huge demand for color televisions in rural markets and there was a replacement market in urban areas. Akai introduced an exchange scheme that may have strategically linked both the urban and rural markets.

Perceived risk (discussed in Chapter 4 and in the next section on diffusions) experienced by consumers when they are new to the environment is also useful in certain situations. Healthcare is a promising market in India and millions of consumers require value-based healthcare services in different geographical areas. Brands like Apollo (with franchisee arrangements in several locations) have the opportunity to address the perceived risk of consumers, especially when they relocate from the region. Pharmacy chains like Mediplus or Religare also reduce the perceived risk of consumers by the proposition of genuine medicines in a market that has a significant presence of fake supplements.

The target and nature of the segment also decide how brand associations are developed over a range of price points. Titan has several sub-brands to cover a range of price points. Hindustan Unilever has a number of brands covering a price range in tea, detergent, shampoo, and soap categories. Nokia and LG are examples in cell phone and television categories, respectively.

**Application 1: Cyber Groups, Brands, and CDM**

There are professional tweeters for brands and these kinds of tweets have a loyal following. Kurkure, Figo, Royal Challenge, and Nano have been a part of micro-blogging in Twitter with about four million Indian users. The cyber groups may have links with other groups who in turn may lead themselves to more groups. This inter-linking across groups – ranging from strong to weak links – is likely to have an impact of attitude formation towards brands that are tweeted and also on the various stages of consumer decision-making.

**Application 2: Related Services, Digital Inputs, and CDM**

Trip Advisor, the world's largest travel website, has concentrated itself on hotel bookings rather than travel bookings because consumers are increasingly booking tickets from websites of airlines rather than online travel booking sites. 10% of its traffic comes from mobiles, 25% from smart phones, and it also gets user reviews from 200 countries.

These aspects present a very interesting situation for managers analyzing CDM. Consumers expect more value from hotel bookings than travel bookings by using these websites.

Would this also hold good for any level of spending or just for the lower end of the travel market? How do these consumers search for information and what actually constitutes value. How can such a company integrate social media with its other promotional strategies? How does loyalty develop after the purchase is over (post-purchase)? How should these companies work with airlines to bundle their services? (Trip Advisor has such collaborations).

### Application 3: Nurturing the Category and the Brand

Luxor Nano Clean introduced a new product that was intended for cleaning and protecting surfaces. With the launch, Luxor Group became the first company to bring Nano technology into the Indian markets, which is a widely accepted technology globally. The price points were ₹100 and ₹150. It was available in nine variants and Amitabh Bachchan was its brand ambassador. While the market may be growing significantly, the challenge for the brand is to grow the category itself. It was a difficult ask, especially when it was in competition with brands that were launched by multinationals with greater distribution power. How can the CDM be applied by such a brand by using different psychological concepts to market both the category and strengthen itself?

Hence, it is not just enough to inform the consumers about the "actual" and "desired" state; consumers need to recognize the difference and act on it.

### Application 4: Involvement Levels and CDM

Mahindra & Mahindra introduced a TVC that appealed to consumers to wait for the launch of the bikes of the company (that has an Italian origin) before finalizing on their festive purchases.

The advertisement takes into account the pre-purchase involvement levels of consumers and brings the offering within the consideration set of the consumers. This happens before the final purchase is being considered by consumers who have had well-entrenched brands in the considerations set. The pre-purchase involvement level is important as it covers consumers who may also reflect situational involvement that may be associated with purchase of the product.

### Application 5: Culture and CDM

In the context of consumer behavior, rituals, and festivities in India lend themselves amenable to a greater degree than "culture-based religious beliefs". It may be difficult to find branded offerings that cater to superstitions, but several categories can be associated with superstitious beliefs when people visit temples in several parts of India.

Candles, dolls, bangles, lamps, and grains (as appropriate) are sold to devotees who believe that these, if offered to the respective God, will help them realize their prayers. Superstitions are rife in India and hence, these offerings are also made to ward off the "evil eye". Lack of distribution network, presence of local offerings, scattered geographical coverage, and opportunity costs keep major brands away. (ITC had entered the incense stick market probably due to its distribution strengths). Temples being associated with superstitious aspects, buildings in rural parts of India have dolls in front of them. These are made by families and sold to shops though the volume may not be very high.

Regional retailers in Chennai advertise their gemstones provide customized offerings for individuals who believe that their destiny or fortune revolves around these gems. Such offerings have opened up a market that may have been dormant in the past. Buoyed by the television ads of these retailers, smaller towns are also getting attracted to "gemology-based fortune". Interestingly, this phenomenon may not have an Indian origin!

### Application 6: Need Stage to Purchase Stage

While brands compete with one another on a various dimensions, the digital route to branding offers interesting pointers for brands to engage consumers right from the need stage to the purchase stage. Toyota and Google together announced the Toyota Collaborator, a social media-based car shopping tool. Buyers of Corolla can discuss with family and friends in real-time through Google Hangout on several customizable features. And, these prospective buyers can use Google Street View to drive around their block for a virtual drive.

## Brand Equity and Consumer Decision-Making Process: Emerging Markets

### Notes

Kevin Lane Keller pioneered the well-known Customer Based Brand Equity Model (CBBE) in his widely published text book, *Strategic Brand Management*. When considered with the CDM model, it can provide useful insights for an emerging market like India. The “Need” state in the CDM process is the one that sets the backdrop for the interpretation of the model. The following aspects need to be considered when CBBE model is used with the process.

- i) How is “Awareness” created in the mind of the consumer?
- ii) How is the imagery created in the mind of the consumer?
- iii) How are performance, feelings, and judgments mentioned in the model formed? Are they formed before the purchase stage or after the purchase stage?

The “Resonance” stage of the model is associated with the various aspects mentioned in i), ii) and iii). The combination of CBBE and CDM process is especially important for durable brands. The following exhibits will establish the linkages between CBBE and CDM. Such linkages will also emphasize the importance of point of purchase.

Brands from the mobile category are provided as an illustrative example. Several stages in the brand equity model are associated with the “consideration and purchase” phases of consumer decision-making.

These brands namely Samsung Galaxy Note 3, Nokia Lumia 1020, and Sony Xperia Z1 that are in the same price range of ₹44,000 to ₹48,000 were selected to indicate that these models may compete with one another in the consideration set of consumers. Exhibits 1 and 2 reflect the awareness, features, and imagery created through the respective advertisements. Exhibit 3 reflects a combination of features associated with the three brands.

Keller’s model CBBE is associated with awareness and imagery as its initial steps. It can be seen from the exhibits that

- a) Awareness created by ad is limited.
- b) Not all features and benefits can be combined by ads.
- c) Consumers may differ in terms of the features/benefits sought by them.
- d) The Word of Mouth (WOM) is not within the control of brands and hence, applying CBBE model becomes more critical when brands uses it along with advertisements.
- e) Ads of brands were focusing only on one aspect of creating an attitude towards the reflective brand.

Awareness and imagery is created by the ad of the respective brand (online and/or offline brand communication). The consumer’s “need” state may depend on the benefits expected from a consumer. Also, awareness (other than that created by ads) will depend on the extent to which the consumer is educated about the “need-match” (how attributes and benefits of a brand match the need of the consumer) at the point of purchase. It is only after this stage that the feelings, judgments, and performance associated with the respective brand can be judged well by the consumer.

Table 1 and 2 explains the extent to which mobile phones have penetrated into the Indian market. India has proved to be a very lucrative market for mobile phones and coupled with the diverse needs of any consumer, it is important that a brand makes a significant investment at the point of purchase to (dealer or retailer points) to attract his or her attention. Moreover, such a strategy will also strengthen the cognitive and affective aspects of the respective brand, resulting in a stronger attitude towards the brand – a prerequisite for brand resonance to be achieved.

### EXHIBIT 1

ADVERTISEMENT OF THE BRANDS	FEATURES INDICATED IN THE ADVERTISEMENT
Ad on Samsung Galaxy Note 3	Galaxy Note 3 and Gear Smart watch, My Magazine, Action Memo, Smart Relay.
Ad on Nokia Lumia 1020	41 mega pixel camera.
Ad on Sony Experia Z1	Water proof metallic design, 21 mega pixel camera, Triluminos display, Touch screen, Music player.

(\*Unpublished work of S. Ramesh Kumar and Sanjay Kumar Jena)

## EXHIBIT 2

**BRANDS**
**IMAGERY (CREATED THROUGH THE AD)**

Samsung Galaxy Note 3	The protagonist in the advertisement realizes the problems of the old toy store (Gustavo) that her grandfather had founded in 1911. The old store is important not only to attract customers, but also to pay its debts. She plans to do something for the betterment of the store. She then finds a dance competition to be held at Langham Theater. With the help of Samsung Galaxy Note 3 and Gear smart watch, she creates a short film known as "Dreams" to showcase the old toy store during the dance competition. Everybody is amazed by looking at the creativity reflected in her creation. The ad ends with the line "Design your life". This commercial reveals how Samsung Galaxy can help anyone achieve their dreams.
Nokia Lumia 1020	The commercial largely focuses on the specific features of its 41 mega pixel camera. It exhibits how the camera, with pure motion and high-definition technology, shoots very high-resolution images.
Sony Xperia Z1	Film star Katrina Kaif is the protagonist in this advertisement. Sony Xperia Z1 helps her in various circumstances, be it capturing different moments, sharing information on social media, listening music, etc. This commercial reveals the different features of the phone like water-proof metallic design, 21 mega pixel camera, Triluminos display, touch screen, music player, etc. With the line "the best of Sony for the best of you", it communicates the integration of Sony's Walkman, Cyber Shot and Bravia into Xperia Z1.

## EXHIBIT 3

FEATURES	SAMSUNG GALAXY NOTE 3	NOKIA LUMIA 1020	SONY XPERIA Z1
Color	Black, Classic White, Blush Pink	White, Black, Yellow	White, Purple, Black
Display	5.7-inch Full-HD Super AMOLED display	4.5-inch AMOLED display	5-inch LED
Camera	13 megapixel	41 megapixel	20.7 megapixel
Operating System	Android 4.3 Jelly Bean	Windows Phone 8 Amber update	Android 4.2.2 Jelly Bean
Memory	3GB RAM, 32GB of expandable storage	2GB RAM, 32GB of non expandable storage	2GB RAM, 16GB expandable to 64GB via a micro SD card
Processor	Exynos 5 Octa 5420 processor	1.5GHz dual-core Qualcomm Snapdragon S4	2.2GHz quad-core Qualcomm Snapdragon 800
Battery Capacity	3200 mAh	1020 mAh	3000 mAh
FM radio	Absence	Presence	Presence
Additional features	S Pen Air Command (Action Memo, Scrapbooker, Screen Write, S Finder and Pen Window options)	Clear Black technology	Water and dust resistant

*(Continued)*

### EXHIBIT 3 (Continued)

FEATURES	SAMSUNG GALAXY NOTE 3	NOKIA LUMIA 1020	SONY XPERIA Z1
S Planner	Recording full-HD videos at 30 frames per second	LED flash,	
Voice Recorder	Xenon flash	Self-timer	
ChatOn messaging app	High resolution images	Smile Shutter	
Samsung Apps app store	Backside illuminated sensor	Preview	
Samsung Hub content store	Six elements lens array	Timeshift Burst mode	
		Face detection	
		Geotagging	
		Shutter sound for still and self-timer	
		Steady Shot	
		Microphone for video	

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## Diffusion and Adoption of Innovations

**Diffusion of innovations** is the macro process by which the acceptance of an innovation (i.e., a new product, new service, new idea, or new practice) takes place among members of a social system (or market segments), over time. This process includes four elements:

1. **The Innovation:** new product, model, or service.
2. **The Channels of Communication:** informal or formal, impersonal or personal groups.
3. **The social system:** a market segment.
4. **Time.**

In contrast, the **innovation adoption process** is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

### Learning Objective

- 3 To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

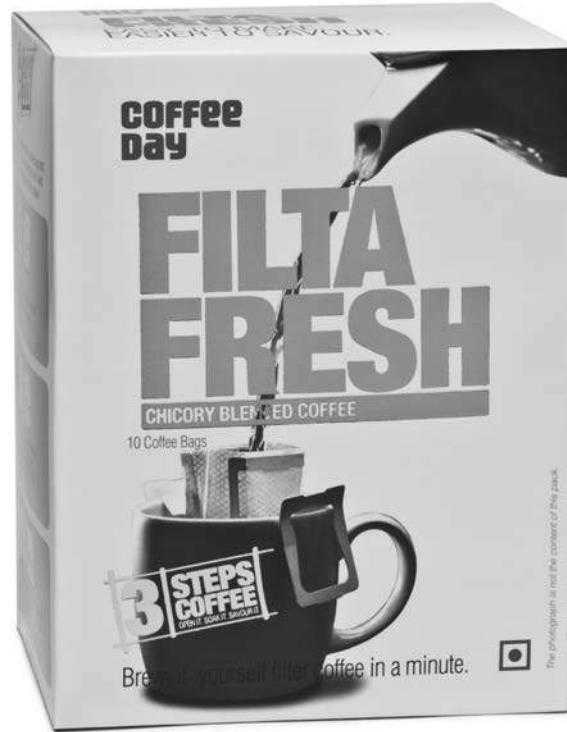
#### Box 10.3 Diffusion of Brands and Consumer Involvement with the Characteristics of Diffusion

As shown in Figure 10.7, diffusion characteristics of compatibility, "trialability", and consumer lifestyle have been combined well in Café Coffee Day's FiltaFresh, "brew your own coffee swiftly", offering. The offering has a coffee bag arrangement that does away with the need of storing coffee, having a coffee filter and cleaning it, and also a container to store coffee. The compatibility is the fact that serious coffee drinkers who prefer traditional filter coffee

(Continued )

## Box 10.3 (Continued)

can use the bag to brew pure coffee quickly. This offering is compatible with the changing lifestyle where a consumer has little time for an elaborate ritual. The offering is also compatible with the typical filter coffee consumption ritual that is still in practice in the southern parts of India.



Source: Cafe Coffee Day

**FIGURE 10.7** Diffusion Characteristics

### Notes

#### The Meaning of “New” Products

Marketers need to differentiate between emerging markets and developed markets on what consumers perceive as “new.” A touch of reality is required when conventional definitions of new products are applied to an emerging market like India, especially mass markets in several product categories. Value, convenience, and cultural associations are factors that may, in combination, work in the Indian context. If branding examples are considered from the last three decades, these three aspects appear to be important in several categories. Good Night’s mosquito coils have an association with the cultural practice of smoking away insects. Vatika’s hair oil with a combination of lime and coconut ingredients can be associated with the cultural practice of using such ingredients for hair care. The value of one-time use packs (sachets) has “revolutionized” the shampoo category in which more than 50% of the sale is associated with such packs.

Decades back Frooti had introduced the first tetra-packed juice drink with a mango flavor (mango is a fruit with a strong cultural association). Adding a tinge of blue to white clothes is a cultural practice in several parts of India and the dye brand Ujala became a major success when it introduced the additive in liquid form (Robin Blue from Reckitt & Benkiser in the powdered form was a part of households for several decades). PepsiCo’s Kurkure and ITC’s Bingo snacks have strong cultural associations in terms of their taste. In India, Nokia introduced a mobile phone model at a lower price point with features that included a torch and FM radio. In rural areas, carrying a torch is a cultural practice and India is also one of the major music markets in the world. Chik shampoo introduced the

jasmine variant (jasmine flower is a part of the hair grooming ritual in south India). As shown in Figure 10.8, a cultural connotation, wherever applicable, is useful to a brand. Godrej's No. 1 soap brand (an 87-year-old brand) created value with several popular variants at a lower price point (compared to competitive brands). Wipro Santoor and Manjal soap brands use turmeric as their ingredient (turmeric's association with beauty or facial care is wellknown all over India). The Himalaya brand of over-the-counter medicines and personal care products makes use of the traditional ayurvedic system of medicine in a contemporary manner. During the 1980s Maruti's no-frill model (and Nano in recent times) in the passenger car market redefined the values associated with cars in India. There are many other examples of newness among Indian brands that have three factors: convenience, cultural associations, and value (to a lesser extent). These examples reflect the importance of such dimensions when marketers consider newness in the Indian context.

### Types of Innovations

The definition of what is a “new product” varies among product developers and marketing strategists. From a consumer perspective, an **innovation** represents any item that the consumer perceives as new. Many marketers maintain that new products should be classified into three categories reflecting the extent to which they require consumers to change existing consumption behavior or buying patterns.

1. A **continuous innovation** has the least disruptive influence on established behavior. It involves the introduction of a modified product rather than a totally new product. Examples include the newly redesigned Apple MacBook, the latest version of Microsoft Office, reduced-fat Oreo cookies, Hershey Cacao (i.e., a form of dark chocolate bars, American Express gift cards, Band-Aid Tough-Strips, and the Oral-B Advantage Glide. Figure 10.2 is an example of continuous innovation.
2. A **dynamically continuous innovation** is somewhat more disruptive than a continuous innovation but still does not alter established behavior. It may involve the creation of a new product or the modification of an existing product. Examples include digital cameras, digital video recorders, MP3 players, DVRs, USB flash drives, and disposable diapers.
3. A **discontinuous innovation** requires consumers to adopt new behavior. Examples include airplanes, radios, TVs, automobiles, fax machines, PCs, videocassette recorders, medical self-test kits, and the Internet.

#### Box 10.4 New Products, New Markets, and Success

Diffusion of new products requires to be monitored by companies. There seems to an “inflection point” at which there is a proliferation of segments and offerings within the category (shampoo in sachets, ball pens, and watches are examples that diffused themselves with a rapid pace during the late eighties and nineties). Health-based offerings like Max, the no-sugar cola from Pepsi, and Monaco Smart Chips (baked) from Parle were withdrawn from the market due to low consumer receptivity. Despite the demand for flat panel television sets, the plasma television market did not grow due to lack of screen sizes that consumers preferred.

### Product Features That Affect Adoption

Not all new products are equally likely to be adopted by consumers. Some products catch on very quickly (e.g., affordable cell phones), whereas others take a very long time to gain acceptance or never seem to achieve widespread consumer acceptance (e.g., electric cars). Diffusion researchers have identified five product characteristics that influence consumer acceptance of new products, which are detailed next.



Source: CavinKare

**FIGURE 10.8** A Chik Shampoo Sachet

#### Notes



FIGURE 10.9 Relative Advantage

**Notes**

refrigeration unless it has been opened) has been successfully sold for years in Europe, Americans thus far have generally resisted the aseptic milk package.

**Complexity**—the degree to which a new product is difficult to understand or use—affects product acceptance. Clearly, the easier it is to understand and use a product, the more likely that product is to be accepted. For example, the acceptance of such convenience foods as frozen french fries, instant puddings, and microwave dinners is generally due to their ease of preparation and use. Interestingly, although DVD players can be found in most American homes, many adults require the help of their children to use the devices to record particular television programs. The introduction of cable boxes with built-in DVRs has helped to reduce the ongoing challenge involved in easily recording a TV program. A study of the adoption of mobile commerce transactions conducted via a mobile device or wireless telecommunication found that “perceived ease of use” had a positive effect on the intention to adopt.

The issue of complexity is especially important when attempting to gain market acceptance for high-tech consumer products. Four predominant types of “technological fear” act as

**Relative advantage** is the degree to which potential customers perceive a new product as superior to existing substitutes. For example, cellular telephones enable users to be in communication with the world and allows users to both receive and place calls and text messages. The fax machine offers users a significant relative advantage in terms of ability to communicate. A document can be transmitted in as little as 15 to 18 seconds at perhaps one-tenth the cost of an overnight express service, which will not deliver the document until the following day. (Of course, sending the document as an attachment to an email entails no cost and, like a fax, gets delivered in seconds.)

Figure 10.9 illustrates why machine wash detergents like Surf Excel Matic are designed to work efficaciously in high water environments present in washing machine to provide ideal stain removal. This is the reason why top machine manufacturers recommend Surf Excel Matic. Brands need to focus on relative advantage as a dynamic aspect in a changing environment.

**Compatibility** is the degree to which potential consumers feel a new product is consistent with their present needs, values, and practices. For instance, an advantage of 3M’s Scotch Pop-up Tape Strips is that they are easier to use than roll tape for certain tasks (such as wrapping gifts), yet they represent no new learning for the user. Similarly, in the realm of shaving products, it is not too difficult to imagine that a few years ago, when Gillette introduced the Fusion razor, some men made the transition from inexpensive disposable razors and other men shifted from competitive nondisposable razors (including Gillette’s own MACH3 razors) to using the new product. This newer product is fully compatible with the established wet-shaving rituals of many men. However, it is difficult to imagine male shavers shifting to a new depilatory cream designed to remove facial hair. Although potentially simpler to use, such a cream is incompatible with most men’s current values regarding daily shaving practices.

Compatibility varies across cultures. For example, although shelf-stable milk (milk that does not require

barriers to new-product acceptance: (1) Fear of technical complexity, (2) fear of rapid obsolescence, (3) fear of social rejection, and (4) fear of physical harm. Of the four, technological complexity was the most widespread concern of consumer innovators.

**Triability** refers to the degree to which a new product can be tried on a limited basis. The greater the opportunity to try a new product, the easier it is for consumers to evaluate the product and ultimately adopt it. In general, frequently purchased household products tend to have qualities that make trial relatively easy, such as the ability to purchase a small or "trial" size. Because a computer program cannot be packaged in a smaller size, many computer software companies offer free working models (demo versions) of their latest software to encourage computer users to try the program and subsequently buy the program.

After firmly establishing fairness as its benefit, Fair and Lovely's extension into face wash, as illustrated in Figure 10.10, is likely to trigger triability among consumers, especially when the category is growing at a fast pace.

Aware of the importance of trial, marketers of new supermarket products commonly use substantial cents-off coupons or free samples to provide consumers with direct product experience. In contrast, durable items, such as refrigerators or ovens, are difficult to try without making a major commitment. This may explain why publications such as Consumer Reports are so widely consulted for their ratings of infrequently purchased durable goods.

**Observability (communicability)** is the ease with which a product's benefits or attributes can be observed, imagined, or described to potential consumers. Products that have a high degree of social visibility, such as fashion items, are more easily diffused than products that are used in private, such as a new type of deodorant. Similarly, a tangible product is promoted more easily than an intangible product (such as a service).

FIGURE 10.10 Triggering Triability

#### Box 10.5 Brand Features and Diffusion of Innovation in the Indian Context

In the category of mobile phones, Nokia's market share has fallen in the recent times, despite the brand's efforts to diffuse itself in the country through various marketing strategies.

The brand's 1100 model, introduced a few years back, was very Indian in its design with a mobile, radio, and a torch rolled into one. But, its competitors were more aware and sensitive to the evolving needs of the consumer, for example, introduction of dual SIM phones and this may caused the brand's decline in market share. Micromax, a competing brand, has not only built up a strong rural distribution, but it also offers a model that doubles up as a remote for television and air-conditioners.

Spice offered an ultra-violet feature in one of its models that can detect false currency. Samsung introduced Marine model that runs on solar energy. Nokia, in line with its global strategy of providing services, is offering four million songs as free downloads from its Ovi store (about one million of them are Indian songs). There are interesting implications for diffusion of innovation concepts. Theodore Levitt's marketing myopia cautioned marketers from being "over prone" to the features of products, especially while being indifferent to environmental changes. The mobile category points out the need for a brand to adapt itself to environmental changes (of offering the appropriate services, entertainment or any other) while also updating its product-line with features that may be appropriate to "everyday-lifestyle" interface of the target segment.

**Notes**

## The Adoption Process

The innovation adoption process consists of five stages through which potential consumers pass in attempting to arrive at a decision to try or not to try a new or innovative product. The five stages are:

- 1. Awareness:** The consumer becomes aware that an innovation exists.
- 2. Interest:** The consumer becomes interested in the innovative product or service.
- 3. Evaluation:** The consumer undertakes a “mental trial” of the innovation.
- 4. Trial:** The consumer tries the innovation.
- 5. Adoption:** If satisfied, the consumer decides to use the innovation repeatedly.

Although the traditional adoption process model is insightful in its simplicity, it does not adequately reflect the full complexity of the consumer adoption process. For one thing, it does not adequately acknowledge that quite often, consumers face a need or problem-recognition stage before acquiring an awareness of potential options or solutions (a need recognition preceding the awareness stage). Moreover, the adoption process model does not adequately provide for the possibility of evaluation and rejection of a new product or service after each stage, especially after trial (i.e., a consumer may reject the product after trial or never use the product on a continuous basis). Finally, it does not include post-adoption or post-purchase evaluation, which can lead to a strengthened commitment or to discontinued use.

## Diffusion of Innovation in the Indian context

The characteristics of diffusion are important both for new and existing products in an emerging market. Emerging markets have low penetration of product categories and a brand that needs to diffuse should also take into consideration that markets are unorganized, and that there are non-price factors and category development factors that are important.

At the bottom of the oral care category, Colgate toothpowder attempts to upgrade consumers who may be using substitutes like coal powder or *neemsticks*. Reynolds did not price its pens low; in fact, it followed the skimming strategy to price it above the unbranded offerings and became a pen of preference for its many consumers because of its relative advantage. On the other hand, Chik shampoo introduced a 50 p sachet to create a relative advantage. It is essentially the value perception that matters, along with the product attributes or benefits. But a brand also needs to be careful about the manner in which a category is perceived. Ariel detergent powder was launched with the proposition that consumers need not use a washing bar in a context where rubbing clothes with a washing bar is a ritual. But it introduced a washing bar soon afterwards. In this example, it is the compatibility of consumer habits with the product that mattered. Gillette Vector introduced a low-priced razor that helps to get rid of even hard stubble. This was compatible with the shaving practice in India, where electric shavers have not become diffused. Besides reasons of pricing, consumers had to alter their regular shaving practice and this may have created barriers in diffusion. The perception of consumers about dishwashers may be influenced by compatibility aspects, perceived risk, and complexity aspects associated with diffusion. Baby powder, over-the-counter medicines, and electrical appliances are categories that may be associated with high-perceived risk. As one of the earliest brands in the Indian market, Johnson & Johnson has established trust among its consumers (mothers) for baby products. Himalaya, the brand that has products based on the alternative system of medicine (ayurveda), has built its trust through a scientific system of testing, as reported in its Web site. It is interesting to note that “triability”, complexity perceived risks, and “observability” are together useful in the cell phone category in India with millions of users. Nokia has a number of products at several price points for different segments. Some of its models have several features and serve benefits that include Web surfing, emails, and video streaming. Consumers observe brands being used by others and the category’s diffusion can be associated with several diffusion characteristics. Hair creams, liquid detergents, hair dyes or colorants and contact lenses are categories that have been a part of the Indian context for decades and not developed.

Parachute Aftershower used several diffusion characteristics to develop the hair care market. L’Oréal and Garnier timed their promotional aspects to increase visibility among target segments in urban markets where there is increasing focus on personal grooming. Moov pain balm, by positioning itself as a backache specialist, created relative advantage associated with the proposition. Dove used the moisturizer route to diffuse itself in the soap category

**Notes**

(existing category). Sometimes an attitude needs to be created through cognitive beliefs to convey the relative advantage. Frozen vegetables and soya-based foods are categories where this approach needs to be applied, taking into consideration the taste sensitivity of consumers in India. A brand like Threptin (a meal supplement in the form of biscuits which has been around in India for about five decades) has created associations as a food supplement in-between meals among the young and overworked urban population. The brand can position itself in line with the belief among this target segment that overeating and eating unhealthy food are bad.

Diffusion of innovation in the Indian context has an interesting trail of history. Category development, timing of the brand's introduction and cultural aspects are some of the important aspects that affect the diffusion of brands. The following are some examples with comments associated with the respective brand/category:

### **The Diffusion of Innovations and Perceived Risk in an Emerging Market**

Perceived risk is an important consideration that affects the diffusion of innovations in both new and existing categories. Its influence on existing categories is important to emerging markets like India that has a low penetration of branded offerings across categories. Consumers may be willing to pay more if they are convinced that a branded offering is better (in terms of convenience or utility or safety).

Despite different brands having introduced talcum powder for children, Johnson & Johnson holds a major chunk of this market. Branded butter has been in the market for years. Amul Lite and Nutralite are brands that target consumers who are health conscious. Consumers may perhaps like to be convinced that these offerings are free from chemicals. The Himalaya brand of herbal products has the proposition of "herbs" that appeals to consumers who associate perceived risk with regular allopathic, "English" medicines that are used for commonplace ailments. Reva is a well-known brand of electric car that is also exported. Consumers who are in the process of buying their first car may have apprehensions about the functional

BRAND/CATEGORY	COMMENTS ON DIFFUSION OF THE CATEGORY/BRAND
Ezee, Genteel liquid detergents	Available in the market for several decades. How should the brands in this category get into the ritual of consumer's washing of clothes?
Cadbury Drinking Chocolate	Available in the market for decades. Does cultural aspects of taste act as a barrier for greater diffusion of the category?
Detergent bars (Surf Excel, Rin)	Continues to be a popular choice by Indian consumers, perhaps due to habits.
After-shower hair cream	Brylcreem was a pioneering brand in the category. Did after shower brand diffuse fast as it became a part of the dressing ritual among youngsters?
Tea bags (Taj Mahal)	The brand created awareness about tea bags during the mid-eighties. Have tea bags diffused adequately among consumers? Are taste and the ritual of making tea (cultural aspects) proving to be barriers?
Hima Peas (packaged green peas)	The brand was introduced during the sixties. Was it ahead of its time? Even today would packaged vegetables (frozen) be acceptable to consumers?
Videocon's Karoke music	Targeted youngsters a few decades back. Was it ahead of its time? Would such a concept succeed in the era of digital music?
Café culture	Socializing over coffee was pioneered by Indian Coffee House-ICH (Indian Coffee Board) in a few cities and towns during the sixties. Consumers of the bygone era would have nostalgic memories of ICH. Contemporary versions of ICH are the cafes we find today (Café Coffee Day and Barista, for example)

**Notes**

performance of the product, especially given the situation that this product is priced higher than regular entry level passenger cars. While smartphones from iPhone or Samsung Galaxy may appeal to consumers, given the complex attributes of the products, a cross-section of them may have perceived risks associated with technological obsolescence and even functional performance.

An urban youth would probably end up using a Chinese make of an MP4 player instead of the latest iPod (social risk). Consumers who would like to color their hair may initially visit a beautician for some time before they venture to do it themselves (social risk) in a market like India where such products are being popularized by multinational brands. These aspects have implications on several aspects of the marketing mix – advertising, distribution, and even packaging – associated with stock-keeping units. Several brands of regular hair dyes are available in small packs. Regular hair dyes have been available in the market (Godrej was one of the earliest brands) for several decades, but the products have been getting diffused to higher levels only recently. Consumers have recognized the need for personal grooming in a changing environment. Environmental changes, too, dilute perceived social risks associated with a category. (Several years back, applying hair color may not have been a social ritual and people would only color their hair to hide gray hairs, but these days it is common for even young people to color their hair.) Contact lens and non-stick cookware have been a part of Indian context, but have a long way to go to get diffused among the mass markets. Physical risks and performance risks may have to be addressed by brands.

## Summary

**Learning Objective 1:** To understand the consumer's decision-making process.

Not all consumer decision-making situations require the same degree of information research. Extensive problem solving occurs when consumers have no established criteria for evaluating an item within a product category. Limited problem solving occurs when consumers have established the basic criteria for evaluating the product category, but need more information to decide among the brands and product models available. Routinized response behavior occurs when consumers have experience with the product category and the brands offered and buy items often and almost instinctively. A model of consumer decision-making ties together the consumption behavior discussed throughout this book. It includes three components: Input, process, and output.

**Learning Objective 2:** To understand the dynamics of buying gifts.

Gifts represent more than ordinary, everyday purchases, because they are symbolic, and mostly associated with important events. Gifting behavior is a gift exchange that takes place between a

giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily, as well as gifts that are an obligation. It includes gifts given to (and received from) others and gifts to oneself (self-gifts). Moreover, the majority of products that we refer to as "gifts" are in fact items that we purchase for ourselves.

**Learning Objective 3:** To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

Diffusion of innovations is the macro process by which the acceptance of an innovation (i.e., a new product, service, idea, or practice) takes place among members of a social system (or market segments), over time. This process includes four elements: (1) The innovation (new product, model, service); (2) the channels of communication (informal or formal, impersonal or personal groups); (3) the social system (a market segment); and (4) time.

In contrast, the innovation adoption process is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

## Review and Discussion Questions

- 10.1. What kinds of marketing and sociocultural inputs would influence the purchase of: (a) HDTV set, (b) Concentrated liquid laundry detergent, and (c) Fat-free ice cream? Explain your answers.
- 10.2. What are the differences among the three problem-solving decision-making approaches? What type of decision process would you expect most consumers to follow in their first purchase of a new product or brand in each of the following areas: (a) Chewing gum, (b) Sugar, (c) Men's aftershave lotion, (d) Carpeting, (e) Paper towels, (f) Smartphone, and (g) Luxury car? Explain your answers.
- 10.3. Assume that this coming summer you are planning to spend a month touring Europe and looking for an advanced digital camera. (a) Develop a list of product attributes that you will use as the purchase criteria in evaluating various digital cameras. (b) Distinguish the differences that would occur

- in your decision process if you were to use compensatory versus noncompensatory decision rules.
- 10.4.** How can Apple use its knowledge of customers' expectations in designing a marketing strategy for a new iPad?
- 10.5.** How do consumers reduce post-purchase dissonance? How can marketers provide positive reinforcement to consumers after the purchase to reduce dissonance?
- 10.6.** Sony is introducing a 65" Ultra HD TV that has a higher screen resolution than other TVs and advanced signal processing. The TV's introductory price is \$10,000.
- a.** Who should be Sony's initial target market? What are the target consumers' demographics and psychographics?
- b.** How would you identify the innovators for this product?
- c.** Is the new model a continuous, dynamically continuous, or discontinuous innovation? Explain your answer.
- 10.7.** Describe how Sony can use the five product features that affect adoption in order to speed up the diffusion of its new TV model.

## Hands-on Assignments

- 10.8.** Identify a product, service, or style that was recently adopted by you and/or some of your friends. Identify what type of innovation it is and describe its diffusion process up to this point in time. What are the characteristics of the people who adopted it first? What types of people did not adopt it? What features of the product, service, or style are likely to determine its eventual success or failure?
- 10.9.** Identify five friends who have recently purchased a new smartphone (with some features that they consider to be "new"). Interview each person and ask him or her:
- Why did you select this phone over other smartphones that you were looking at or considering?
  - Do you currently like the phone for the same reasons that caused you to purchase it, or have you found additional reasons?
  - What improvements would you recommend for the next model?
- d.** After you are finished, get together with other students and discuss what you have found. Look for similarities and differences.
- 10.10.** Describe the need recognition process that took place before you purchased your last can of soft drink. How did it differ from the process that preceded the purchase of a new pair of sneakers? What role, if any, did advertising play in your need recognition?
- 10.11.** List three colleges that you considered when choosing which college or university to attend and the criteria that you used to evaluate them. Describe how you acquired information on the different colleges along the different attributes that were important to you and how you made your decision. Be sure to specify whether you used compensatory or noncompensatory decision rules.
- 10.12.** Select a newspaper or magazine advertisement that attempts to provide the consumer with a decision strategy to follow in making a purchase decision. Evaluate the effectiveness of the ad you selected.

## Key Terms

- adoption 314
- affect referral decision rule 301
- awareness 314
- cognitive dissonance 302
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- complexity 312
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## Multiple-choice Questions

- 10-1.** What type of brand set refers to the specific brands (or models) a consumer considers in making a purchase within a particular product category?
- Evoked set
  - Inept set
  - Overlooked brands
  - Inert set
- 10-2.** In what decision rule does the consumer first ranks the attributes in terms of perceived relevance or importance and then compares the various alternatives in terms of the single attribute?
- Compensatory decision rule
  - Conjunctive decision rule
  - Lexicographic decision rule
  - Non-compensatory decision rule
- 10-3.** In which decision rule does the consumer selects the brand with the highest perceived overall rating?
- Conjunctive decision rule
  - Affect referral decision rule
  - Non-compensatory decision rule
  - Lexicographic decision rule
- 10-4.** Which category of gifting occurs whenever one group exchanges gifts with another group?
- Intercategory
  - Intragroup
  - Intracategory
  - Intergroup
- 10-5.** Who pioneered the well-known Customer Based Brand Equity Model (CBBE) in his widely published text book, Strategic Brand Management?
- David A. Aaker
  - Kevin Lane Keller
  - Young and Rubicam
  - Millward Brown
- 10-6.** What is the macro process by which the acceptance of an innovation takes place among members of a social system (or market segments), over time?
- Innovation adoption process
  - Continuous innovation
  - Diffusion of innovations
  - Discontinuous innovation
- 10-7.** Which type of innovation involves the introduction of a modified product rather than a totally new product?
- Dynamically continuous innovation
  - Discontinuous innovation
  - Innovation adoption
  - Continuous innovation
- 10-8.** The degree to which potential consumers feel a new product is consistent with their present needs, values, and practices, termed as:
- Compatibility
  - Relative advantage
  - Complexity
  - Trial ability
- 10-9.** What is the product characteristic that refers to the degree to which a new product can be tried on a limited basis?
- Communicability
  - Complexity
  - Trial ability
  - Compatibility
- 10-10.** What are the factors that increase the pre-purchase information search?
- Consumer factors
  - Situational factors
  - Product factors
  - All of the above

**Answer Keys:** 10-1. A 10-2. C 10-3. B 10-4. D 10-5. B 10-6. C 10-7. D 10-8. A 10-9. C 10-10. D

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