



By: Meisam Hejazinia

# **Information Technology Marketing**

1

**Brand**

2

## What is a Brand?

A **brand** is a 1.name, 2.term, 3.sign, 4.symbol or 5.design, or a 6.combination of them, intended to **identify** the goods or services of one seller or group of sellers and to **differentiate** them from those of competitors.

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## The Role of Brands

Identify the maker

Simplify product handling

Organize accounting

Offer legal protection

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## The Role of Brands



Signify quality

Create barriers to entry

Serve as a competitive advantage

Secure price premium

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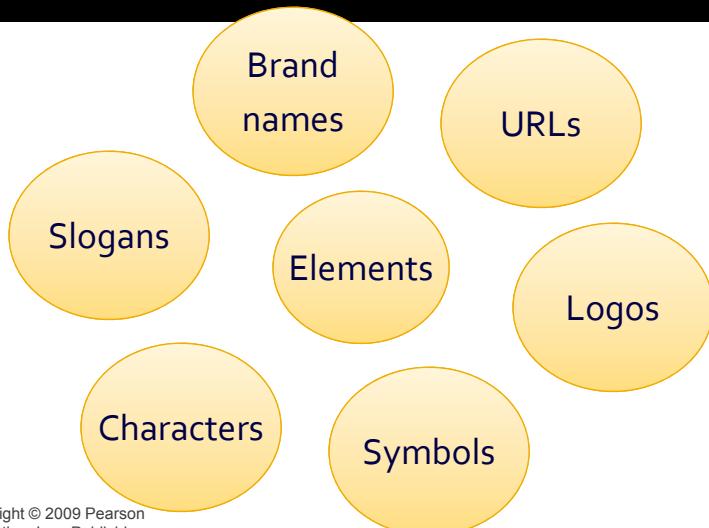
## Advantages of Strong Brands

- Improved perceptions of product performance
- Greater loyalty
- Less vulnerability to competitive marketing actions
- Less vulnerability to crises
- Larger margins
- More inelastic consumer response
- Greater trade cooperation
- Increased marketing communications effectiveness
- Possible licensing opportunities

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## Brand Elements



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## Slogans

- Like a good neighbor,  
State Farm is there
- Just do it
- Nothing runs like a  
Deere
- Save 15% or more in 15  
minutes or less
- We try harder
- We'll pick you up
- Nextel – Done
- Zoom Zoom
- I'm lovin' it
- Innovation at work
- This Bud's for you
- Save Money, Live  
Better

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## Brand Naming



The image shows a stack of Betty Crocker baking mix boxes. From top to bottom, the visible boxes are labeled: "Party Size", "Moxatation", and "Family Size Recipes". Each box features the Betty Crocker logo and some descriptive text about the product.

- Individual names
- Blanket family names
- Separate family names
- Corporate name-individual name combo

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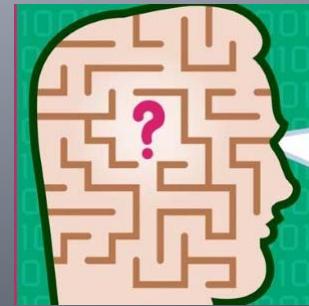
## Brand Roles in a Brand Portfolio

Flankers	Cash Cows
Low-end Entry-level	High-end Prestige

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# Consumer behavior

Attitude, Memory, Learning, Biases, Personality



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## What Influences Consumer Behavior?



Cultural Factors

Social Factors

Personal Factors

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## What is Culture?

**Culture** is the fundamental determinant of a person's **wants** and **behaviors** acquired through **socialization processes** with family and other key institutions.

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## Subcultures

Nationalities

Religions

Racial groups

Geographic regions

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**David's Bridal Targets the Latino Sub-Culture with its Collection of Quinceañera Dresses**

**DAVID'S BRIDAL**

Bridal Gowns | Bridal Party | Special Occasions | Prom | Accessories | Tuxedos | Dress Your Wedding | Invitations | Ceremony & Reception | Gifts & Favors | SALE

REQUEST AN APPOINTMENT 877-923-BRIDE  
[My Favorites](#) | [Shopping Bag](#) | [My Account](#) | [Help](#)

Find a Store:  Zipcode

REGISTER WITH US  
 REQUEST APPOINTMENT  
 STYLE & FASHION GUIDE  
 REAL BRIDES  
 WEDDING PLANNING  
 SPECIAL OFFERS  
 ONLINE CATALOGS  
 VIDEO GALLERY

Quinceañera Dresses

David's Bridal can provide you with an extraordinary Quinceañera dress or Quinceañera gown to fit the occasion. Perfect for the Quinceañera spiritual ceremony at the church, visiting with relatives and then dancing throughout the night, our Quinceañera dresses and Quinceañera gowns are exactly what you're looking for on this festive occasion. Quinceañera dress sizes are 2-18 and 14W-26W.

- **Styles:** Strapless, spaghetti-strap, halter, tank, V-neck, bodice, corset, ball gown and more
- **Fabrics:** Tulle, satin, lace, organza and more
- **Accessories:** Beautiful headpieces, shoes, and jewelry

[Click here to shop our complete collection of Quinceañera dresses.](#)



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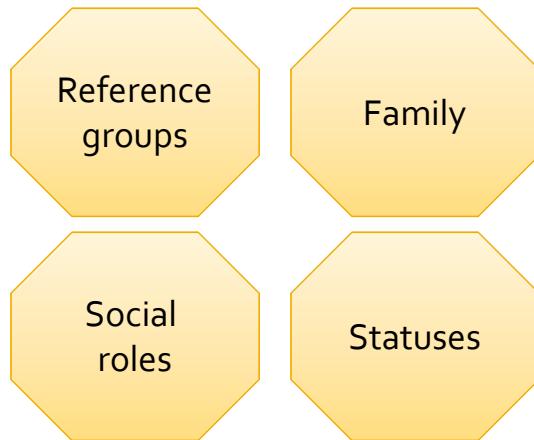
**Characteristics of Social Classes**

- Within a class, people tend to **behave alike**
- Social class conveys **perceptions of inferior or superior position**
- Class may be indicated by a **cluster of variables** (1. occupation, 2.income, 3.wealth)
- Class designation is **mobile** over time

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## Social Factors



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## Reference Groups

Membership groups

Primary groups

Secondary groups

Aspirational groups

Dissociative groups

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## Family Distinctions Affecting Buying Decisions

- Family of Orientation
- Family of Procreation



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## Roles and Status

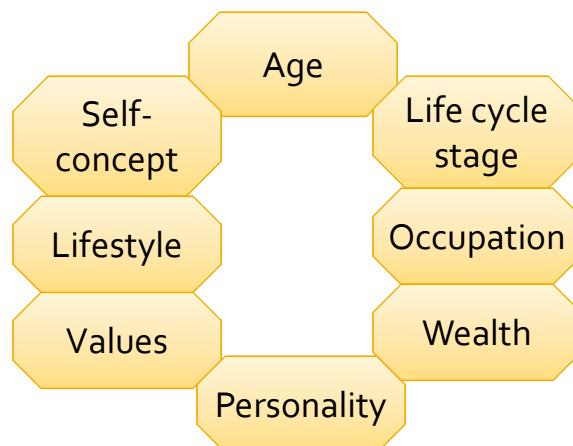
What degree of status is associated with **various occupational roles**?



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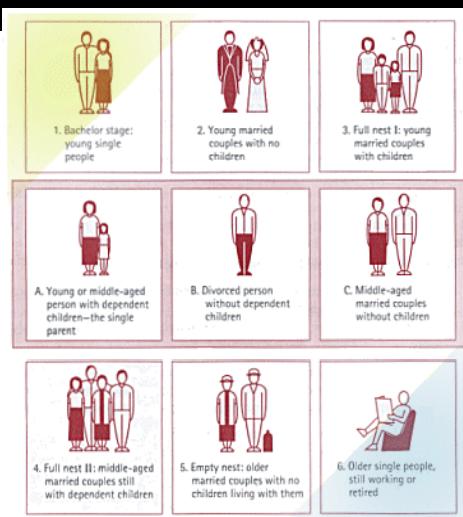
## Personal Factors



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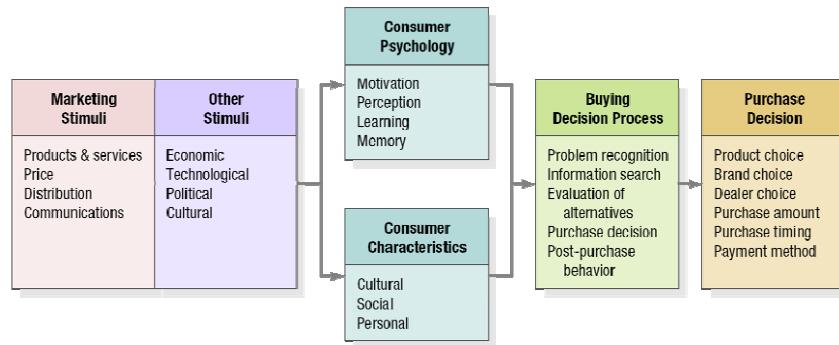
## The Family Life Cycle



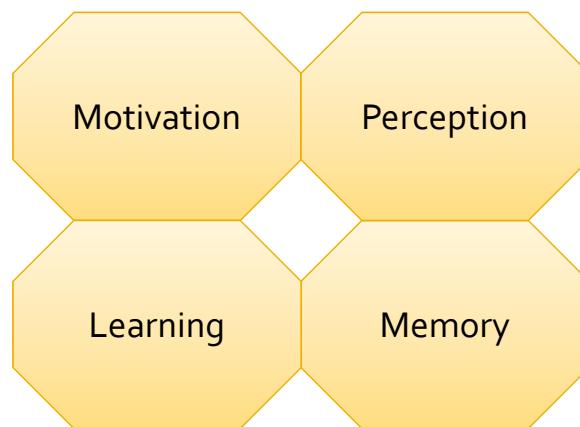
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**Figure 6.1**  
**Model of Consumer Behavior**

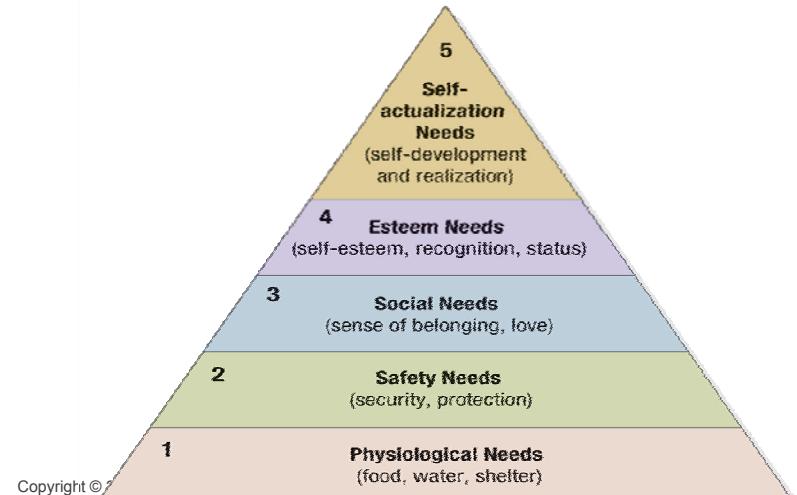


## Key Psychological Processes



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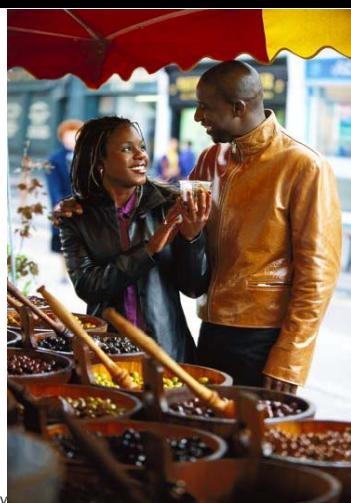
## Maslow's Hierarchy of Needs



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## Perception



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Selective Attention

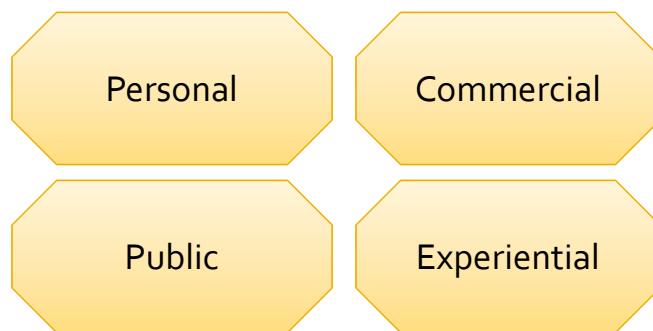
Selective Retention

Selective Distortion

### Figure 6.4 Consumer Buying Process

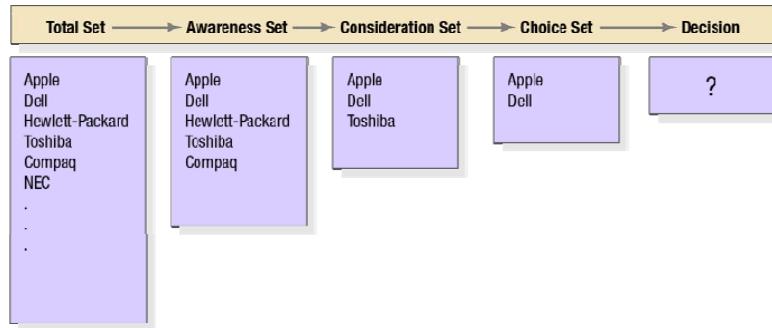


### Sources of Information



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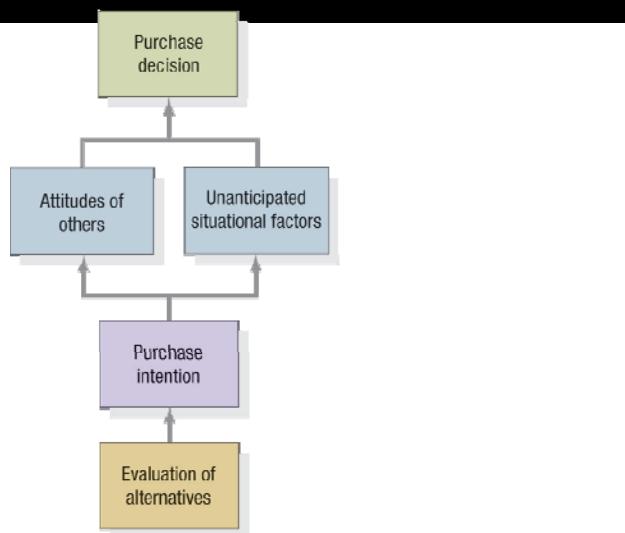
## Figure 6.5 Successive Sets Involved in Consumer Decision Making



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## Figure 6.6 Stages between Evaluation of Alternatives and Purchase



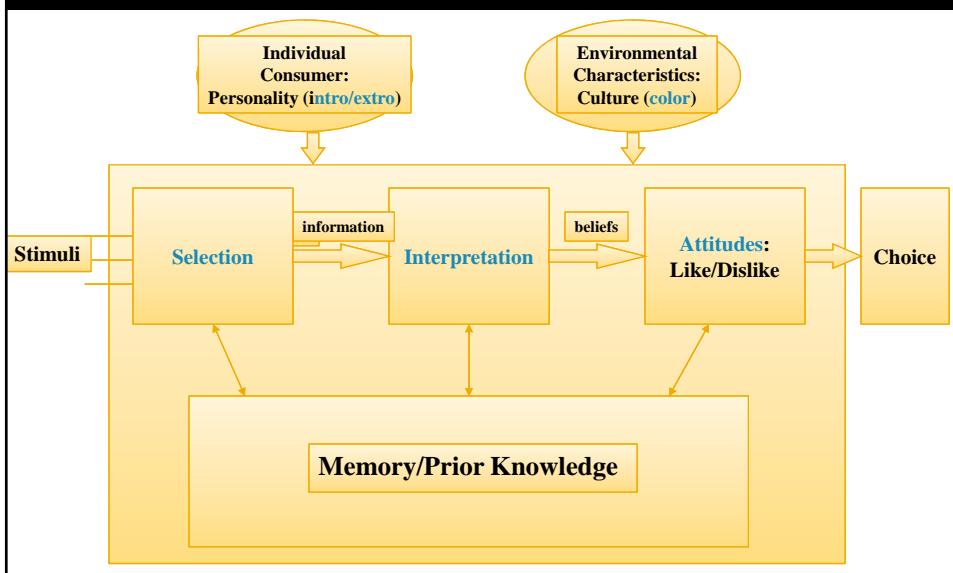
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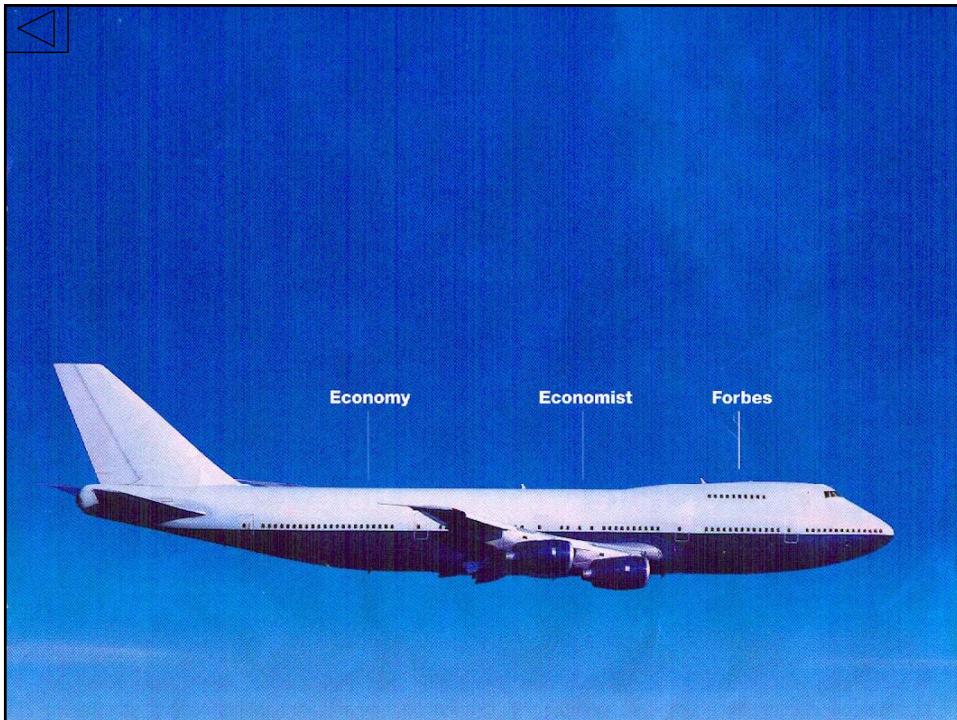
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# Consumer behavior

Information processing and different effect of marketing on decision

## Information Processing Model of CB





## Information Processing at Work...

- **Select** certain **stimuli** which *stand out* in the ad
  - Plane
  - Brand names: Forbes, Economist
- **Interpret:** advertiser is trying to **compare** the brands
  - (you know Economy class is cheaper; Business is more expensive; First class is most expensive – **MEMORY**)
- **Belief:** Forbes is for the most **up-market** passengers
- **Attitude:** Favorable attitude towards Forbes
  - May buy the magazine (Choice...)
- **Individual differences:** Expensive = good?
- **Environment:** comparative ad: good?

## First Stage: Selection/Elimination

- There are **millions of stimuli** surrounding us
- So we have to **select some** stimuli and eliminate others
- Selection = Ways of **Eliminating** stimuli (and therefore selecting just a few)
- So **Selection = Elimination**

## 2 Mechanisms for Selection/Elimination...

- First, selective exposure
  - **Deliberately** avoiding exposure to certain stimuli
  - Like advertising!... Annoying, intrusive
  - “Zapping” ads
- How can advertisers get around this problem?

## How do advertisers get around this?

- Ad repetition
- Spread ads in **different channels**
- **Important** material in the **beginning**
- First or last ad **within segment**
- Another technique: **product placement**
  - James Bond: Golden Eye (1995)
  - What car did **Bond** drive?
    - Trivia: what was his old car??
  - Shown for only 90 sec: sales booked for 1 year in advance after movie release (free placement!)
  - Other products also featured...

## The second selection mechanism...

- **Selective exposure** is one mechanism for selection
- There is another, critical selection mechanism...
- An example...

## Example....

- Imagine that we're standing in a **crowded room** while friends and acquaintances are socializing all around us. The sounds of conversations, laughter, glasses clinking, and music are loud and confusing. We are attempting to carry on a reasonable conversation in our little circle but are having **trouble hearing the others speak**. All of a **sudden**, from across the room, we hear our **name mentioned**. Immediately, we now find it easier to screen out other stimuli, pick out the discussion of interest.
- Why does this happen?
  - Note: exposed to all stimuli, but...?

## The Second Selection Mechanism...

- **ATTENTION**
  - Even if we are exposed to a stimulus, it won't have any effect (won't be processed further) **unless we pay some attention to it**
- Note: **Attention is selective...**
  - We attend to stimuli that we find **interesting/relevant (our own name)**
  - we **tune out** stimuli that we find **boring/irrelevant (other stuff)**

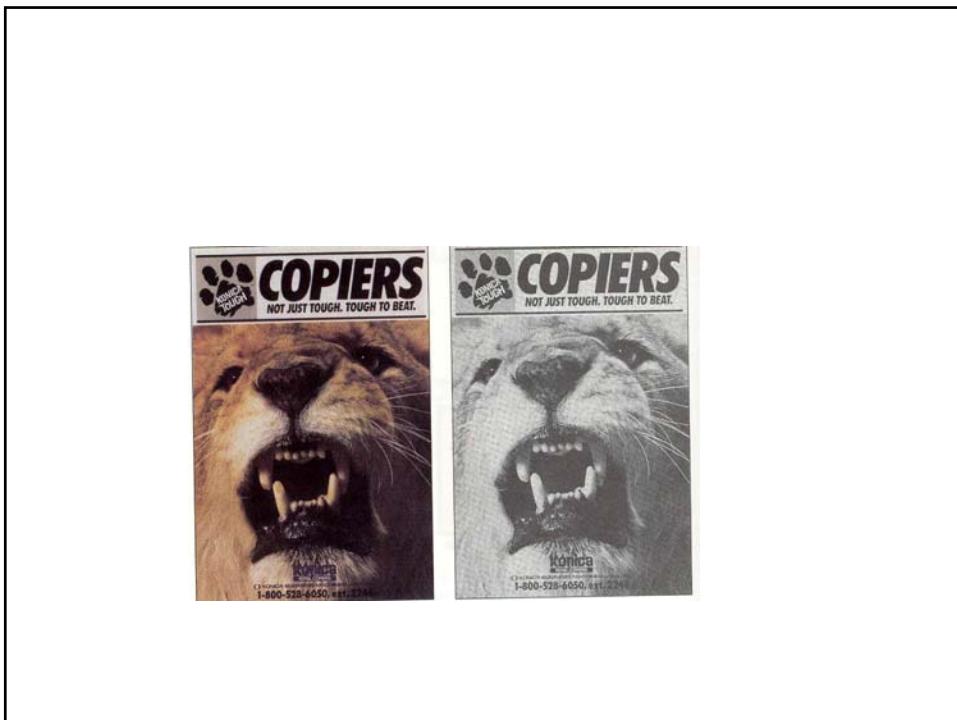
Like with selective exposure: consumers screen out!

Advertisers want to make them "screen in"

**So Advertisers have to come up with ways of  
getting consumers to pay attention...**

## **Involuntary attention-getting techniques...**

- Contrast....
    - Big difference between two adjacent stimuli
  - Novelty
  - Color
  - Size
  - Humor
  - \*\*\*
- Which techniques used in these ads...?

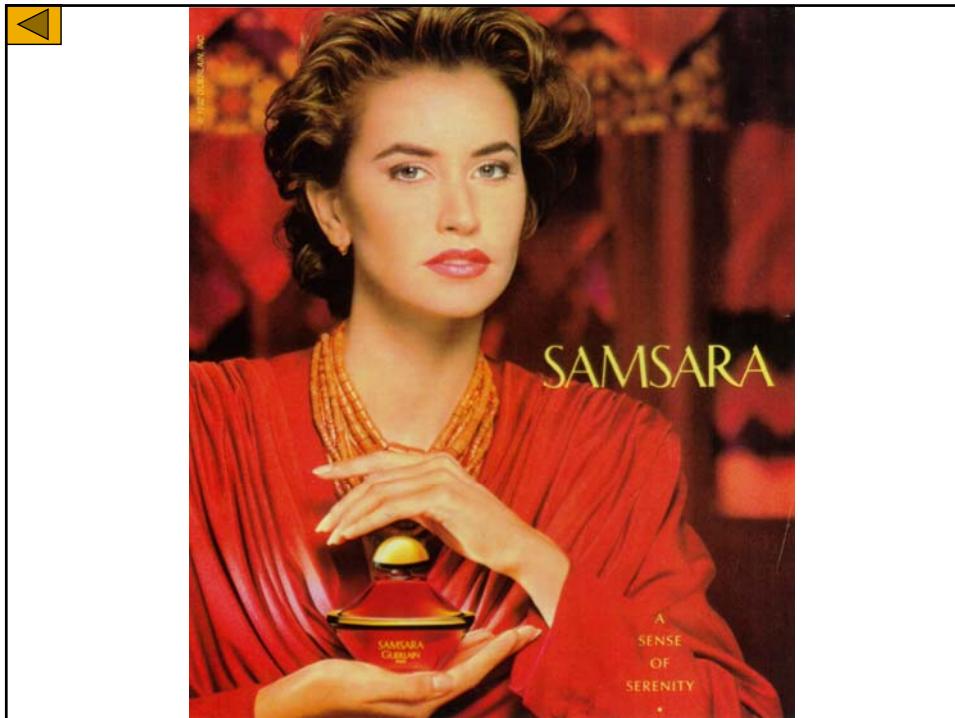


**S'Alternative.**

A large, ripe yellow lemon is shown next to a blue salt shaker. The lemon has a green "Sunkist" logo with a stylized leaf graphic. The background is dark, making the yellow of the lemon stand out. The salt shaker is positioned to the left of the lemon.

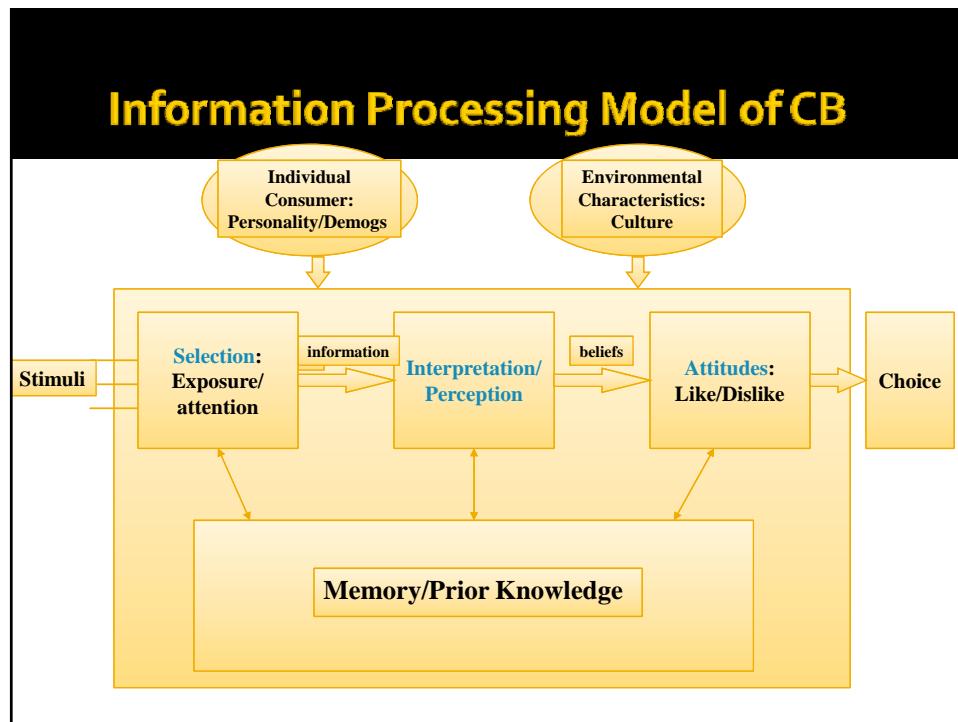
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Printed in the United States of America.

Courtesy of Sunkist Growers, Inc.



## To sum up...

- **First stage** of information processing = **selection/elimination** mechanisms
  - **Attention** is key mechanism
    - Marketing Stimuli are usually eliminated, so marketers have to sneak in past our attention blocks
- If stimuli does get selected, then next stage of information processing
  - **Drawing meaning out** of the selected sensations that pass through



## Interpretation (“Perception”)

- Interpretation = next stage
  - after selection
- Reaching **subjective conclusions** based on the information
  - i.e., forming **beliefs**
- The key process that we use for interpretation:
  - **Inferencing**

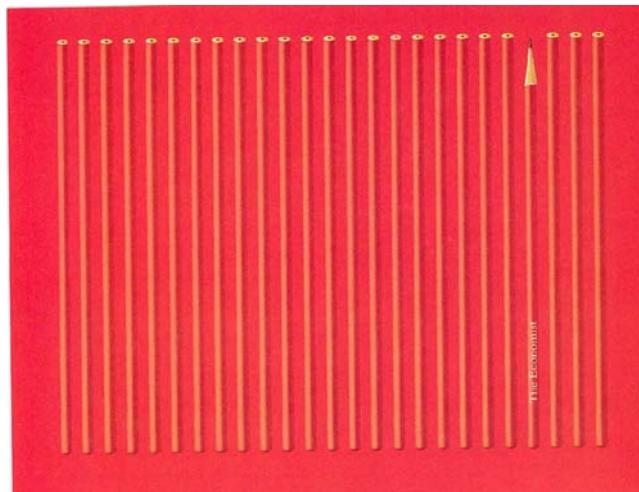
## Inference: Forming Beliefs Through Simple Association

- Some **concepts** are naturally **associated together** in consumer's minds
  - Example: high price = quality/status...
- Marketers create inferences about **brand image** by using these associations...
  - Color of product or package
    - Blue: ?? (detergent)
    - Green: ?? (toothpaste)
    - Article Reading: *Drink and Detergent (colorless vs. yellow)*
    - Other examples of brand inferences...

Compare with something that you are not (your opposite)....

## Another common way of creating brand inferences...

## Ad for Economist



## Summing up...

- Information Processing = Creating **subjective meaning** from random stimuli
- First 2 stages
  - Selection
    - Exposure, Attention
  - Perception
    - Inferencing
- A final important note regarding perception

## Flip side of Perception = Positioning

- “Positioning” simply means **creating** a **perception/belief** about the brand
  - E.g., Marlboro cowboy creates a certain perception
    - # 1 advertising icon of 20<sup>th</sup> century (Advertising Age)
  - Deliberately done as part of positioning strategy



## Positioning: Create a Perception

- Two aspects of successful positioning
  - The belief/perception you create must be about an **attribute** that matters
    - Coke and taste...
  - You should be perceived differently from competition!
    - Pepsi vs. Coke
    - Apple vs. IBM
    - Marlboro cigarettes... very masculine... so how should a new brand position itself?
    - Cars: again, helps to have a distinctive position...
      - Which brand has the "cute" car position?
      - Which brand has the "safe" car position?



**Volkswagain.**

Remember everything you heard about the new Volkswagen Beetle in the '30's!

This time it's even better. See for yourself at Southern States Volkswagen, 2421 Wake Forest Road. (919)628-0901.

Remember everything you heard about the new Volkswagen Beetle in the '60's!

This time it's even better. See for yourself at Southern States Volkswagen, 2421 Wake Forest Road. (919)628-0901.

Remember everything you heard about the new Volkswagen Beetle in the '70's!

This time it's even better. See for yourself at Southern States Volkswagen, 2421 Wake Forest Road. (919)628-0901.



## Classical Conditioning!!

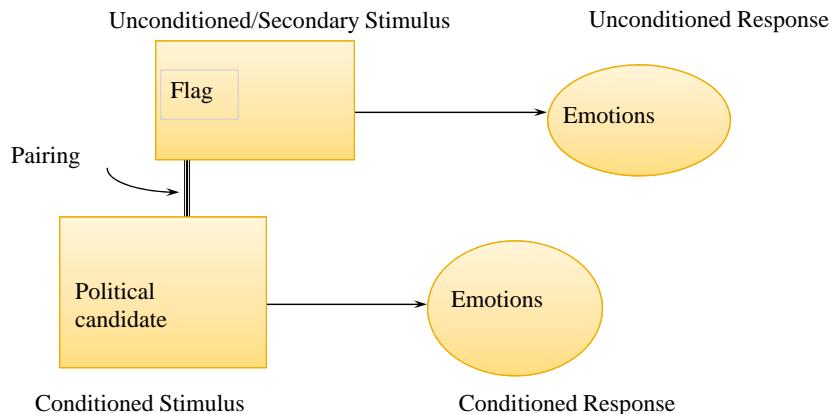
- An **unconscious like/dislike** of one object because of its *association* with another object.... (discovered by??)
- Does **not even require any thought...**
  - Students were not aware of the association
  - Other examples of conditioning in marketing?
    - Making people like a **brand** through **association**...
    - Sports events... (why do certain products sponsor?)
- So classical conditioning is a great technique to make people **like** your brand

## Classical Conditioning



- A **neutral stimulus**, such as a **brand name**, is paired with a **stimulus that elicits a response**.
- Through a repetition of the **pairing**, the neutral stimulus takes on the **ability to elicit the response**.

## Classical Conditioning Relations



## Requirements for Effective Conditioning

- The **neutral** stimulus should **precede in time** the appearance of the **unconditioned** stimulus.
- The product is **paired consistently** with the unconditioned stimulus.
- Both the conditioned stimulus and the unconditioned stimulus are **highly salient (relevant)** to the consumer.

## Applications of Classical Conditioning

- Applications: communications--advertising, public relations, personal selling.
- Goal: **identify** powerful positive stimulus and **associate** brand with it.
- Examples of powerful, emotion causing stimuli:
  - beautiful, \*\*\*\* people
  - patriotic themes, religious symbols
  - Music, beautiful scenes
  - Also, negative stimuli can be associated with competitors.
  - Credit card insignia may elicit spending responses

## Operant Conditioning . . .

. . . is the process in which the **frequency of occurrence** of a bit of behavior is modified by the **consequences** of the behavior.

- If **positively reinforced**, the **likelihood** of the behavior being repeated **increases**.
- If **punished**, the **likelihood** of the behavior being repeated **decreases**.

## Reinforcement & Influencing Behavior

- A **reinforcer** is anything that **occurs after a behavior** and **changes** the likelihood that it will be emitted again.
  - Positive reinforcers are **positive rewards** that follow immediately after a behavior occurs.
  - Negative reinforcers are the **removal of an aversive stimulus**.

## Shaping Consumer Responses . . .

. . . is creating totally new **operant behaviors** by selectively reinforcing behaviors that successively approximate the desired instrumental response.



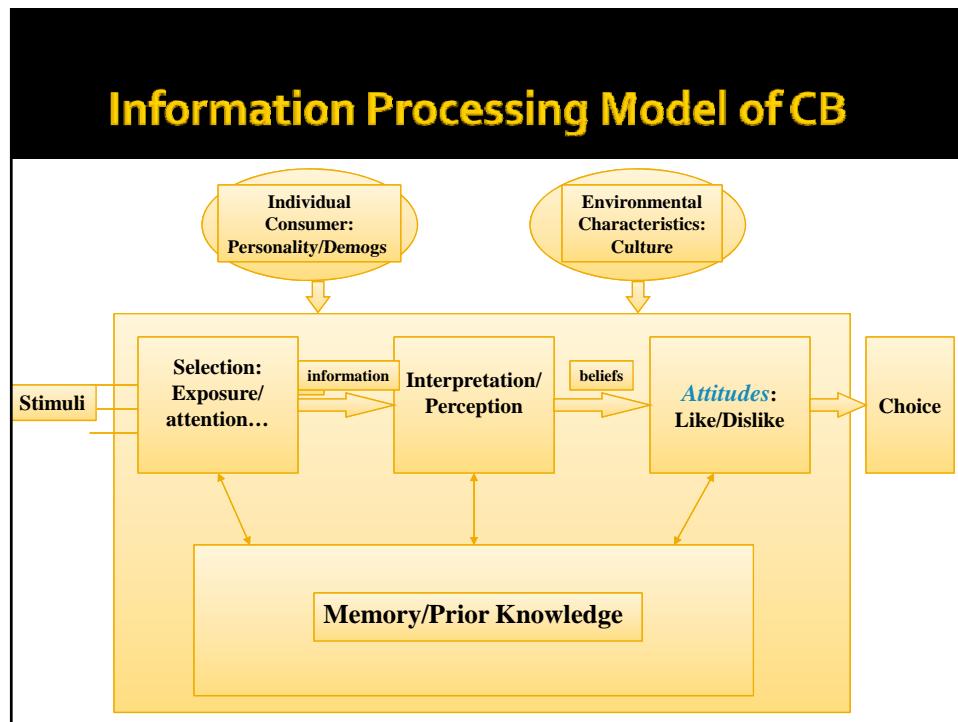
## Vicarious Learning . . .



. . . is the phenomenon where people **observe the actions of others** to develop "patterns of behavior."

## Three important ideas:

- People are viewed as **symbolic beings** who foresee the **probable consequences** of their behavior.
- People **learn by watching** the actions of others and the consequences of these actions (i.e. vicarious learning).
- People have the **ability to regulate their own behavior.**



## Attitudes

- Making people **like your brand** (advertising focus)
  - Classical conditioning is just one method
  - We will discuss several others
  - When to use which technique?

## Role of involvement/interest

- When students told ahead of time about pen choice  
– they are more interested/involved with the decision
  - So more likely to actually focus on the product's attributes
- If not told ahead of time, they are not so involved,  
so don't think too much
  - More likely to be influenced by "pleasant music" association

## This is true in general...

- High involvement (looking at a car ad when you are in the market): more thought
  - consumers **evaluate** ad and product **carefully**
  - what the ad says about the **product's attributes**
  - non-product material such as music/endorser (**peripheral cues**) less important
- Low involvement (just looking at a random car ad): less thought
  - consumers do not evaluate ad carefully
  - what the ad says about attributes not so important
  - peripheral cues (e.g., **music/endorser**) quite important
- So **persuasion tactics** have to be **different** for low vs. high involvement situations...advertisements use both types...

## Two ads for Citizen watches...



- automatic depth sensor.
- Diving water alarm.
- Depth alarm.
- 200 hours marine record.
- Calculates oxygen left in body
- alarm setting included
- time all over the world
- 200m diving water resistant



I get my color. XC

### The Role of Endorsers in Advertising

A Wheaties cereal advertisement featuring Tiger Woods. The central image shows Tiger Woods in his golf swing, with a crowd of spectators in the background. The Wheaties box is prominently displayed in the foreground. The text on the box reads "You are what you eat." and "100% whole grain Wheaties". Below the box, the text says "Tiger Woods, loyal eater of 100% whole grain Wheaties! The Breakfast of Champions". The advertisement is framed by a decorative border of glowing, colorful streaks resembling fireworks or light trails.

Tiger Woods proved an old saying true.

You are what you eat.

100% whole grain Wheaties

WHEATIES

Tiger Woods, loyal eater of 100% whole grain Wheaties!

The Breakfast of Champions

zoom

### Celebrity Endorsers

**So... in general, persuasion tactics have to  
be different under low vs. high  
involvement...**

But something important to keep in mind...

### **An important note: what leads to high or low involvement?**

- Which is more involving: car or toothpaste??
- Just the product?
- Anything else?

## An important note: what leads to high or low involvement?

- Just the product?
- Anything else?
  - Consumer's own interests
  - Situation (clothes: interview)
  - Medium in which you see the ad (print vs. tv)
  - Etc.

## We already know some low involvement persuasion techniques...

- Music
- Sponsorships (e.g., Rugby Sevens)
- Attractive/Famous endorsers...
- Other low involvement techniques...

## Low Involvement Persuasion techniques.... Mere Exposure

- Mere-exposure effect:
  - We tend to like things we see often (familiarity)
- Any examples from real life?
- Marketing Implication: if the brand manager knows that **mere familiarity** can increase liking of the brand, what should he or she do??

## Low Involvement Persuasion techniques.... Mere Exposure

- Marketing Implication: if the brand manager knows that mere familiarity can increase liking of the brand, what should he or she do??
  - Repetition
  - POP displays
  - Me-too brands (McDonald's??)

## Low Involvement Persuasion techniques... Arguments

- Copier experiment:
- Person A already using the copier
- Person B requests use of the copier to make a small number of copies. Request phrased as follows:
  - "Can I use the copier"? (10%)
  - "Can I use the copier? I'm in a rush" (60%)
  - "*Can I use the copier? I need to make copies*" ??

**Why?**

## Will this always work?

- What about if Person B uses the same argument while requesting permission to make a LARGE number of copies?
- Request phrased as follows:
  - "Can I use the copier"? (10%)
  - "*Can I use the copier? I need to make copies*" ??

"Small number of copies" = generally less waiting time = less important (involving)

"Large number of copies" = more involving request

## Again: role of involvement

## **Low Involvement Persuasion techniques.... Arguments**

- Under low involvement (remember: Person B only needed small number of copies), **people do not really pay much attention** to the arguments being used
  - So all you need to do is **back up your position** with **ANY argument**...(even if not too logical)
  - This suggests: More arguments = better!
  - Thicker report = better report!
  - Advertising implication???

# 109 reasons to choose a Dodge Caravan, Canada's best-selling minivan.

1. When you drive, who controls the choices? The Dodge Caravan. With an innovative interior, roomy exterior and reliable performance, the Dodge Caravan is Canada's best-selling minivan.

2. You can handle all the room you need. The Dodge Caravan has more interior room than any other minivan. It's got a lot of room, but at the same time it's very efficient and easy to maneuver. And with its sliding side doors, getting in and out is a snap.

3. Room to breathe. Of course.

4. Room to hold everything you have. There's a lot of room in the Dodge Caravan.

5. Use the space that suits together for you. Take a look at the Dodge Caravan's interior.

6. Room to chill. Who needs a sofa? The other just sits there.

7. Room to move your quiet down time.

8. Room to store your little things what you could fit in a shoebox. Or a lot of things what you could fit in a shoebox.

9. Room to sit back and relax. We know it's not always easy to sit back and relax, but that's what the Dodge Caravan is all about.

10. Room to change the way you live.

11. Room to go.

12. Reliability. High safety. 2.5 litre V-6 engine. 4WD option for off-road adventures. And the Dodge Caravan has been named the #1 minivan by U.S. News & World Report.

13. Room to compete. Dodge.

14. Room to compare. "Best Buy" money magazine.

15. Room to compare. "Best Buy" award.

16. Room to compare. "Best Buy" award.

17. Room to sit up. The general idea is that you're going to sit up in the Dodge Caravan. And we think that's a good idea.

18. Room to take the parking spaces in front of it. Sure. Why not. It's a Dodge.

19. Room to entertain. Reliable minivan driving is our specialty.

20. Room to store three square meals.

21. Room to have fun.

22. Room to fit 7 adults. Try it. It's an easy way to do it.

23. Room to park. Park outside, or park inside. It's a Dodge.

24. Room to run on gasoline.

25. Room to stop. On the highway and on streets. The Dodge Caravan has a smooth ride and a quiet interior. And it's built to last. And it's built with all other stuff.

26. Room to entertain drivers.

27. Room to go. And go. And go. And go. And go. And go.

28. Room to have more. A longer range.

29. Room to go. And go. And go. And go. And go. And go.

30. Room to give. And give. And give. And give. And give.

31. Room to go. And go. And go. And go. And go.

32. Room to have a lot of fun.

33. Room to have a lot of fun.

34. Room to have a lot of fun.

35. Room to have a lot of fun.

36. Room to have a lot of fun.

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48. Room to have a lot of fun.

49. Room to have a lot of fun.

50. Room to have a lot of fun.

51. Room to have a lot of fun.

52. Room to have a lot of fun.

53. Room to have a lot of fun.

54. Room to have a lot of fun.

55. Interior features include the industry's new leather or cloth interior choice.

56. Simple to park. Just like a car.

57. Simple to park doors. Before heading out?

58. Simple to park doors. Once parked, the door handles are designed to fit over any car door handle.

59. Simple to store. More room in the rear seat to store your gear.

60. Simple to load. Load up.

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108. Simple to load. Load up.

109. Simple to load. Load up.

The Dodge Caravan is a spacious and comfortable vehicle. It's designed to accommodate the needs of families and individuals alike. With its large interior, sliding side doors, and reliable performance, the Dodge Caravan is Canada's best-selling minivan. It's a vehicle that's easy to drive, easy to park, and easy to enjoy.

**43 Reasons Why  
THE PREVIA IS THE ONLY VAN TO MEET  
ALL FEDERAL CAR SAFETY STANDARDS.\***

**THE BEST  
REASONS WHY YOU SHOULD  
BE DRIVING ONE.**

The 1992 Toyota Previa is the only van to meet all federal car safety standards set forth by the federal government. And not because we have to. But because we want to. You see, when it comes to your family's safety, it's not just the government's standards we're interested in.

\*See "43 Reasons Why The Previa Is The Only Van To Meet All Federal Car Safety Standards," page 2.

None of passenger air bags have been crash tested. \*Model year 1992. ©1992 Toyota Motor Sales, U.S.A., Inc.

What matters is just consumers' perception of  
"number of arguments..." (i.e., argument **QUANTITY**)

**Note: argument **QUALITY** does not  
matter (or matters less) under low  
involvement!!**

## Another Low involvement technique...

### Low Involvement Persuasion techniques... Likable ads

- Likable Advertising:
  - Create a positive feeling for the Ad (Aad)
    - even **without** saying much about the brand's actual attributes
  - Hope that this Aad transfers to positive attitude towards the brand (Abrand)
    - **Funny** ads
    - **Warm, Likable** ads

## Low Involvement Persuasion techniques

- Music
- Sponsorships
- Famous/Attractive Endorser
- Advertising repetition (mere-exposure effect)
- Many Arguments
- Likable advertising
  
- 2 General points about these tactics
  - Do not need consumers to make much effort...
  - Don't have to talk about product features

**Very different if consumers are highly involved...!**

## High Involvement Persuasion Techniques

- Theory says: For high involvement, people really want to make the right judgment (e.g., "is this brand really good or not?)
- Brand attitude will be based on how consumers evaluate the actual merits of the brand...
  - (not irrelevant stuff like Aad, or music...)
- **So High Involvement Technique # 1:**

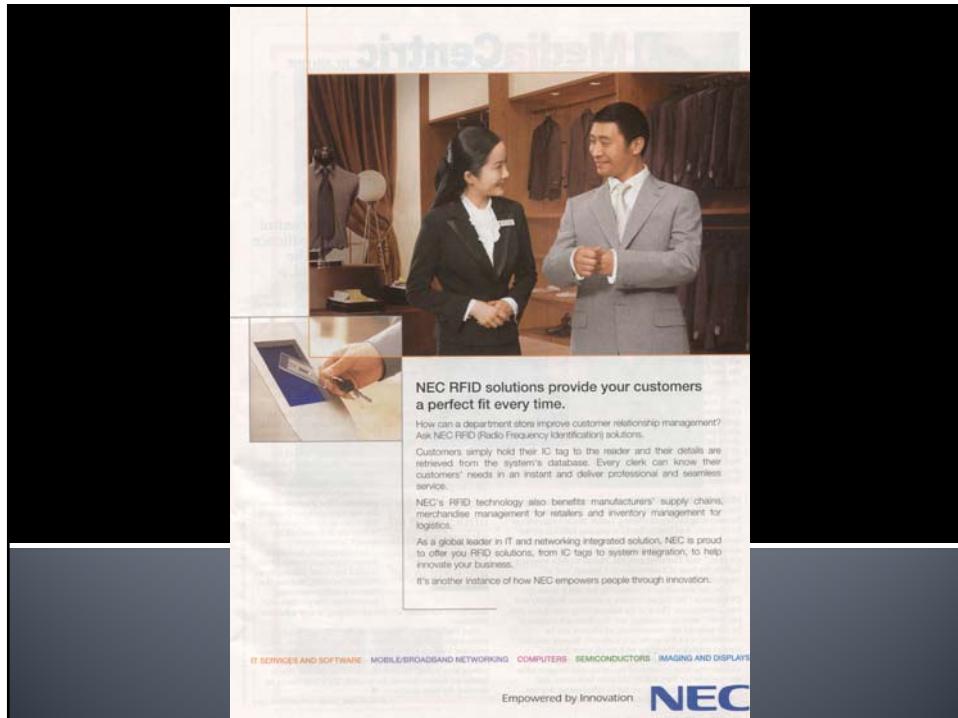
## High Involvement Persuasion Techniques

- **High Involvement Technique # 1:**
- Use Strong, Convincing Arguments in the Ad
  - Like "watch ad" earlier...



- automatic depth sensor.
- Diving water alarm.
- Depth alarm.
- 200 hours marine record.
- Calculates oxygen left in body
- alarm setting included
- time all over the world
- 200m diving water resistant

**B2B advertising..... Usually low or high involvement?**



## Note difference with low involvement

- For low involvement persuasion also, we said that showing people an ad with a lot of features can convince them...
- So what's the difference in the way that arguments/features influence low vs. high involvement persuasion?

## Difference with low involvement

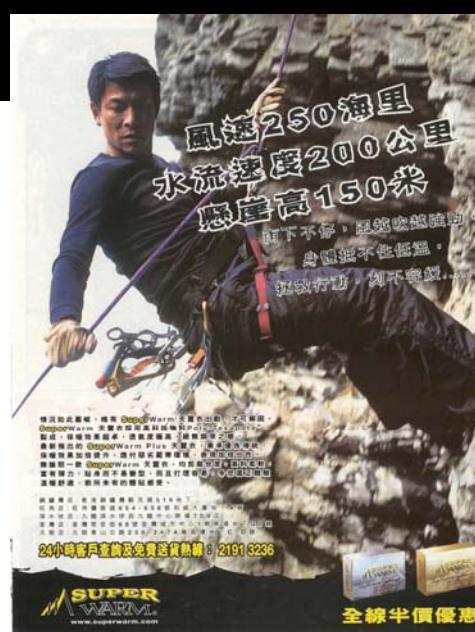
- For low involvement persuasion: argument **QUANTITY** matters, not argument **QUALITY**
  - so even if consumers don't read the arguments/features carefully, they can develop a positive attitude
  - In other words, you can get away with advertising unimportant attributes
- For high involvement persuasion: argument **QUALITY** matters more
- So consumers will read the arguments/features carefully
  - In other words, you can't get away with advertising unimportant attributes

## High Involvement Persuasion Technique 2

- Actually demonstrate your product's important features
  - How did Pepsi use the demonstration technique...?
  - Car Safety demonstrations
    - Chrysler was the first to test out air bags with actual human drivers instead of mechanical dummies.

## High Involvement Persuasion Technique 3

- Role of Endorsers in High involvement persuasion...
- For low involvement
  - Attractive/likable endorser = good brand attitude



### High Involvement Persuasion Technique 3

- What kind of endorser is suited for high involvement situations?
  - Is attractiveness/likability sufficient?
  - Would the previous ad work if consumers were highly involved?
- So what sort of endorser do you need for high involvement?

**Assuming high involvement, which of the following endorsers are more likely to be effective?**

**Anna  
Kournikova's Choice**

Tennis star Anna Kournikova chooses the Constellation "Quadrax" in steel.

**OMEGA** LENKERSDORFER

**"Designing a revolutionary concept in software  
demanded a computer with extraordinary performance.  
The Tandy 2000 delivered."**

—Bill Gates  
Chairman of the Board,  
Microsoft

Bill Gates has been at the leading edge of personal computing from the very beginning. His company is a leader in developing individual programs into a powerful, integrated system.

"Our newest software product, MS-Windows, is an integrated windowing environment. It will let personal computer users convert individual programs into a powerful, integrated system.

"When we set out to design MS-Windows in color, we knew that the Tandy 2000 would have to be the best computer ever made to turn an extraordinary product into a work of art. The graphics are sharp and crisp, and gave us a degree of creativity like nothing before.

"We were quite impressed with the processing speed of the Tandy 2000's 80186 microprocessor too. And while the fastest personal computer utilizing the 80386 chip today, the well-laid out keyboard has helped us speed through the design stage.

"We're proud of our work. So when we want to show someone how great MS-Windows really is, we give them a demonstration. On the Tandy 2000."

Isn't it time you enjoyed peak performance from a

personal computer? Go ahead, watch how much faster today's most sophisticated programs run on the high-technology Tandy 2000.

You can choose from the hottest programs around, too, with our exclusive Express Order Software service.

Tandy 2000 systems start at \$2995 and can be leased for only \$105 per month.\* Come in today and see what you've been missing.

Our new 1988 computer catalog is yours for the asking at any Radio Shack Computer Center or participating Radio Shack store or dealer. Check out our complete line of computers, from pocket models to laptop portables, from powerful desktop computers to multi-user office systems. We have it all. That's why we invite comparison!

Radio Shack Computer Centers are independently owned and operated. Radio Shack is a registered trademark of Tandy Corporation.

**RadioShack**  
COMPUTER CENTERS  
A DIVISION OF TANDY CORPORATION

\*Please inquire for details. © 1988 RadioShack Computer Centers, Inc. RadioShack is a registered trademark of Tandy Corporation.

[adflip.com](http://www.adflip.com)

**Now you can surf the World Wide Web from your living room!**

**Internet Television Direct.**

This online system works with your television set using I<sup>TV</sup> technology to bring the Internet to your living room.

**"This is the most sophisticated Internet technology currently available!"**  
—Arnold Schwarzenegger

✓ Toll-free 1-800 phone number for technical support.  
✓ Comes with a 3-year warranty.



**THE ONLY TOOTHPASTE ACCEPTED BY THE A.D.A. FOR PROTECTION AGAINST PLAQUE, CAVITIES AND GINGIVITIS.**

Who knows better than the American Dental Association? And for the first time in its history, the A.D.A. granted the Seal of Acceptance to a toothpaste that provides long-lasting protection against cavities, plaque and even gingivitis. The recipient of this honor? New Colgate Total, the first toothpaste that works *between brushings* to fight cavities, tartar, bad breath, plaque and gingivitis all day long. Which is why we think millions of people who care about their teeth will be giving it their seal of acceptance, too.



**THE BRUSHING THAT WORKS BETWEEN BRUSHINGS.™**

Role of Endorser: Has to be Credible!!

Consumers must believe this person...

Not so necessary under low involvement (likability/attractiveness is enough)

### **High Involvement Persuasion Techniques**

### **One more High Involvement Persuasion Technique...**

- Fear Appeal

## Fear Appeal...

- Scare the consumer!
  - What happens if I don't use this product?
  - Or what happens if I engage in an unsafe behavior? (like smoking)
- Examples...



## Fear Appeals....

- Can be very persuasive (Fear is a strong argument)
  - So it's effective under high involvement
- How scared should you make people?
  - Diagram: Fear and Effectiveness....
  - So: Is more fear more persuasive?
    - E.g., insurance ad...

More Fear??

**A flood isn't the worst thing that can happen to you.**



**Not being insured for one is.**

A flood comes with frightening speed. It can sweep a home away, even if you and your family have never had flooding before. But after the water goes, the flood itself can continue, even if you're no longer at risk of flooding.

That's why you need flood insurance. NFIP flood insurance covers losses from flooding caused by a variety of sources, including rivers, streams, and lakes.

The truth is, 90% of all natural disasters in this country result in floods. Yet, an average flood cost to homeowners' insurance policies which cover flooding is \$1,000. That's less than half the average flood loss.

But NFIP flood insurance costs just \$100 a year for most homes. And the price goes down if you live in a low-risk area.

And 90% of flood insurance claims come from "low risk areas." It could happen to you.

**Give yourself peace of mind.**

Fortunately, now you can get flood insurance for your property with a flood insurance from the National Flood Insurance Program.

Remember the saying: "An ounce of prevention is worth a pound of cure." Call us today or visit our website to learn more about flood insurance coverage. You'll be glad you did.

1-888-CALL-FLOOD (326-3563)  
 Please note: We are a licensed agent. MDP  
 is not a lender. We do not provide  
 insurance coverage. We will  
 refer you to our licensed agents.  
 For more information, call 1-888-CALL-FLOOD.

Name:	Phone:

**NFIP**  
 National Flood Insurance Program  
 800-421-6282 • 800-421-6282 • <http://www.nfip.com> • 1-888-CALL-FLOOD

We can't replace your memories, but we can help you build new ones.

## High Involvement Persuasion Techniques Summary

- Strong arguments in ad
- Demonstration technique
  - E.g., taste test
- Credible endorser
- Fear appeals

## Big take-away

- Advertising strategies need to be different for **low** vs. **high** involvement situations...
- **High** involvement = offer meaningful arguments as to why your brand is better
- **Low** involvement = consumer will not process much; so use the “peripheral” route...
  - Instead of making complex arguments about your brand
  - Make your advertising likable in some way

## Next set of topics... assigning some numbers to attitudes!

Attitude prediction, measurement, and attitude change

All three are important

### Example: if you are Reebok

- You want to know **whether** consumers **like** you
  - Attitude prediction
- You want to know HOW MUCH they like you: more or less than Nike
  - Attitude Measurement
- And if they like you less than Nike, you want to make them like you more
  - Attitude Change

## So: Multi-Attribute Models of Attitudes

Attitude score depends on: your belief that brand possesses likable attributes...

So two things are relevant: likability ratings of various attributes, and your beliefs that the brand has these attributes

- Please state your opinion on the following scales:

- For athletic shoes, high price is:

Undesirable -3 -2 -1 0 1 2 3 Desirable

- I think that Brand A shoe is high in price

Unlikely -3 -2 -1 0 1 2 3 Likely

(Category/brand difference...)

Contribution of price to total attitude score = ??

$$\text{MODEL: } A_o = \sum b_i e_i ; i = 1 \text{ to } n$$

- $A_o$  = Attitude towards the object o (overall evaluation)
- $b_i$  = extent of belief that o possesses attribute i
- $e_i$  = evaluation of attribute i
- n = number of attributes
  
- For the athletic shoe example...

- 5 attributes (through depth interview):
  - “shock-absorbence”;
  - “Durability”;
  - “Styling”;
  - “Price”;
  - “number of sizes available”
  
- 2 brands: B and A (B is “your brand”)

- Please state your opinion on the following scales:

- For athletic shoes:

high price is:

Undesirable -3 -2 -1 0 1 2 3 Desirable

high durability is:

Undesirable -3 -2 -1 0 1 2 3 Desirable

... how many ei questions?

Please tell us what you think about brand A on these features:

Brand A shoes is high in price

Unlikely -3 -2 -1 0 1 2 3 Likely

Brand A shoes is high in durability

Unlikely -3 -2 -1 0 1 2 3 Likely

- Do the same for brand B (if comparing brands)

Please tell us what you think about brand B on these features:

Brand B shoes is high in price

Unlikely -3 -2 -1 0 1 2 3 Likely

Brand B shoes is high in durability

Unlikely -3 -2 -1 0 1 2 3 Likely

### Attitude Measurement: Brand A

Salient Beliefs	Belief Strength (bi)	Eval Score (ei)	biei
High Shock-Absorbence	+3	+2	+6
High Durability	+3	+2	+6
Fashionable Styling	+1	+3	+3
High Price	+3	-2	-6
Large Number of Sizes	+2	-1	-2

Overall attitude = +7

### Attitude Measurement: Brand B

Salient Beliefs	Belief Strength (bi)	Eval Score (ei)	biei
High Shock-Absorbence	+2	+2	+4
High Durability	+3	+2	+6
Fashionable Styling	-1	+3	-3
High Price	2	-2	-4
Large Number of Sizes	-2	-1	+2

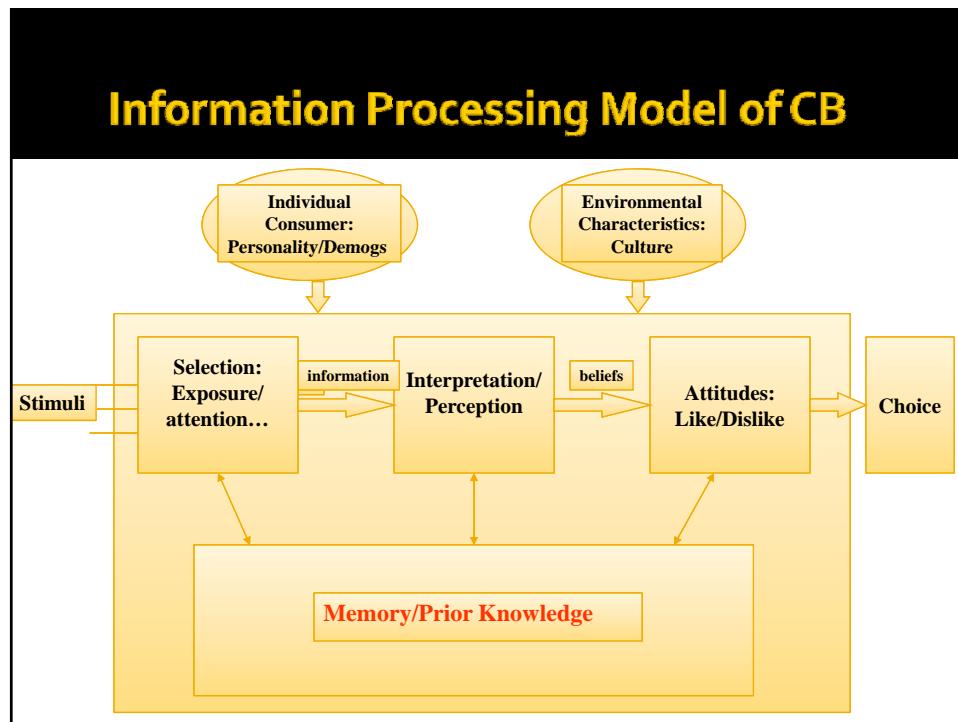
Overall attitude = +5

## How we can change attitude?

### Attitude Change Using Fishbein's Multi-attribute Model

MODEL:  $A_o = \sum b_i e_i ; i = 1 \text{ to } n$

- So change Attitudes by:
  - Changing belief about an attribute...
  - Or change "desirability" of an attribute
  - Or introduce an attribute that consumers had not earlier considered...



## Memory is a vital influence on consumer behavior

- When I buy toothpaste, I simply remember what I bought last time.
- I avoid eating at an Indian restaurant in Hong Kong because I got food poisoning there – and I have a vivid memory of that experience
- I accepted the invitation to teach in SZ this year because of very positive memories of last time

## Topics

- Types of memory: Short-term and Long-term
- Short-term Memory
  - How to increase capacity
- Long-term memory
  - How stored
  - How retrieved
  - **How to improve retrieval**
  - Measures of memory
- Threats to Retrieval
  - Forgetting/Extinction

## Types of Memory

- What are they?
- STM = Workshop: information is processed here
  - Contains incoming info, plus information from LTM
- LTM = Storage Space

## Short Term Memory (STM)

### ■ Properties of STM

- Duration in STM < 1 minute
  - STM info can just get ‘lost’, (happens most of the time)
  - Gets stored in LTM ONLY if you make the effort to process carefully
  - Example: hear a new phone number, will stay in STM for a little while, but will get lost unless you rehearse(=practice) carefully
- So: Duration is limited

## Short Term Memory (STM)

### ■ Properties of STM

- Capacity is also limited....Can’t keep too many units of information together in STM...
- For most people, capacity = approx 7 units at any one time
  - E.g., very hard to keep a 10-digit phone number in your short-term memory...

## How to increase STM capacity?

- “Chunking” done to increase capacity
  - chunking = combining units
  - By chunking units, you reduce the number of separate units you have to remember
- That’s one reason to use acronyms as your brand name
  - Instead of having to remember “Kentucky Fried Chicken (many syllables), just have to remember “KFC”

## Long Term Memory (LTM)

- (LTM = what we usually mean by “memory”)
- When you think carefully about new information, you store it in LTM
  - Otherwise, just gets lost from STM
- Properties of LTM
  - retains information more permanently
  - unlimited capacity...

## Long Term Memory (LTM)

- How is LTM Stored??
- LTM stored in Associative Network of nodes and links
- EXAMPLE:
  - *What do you think of when you hear “Juice?”*
    - Just go with random associations!! Whatever comes to mind first!
  - Diagram...

## Long Term Memory (LTM)

- LTM stored in Associative Network of nodes and links
  - nodes = concepts, words, images
  - link = association between 2 concepts (nodes)
  - Different people have different networks...
- Example also illustrates how we remember or “retrieve” information from memory
  - Spreading activation....

## Retrieval of information from LTM through “spreading activation...”

- Spreading Activation:
  - first, one node activated by external means (e.g., you hear someone say “juice”)
    - this is called the retrieval cue
  - then, other associated nodes also activated
- More on this retrieval process...

## Retrieval of information from LTM through “spreading activation...”

- Each node is connected to several other nodes... so which nodes will get recalled?
  - Whether a particular node gets activated (remembered) depends on the strength of the link between the retrieval cue and that node
  - Not all links are equally strong!
- E.g., if I say “car”, then what brands do you think of?
  - DIAGRAM – illustrates idea of differential link strength....
  - PHOTOCOPIER????
  - And for one car brand, what features (positive as well as negative)?
- Retrieval very important issue for marketers... what we remember influences what we buy.... SO....

## Challenge for marketers

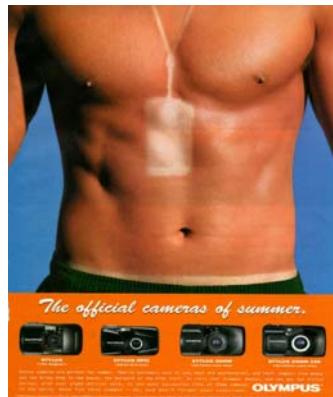
- Make consumers remember!
  - Brand name (product category-- brand name)
  - Positive brand features (brand name --- positive features)
- Specially important in advertising context!!!
  - **Big delay between ad exposure and purchase**

Some techniques based on memory theory...

## So how to improve memory (retrieval) of advertising?

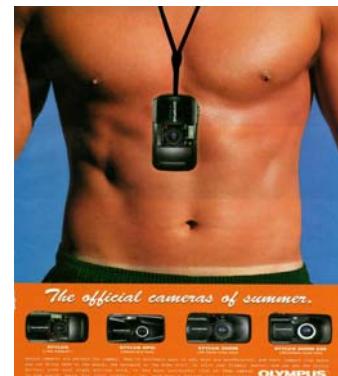
## Improving Memory...1

- Self-Generation: When you can make people generate something on their own, that node gets much more activation
  - compared to just viewing that information, or having it read to you
  - Kind of like math problem solution...
- More activation = better recall
- So: incomplete ads may be better sometime



Follow-up study: what result?

Category and brand recall?



Follow-up study: what result?

Category: 90% vs  
60%

Brand: ~ 25% each

*Why no  
improvement in  
brand name recall?*

## Why was there only a product category recall improvement?

- Memory improvement depends on what you “generate”.
- In this case, only generated a camera – nothing to do with the brand.
  - Is it ok to improve memory for just the product category, not your brand??
- Most “incomplete” ads try to achieve improvement in....??



## So Memory technique 1

Encourage consumers to generate the brand name themselves...

## Improving Memory...2

- If you can get people to look at your ad more thoughtfully and carefully, stronger memory links are formed...
  - So: increase attention...
  - Make the ad creative/clever in some way
  - For instance...

## So improving Memory...2

- Get people to put more attention into understanding the ad
  - More thoughtful processing
- More thought = better memory (exams)
  - Use techniques that produce greater attention
    - Novelty
    - Surprise
    - Humor
    - Contrast

## Improving Memory...3

- What is the most common (and simplest) advertising tactic to improve memory??
  - We use this technique the most in our daily lives as well...

- Ad repetition: major reason for this is to improve memory

## Improving Memory...3

- How it works...
- Repetition helps because: stronger links between two nodes
  - Marketers usually want strong link between:
    - Product category-brand name (repeated advertising)
  - Not just brand name memory... (like "Wahaha").... But also....

## Repetition: used for different purposes

- AND Also want strong link between brand name and positive attributes
  - Nike—athletic....
  - Again: repeated advertising (Diagram)

## Improving Memory...4

- What memory advantage does Nike get by using so many different sports figures to make the same point?
  - Nike—athletic/sporty
  - (note, this is not simply repetition. Repetition would be repeated advertising with the SAME endorser).

## Improving Memory...4

- **Repetition with Variation:** multiple links between two nodes = better memory
  - E.g., Nike--athletic
  - (*sounds theoretical, but very applicable: case!*)
  - Another example: "Part-time.com" (HK job search company)
    - Key benefit: when a job opens up, they will track you down right away, wherever you might be.
    - "wherever you are, whatever you're doing, Parttime.com will hunt you down"
  - AD

## Summary: Memory techniques

- Ad repetition
- Repetition with Variation
- Make the ad more interesting/attention-grabbing
- Leave out an important element – let the consumer generate!

## Threats to Retrieval

- Focus so far has been on improving memory (retrieval)
- How about threats to memory/retrieval?

## Threats to Retrieval

- Forgetting
- Extinction
- (again, sounds theoretical, but very practical applications! Will come up in case today)

## Threats to Retrieval

- Marlboro Cowboy = major advertising icon
- Because of repeated advertising: Marlboro–Cowboy's image link is very strong
  - Strong link between the nodes
  - [Diagram](#)
  
  
  
  
- So should Marlboro stop all advertising and promotion?

## Threats to Retrieval

- Over time, the cowboy image will get forgotten...
  - link gets weak when you don't see it for a long time
  - Just like a link between nodes gets strong when you see the nodes together repeatedly
  - Heineken beer (mid 80's): stopped TV ads
  - Market share: 38 to 23% in two years
- Forgetting: absence of exposure to a link can weaken link
  - This is one reason you can't stop advertising even when you have good recall

## Threats to Retrieval

- **Extinction:** *new link can replace (extinguish) old link...*
- Marlboro– Cowboy's image link is very strong
  - Marlboro: rugged; masculine; free..
- How might extinction take place in this case?
  - [Diagram](#)



## Threats to Retrieval

- How about if Marlboro gets strongly linked with bad health/death?
- People will automatically think of this new (and bad) association
  - The positive images "rugged, masculine, free" won't come to mind so easily...
- Extinction has taken place
  - New link over-rides an old one

## Final Topic: How to measure memory?

- What are the 2 most common measures of memory that are used in market research?
  - Especially with regard to brand names/logos etc.

## Final topic: Common Measures of Memory

- Recall: write down all the brands of this category (e.g., "soft drinks")
- Recognition: show the brand name/logo
  - Do you recognize this?
- Which is harder to achieve?
- In terms of influencing purchase, when is recognition sufficient (I recognize this brand, so it must be ok)?
  - For what kinds of product categories?

## Memory Summary

- Two types: STM and LTM
  - information only goes to LTM if rehearsed
- LTM retrieval through spreading activation
- Advertisers need to improve retrieval
  - Repetition; Interesting ads; incomplete ads; variation in theme
- Threats to retrieval: forgetting, extinction
- Measures of memory: recall and recognition

## Fun Memory-related question

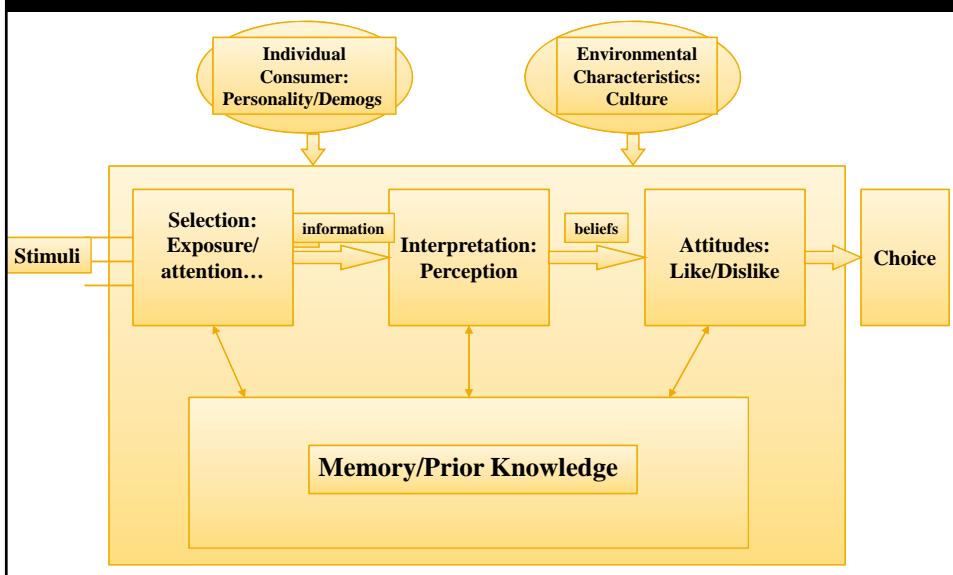
- Two groups (20 each) were asked to write down reasons why BMW is a great car
  - Group A: write down 2 reasons
  - Group B: write down 10 reasons
- Average number of reasons in Gp A = 2
- Average number of reasons in Gp B = 6
- They were then asked to report their attitudes towards BMW (liking; intention to buy, etc.)
- Which group had higher scores and why??

## Fun Memory-related question...

- Which group had higher scores and why??
- Group A!
- Group A reasoning: "I was able to remember 2 reasons really easily – this must be a great car"
- Group B reasoning: "Boy, it was hard listing reasons why it's a good car – it may not really be so good"
- Ease of retrieval can influence your judgments and decisions!!
- Another advantage of ad repetition...

**Attitude and Memory discussion  
wraps up our coverage of the  
information processing model...**

### **Information Processing Model of CB**

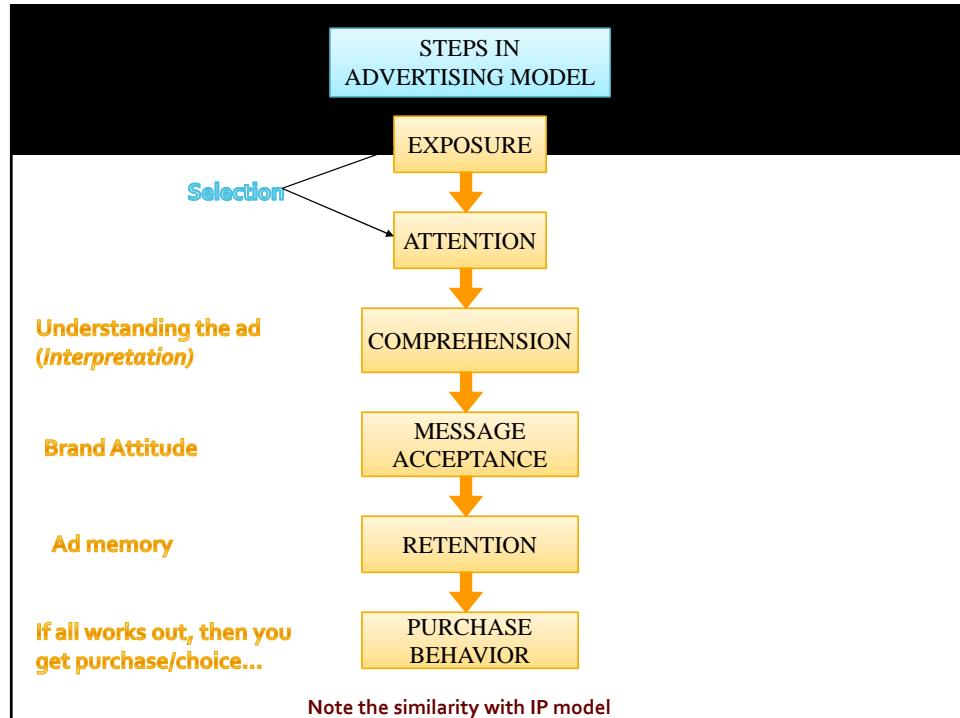


## Model tell us how consumers react to any incoming information...

- First, you get exposed to something
- Then, you pay attention to it
- Then, you create meaning from it
  - Interpretation
- Then, you decide whether you like or dislike the object
  - Attitudes
- And final stage is choice

## Another major use of the model...

Advertisers have used it to create their own model for how advertising works...



**Advertising model a good application of information processing model...**

Puts together the different concepts we've talked about...

So let's discuss the advertising model in more detail

## Especially, how to measure advertising effectiveness....?

There are effectiveness measures for each stage of the advertising model...

### EFFECTIVENESS TESTS??

Reach

**Brand Recognition; Brand recall**

**Ad Beliefs:** What do you think the ad is trying to say?

### STEPS IN ADVERTISING MODEL

EXPOSURE

ATTENTION

COMPREHENSION

MESSAGE ACCEPTANCE

RETENTION

PURCHASE BEHAVIOR

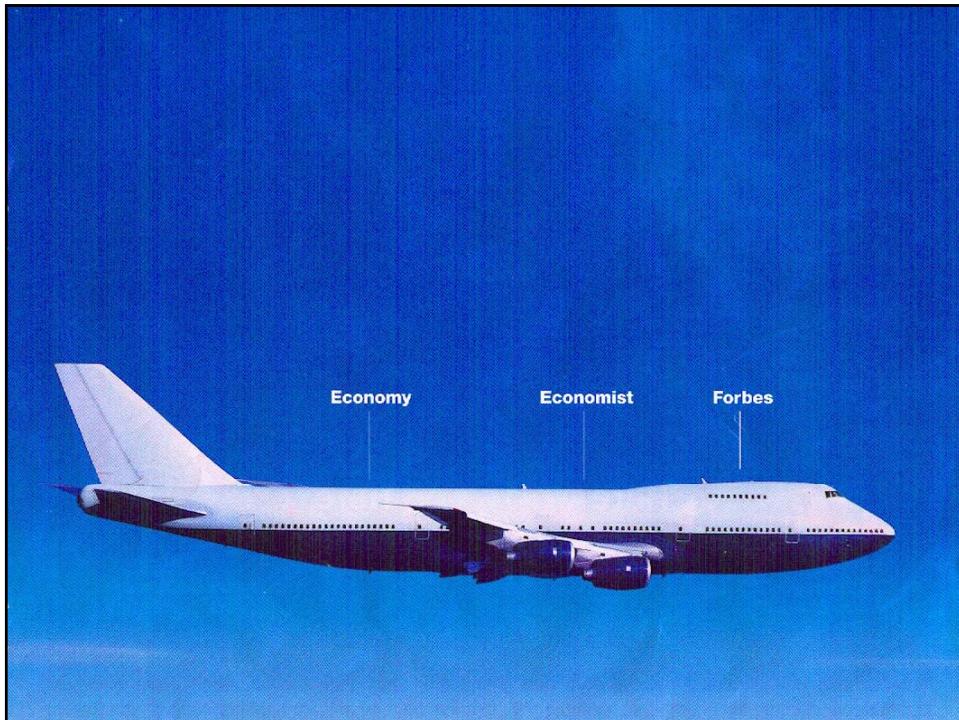
This may not always work!

**“Every 10 to 15 years advertising gets a disease called entertainment. It is very bad, because the people who do it have absolutely no interest in selling anything, ... In the end the entertainment gets in the way of the message”**

David Ogilvy

**So ad beliefs (comprehension) may not always reflect what the advertiser wants to convey...**

A more understandable ad...

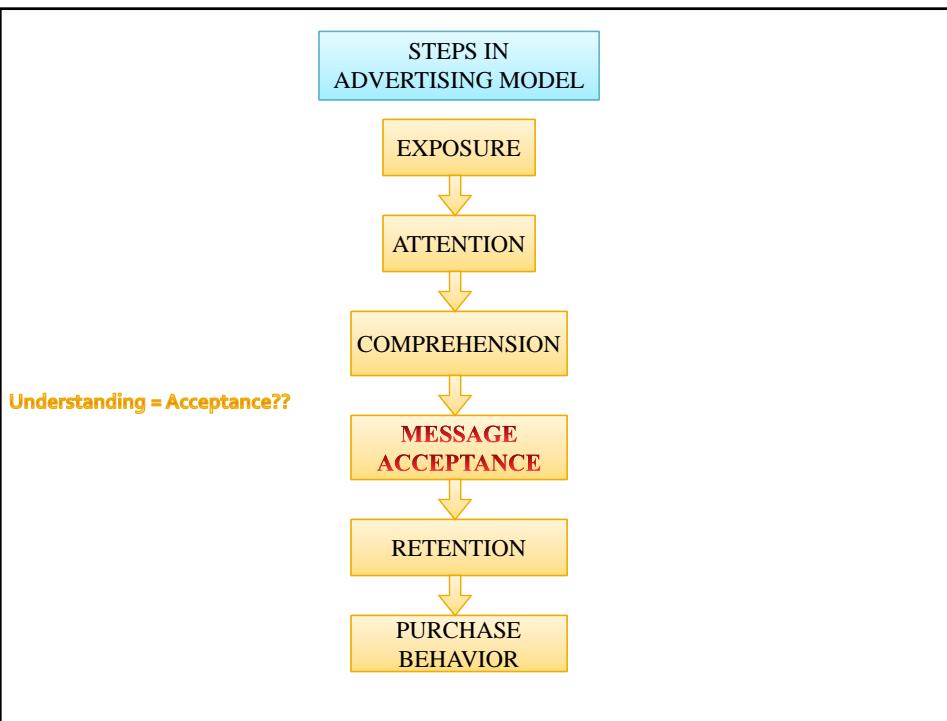


## So the ad was easy to understand (comprehend...)

Ad is trying to say:

First-class passengers are more likely to read Forbes than Economist...

*Next step.... Message acceptance*



## Forbes Ad

- Forbes would like customers to accept that first-class passengers are more likely to read Forbes than Economist
  - In first-class: Forbes > Economist
- I may understand that Forbes is saying this, but I may not accept it....

## Forbes Ad...

- 12% of all Forbes readers travel first-class
- Only 4% of Economist readers do...
- *Does Forbes have more readers in first-class?*
- Any possibilities to the contrary...??

## Forbes Ad...

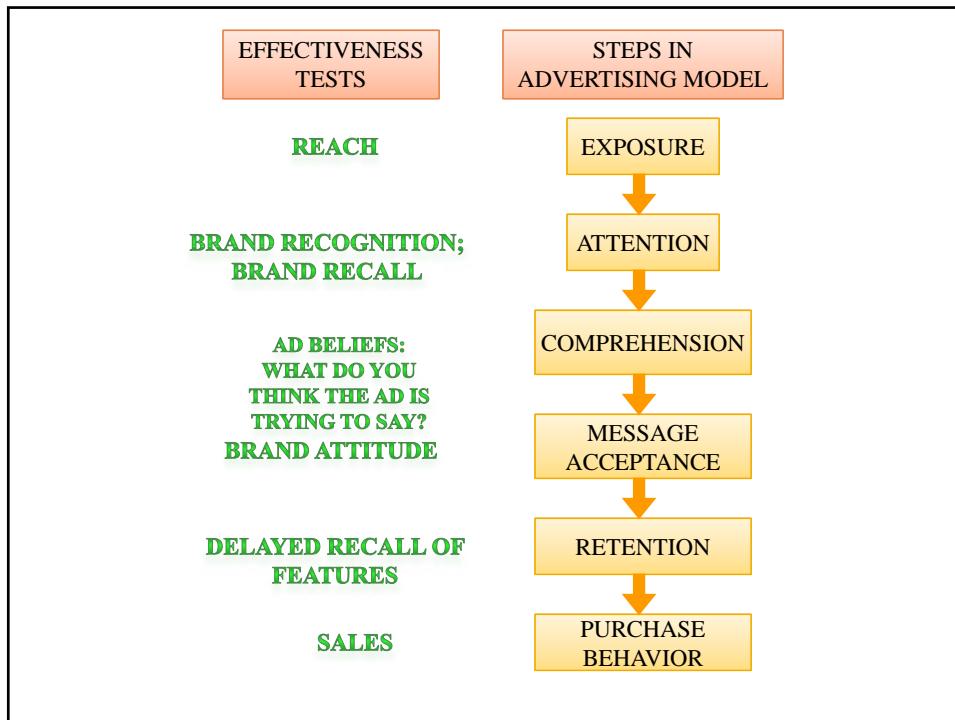
- 12% of all Forbes readers travel first-class
- Only 4% of Economist readers do...
- What if total Forbes readers = **100**
- Total Economist Readers = **1000**?
  
- Who has more “readers in first class”?

## So Message Comprehension does not mean Acceptance

Comprehension = Understanding the Ad...

Message Acceptance = whether you accept the ad

*Coming back to effectiveness tests...*



## One Big Point from Case

- Generally, an advertising campaign will only achieve one or two objectives.... Not all
- So the key question when evaluating “advertising effectiveness” is...??

## Biggest Point from Case

- Key question: was advertising effective in meeting its objectives?
  - Don't just ask: was it "good advertising"?
- Another way of thinking about this...
- When evaluating any advertising strategy...
  - Think of which objectives it will achieve.... Are those the objectives you want?
- Let's do this for some common ad techniques...

## Some Advertising Strategies

- \*\*\* Appeals
- Humor Appeals
- Comparative Advertising

## \*\*\* Appeals

- What communication objective does it generally achieve??
- Problems with \*\*\*-based appeals?

## \*\*\* Appeals...

- Problems with \*\*\*-based appeals
  - Brand attitude??
  - Consumers may feel manipulated
  - Gender Differences??
- Especially in some cultures...
  - Camay Soap example
    - Venezuela: man in shower with -----
    - Japan: man outside the bathroom

Moral: \*\*\* may increase ad attention and brand awareness, but may hurt brand attitude...

So use depending on objective

**Humor Appeals... What's one big advantage of humorous ads (in terms of model)?**

Any disadvantages??  
Compare two humorous ads  
Which is better?

## Humor Appeals...

- Generally increase Attention to Ad, BUT:
- Comprehension of product benefits??
  - This can be hurt by non-related humor!!

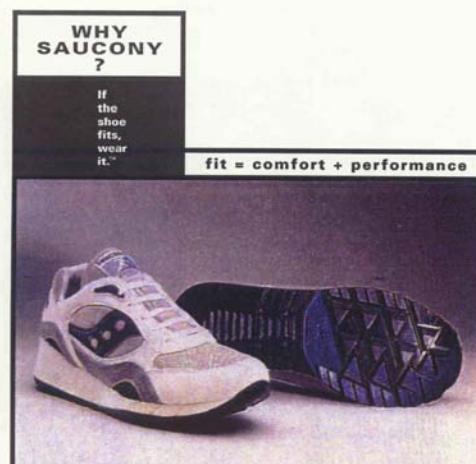
Humor usually gets attention!

For comprehension: Keep Humor Tied to  
Message.

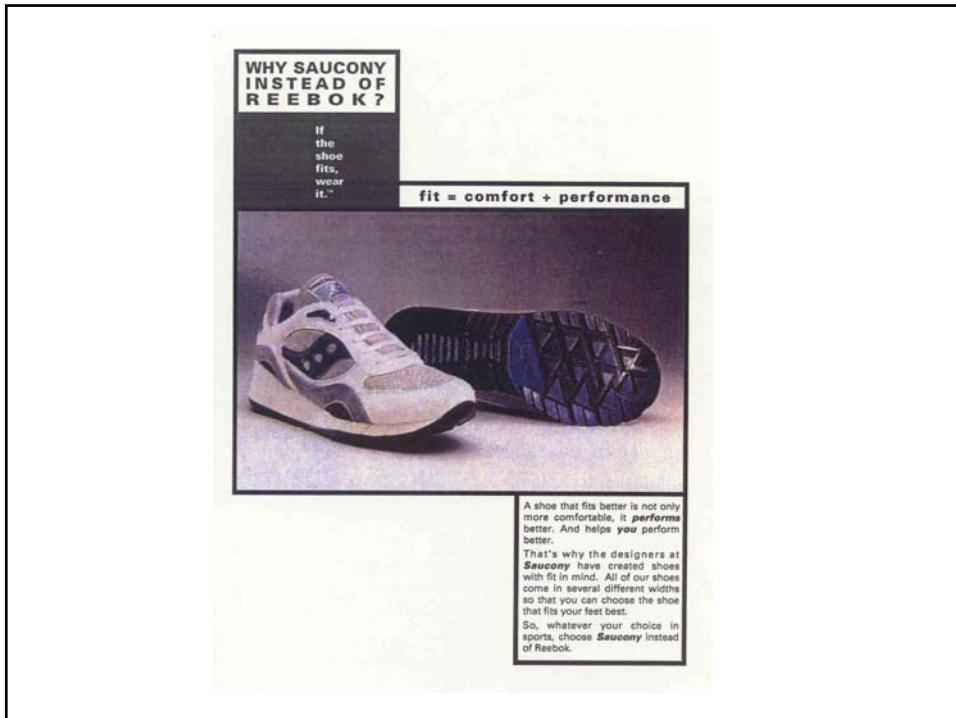
## Comparative Ads...

### ■ Example...

- 2 ads for Saucony shoes
- Non-comparative and comparative...



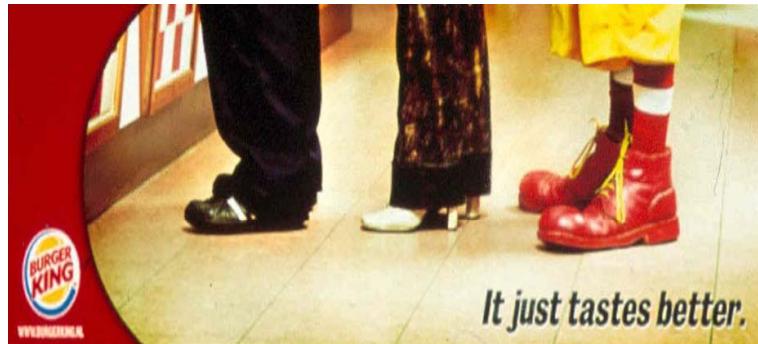
A shoe that fits better is not only more comfortable. It *performs* better. And helps *you* perform better.  
That's why the designers at **Saucony** have created shoes with fit in mind. All of our shoes come in several different widths so that you can choose the shoe that fits your feet best.  
So, whatever your choice in sports, choose **Saucony**.



## Comparative Ads

- Pros and Cons in terms of model...?
- Which one gets more attention??
- Comprehension??
- Message Acceptance?? (Attitudes)
  - Who should use it: low share vs. high share or high share vs. low share?
  - Any cultural aspect to liking for such ads?
  - Potential solution: use humor...

## Burger King ad...



*It just tastes better.*

## Burger King ad...



Moral: Good for Attention; But Use  
with Care for Comprehension and  
Attitudes

## Advertising Repetition

- What objective does this usually achieve??

## In General...

- Any one advertising strategy will only achieve certain objectives
  - Because advertising model is multi-stage (not just one-shot)
- So: decide on objective upfront
- Select the strategy that will meet that objective...

## Final issue

- Assessing advertising effectiveness...
  - We have discussed a variety of ways of measuring effectiveness of advertising
    - Brand awareness (measuring attention)
    - Memory for product features (measuring retention)
    - brand attitudes (message acceptance)
- All well and good, but..... What have we left out???



### Sales as the measure of advertising effectiveness...

- Managers would prefer to use this measure
  - “In this quarter, ad-spend was xx, and consequently sales went up by y%”
- Advertising Agency's View
  - Do they like using sales as a measure of ad effectiveness?
  - What's their argument?

## Advertising Agency's View...

- Can't use Sales measure because:
- Advertising has lagged effect: So sales in one period may not be based on advertising in that period
- Advertising has lagged effect: So can't use sales measure because other factors (e.g., price, competition, etc) may change over time
  - Compare with discounts: immediate effects!

## So.... Agency's view...

- Advertising does affects sales, BUT:
- Only in long-term; AND
- Difficult to measure
- That's why advertising effectiveness usually measured through "indirect" communication objectives...
  - Recall, ; Ad beliefs; Attitudes

**But, if you ask the manager...**

## **Manager's view...**

- Greater accountability needed!
  - Show me some DIRECT results for my ad-spend
    - Sales OR AT LEAST
    - Customer inquiry
    - Visiting Store
- In short: Advertising should have a direct, measurable effect on actual customer behavior
- (Specially compared with discount promotions)

## **This has always been a problem with advertising!!**

What is one modern solution to this problem? (think new media!)

### **Solution: Internet Advertising...**

- IMPORTANT: Customers can “click-through” on a banner ad
  - Clicking on a banner ad usually leads to the advertiser’s web pages (I.e., to the “online store”)
  - So the ad can produce a direct, immediate effect on consumer’s actual behavior
  - Example... buying computer for my mom:

The Times of India - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print Edit Discuss Dell Home »

Address: http://timesofindia.indiatimes.com/ Go

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 THE TIMES OF INDIA

Messenger Email

Monday, November 26, 2001 Powered by INDIATIMES Updated at 12:01 hrs

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Indiatimes > The Times of India

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**OPINION**

- Editorial
- Interview
- Readers' Opinion

**Terror law only after talks with Opposition: Advani**

TIMES NEWS NETWORK

NEW DELHI: Home Minister L K Advani assured the members of the Home Ministry Consultative Committee that the Prime Minister would convene an all-party meeting to deliberate on the issues relating to the Prevention of Terror Ordinance. [ 11:34:49 AM Monday, November 26, 2001 ] [» Full story](#)

Dayna Curry, one of the aid workers jailed by the Taliban, runs into her father's arms in Washington. (AP) [Read story](#)



**Gift a Home PC to your FAMILY in**

**PHOTO GALLERY**



Done Local intranet Microsoft

Start Office Microsoft Internet Explorer Microsoft 2:12 PM

Shopping at ibm.com - Special Offers for Indians Living Abroad - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Refresh Home Search Favorites History Mail Print Edit Discuss Dell Home »

Address: http://commerce-29.www.ibm.com/cgi-bin/ncommerce3/CategoryDisplay?cgfnbr=2137109&cgnbr=1&cnty=356&lang=en\_IN&cntfnbr=1 Go

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parents, your grandparents, your siblings, relatives or friends back home in India. Take the convenient, fast, simple path to a gift that packs utility with sentiment.

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Model name	IBM Web Price	Product Model <sup>*</sup>	Processor Speed	Memory (std/type)	Hard disk size (GB)	Multimedia Device	Included Monitor	Operating system provided
<a href="#">2259B1A-NR</a>	Rs.54,559.00 (US\$1,137*)	* NetVista i A22p	Pentium IV / 1.5 GHz	128MB RD RAM	20GB	48x CD	38.1 cms IBM monitor	Windows Millennium Edition
<a href="#">2169KMA-1NR</a>	Rs.43,152.00 (US\$899*)	* NetVista i	Pentium III / 1GHz	128MB	40GB	48x CD	38.1 cms IBM monitor	Windows Millennium Edition
<a href="#">227412O2NR</a>	Rs.32,559.00 (US\$678*)	* NetVista i	AMD Duron / 650 MHz	64MB	20GB	48x CD	38.1 cms IBM monitor	Windows 98 S.Ed.

We will deliver the NetVista i on your behalf to your near and dear ones anywhere in India,with your very special message. Please [click here](#) to send us your message in EIGHT WORDS ONLY.

Done Local intranet Microsoft

Start Office Microsoft Internet Explorer Microsoft 2:13 PM

**Because of “click-through”, Banner Ads Can Have an Immediate, Direct Effect on Sales (instead of only having lagged effects)**

Not only that...

---

**Banner ad effects on customer’s actual behavior (e.g., are they clicking??) are Measurable!**

How so??

---

## Banner Advertising: Measurability

- Logfile maintained by website tells you:
  - Number of times ad seen (A)
  - Number of times ad clicked (B)
  - Click through rate: (B/A)
- So you know whether the ad is driving people to the store
- Can compare effectiveness of different ads (e.g., Yahoo vs. CNN): 5% vs. 10%
  - Buy more space on the site with higher CTR

## The Banner Ad Advantage

- Because of “Click-through”:
  - Direct effect on behavior
  - The effect is measurable
- Solution to advertising’s old problems!

## Because of promise of click-through ...

Initial E-Advertising Boom...!  
(Latter half of 1990's)

BUT THEN:  
Big decline in e-spending...

## Why the decline?

- Remember... promise of banner ads was based largely on "click-through" potential
- See the ad → Click-through to the store
- BUT: People are not clicking on banner ads!!
  - Average click-through rate was around 5% in the beginning
  - Down to below .2% (1 per 500 ad views) now!

## Because of falling click-through...

Advertisers reluctant to advertise on the web

### So...

- Banner ads was supposed to be the answer to advertising's accountability problem
- Hasn't quite worked that way...
  - “Instead of proving the effectiveness of Web-advertising, the click-through rate wound up proving its ineffectiveness”
- Still....Internet advertising is here to stay

## **That being the case...**

Let's try to make banner ads more effective

Get higher click-through rate (CTR)!

## **How to Increase CTR?**

Why don't Consumers Click???

What do you folks think?

## Why Don't Consumers Click on Banners?

- They Don't Pay **Attention**
  - The novelty and thrill are gone
  - Have trained themselves to "ignore" banner ads
  - Eyeball tracking studies
    - Consumers automatically avoid looking at places on the site where they expect to see an ad
- Even if they pay attention, they need a reason to click on the ad
  - Consumers get on the web for a reason... that's why they are on that website
  - They are usually looking for specific information
    - Not like TV, where you are more passive...
  - Clicking on an ad means disrupting your task

## So how to Improve Click-through?

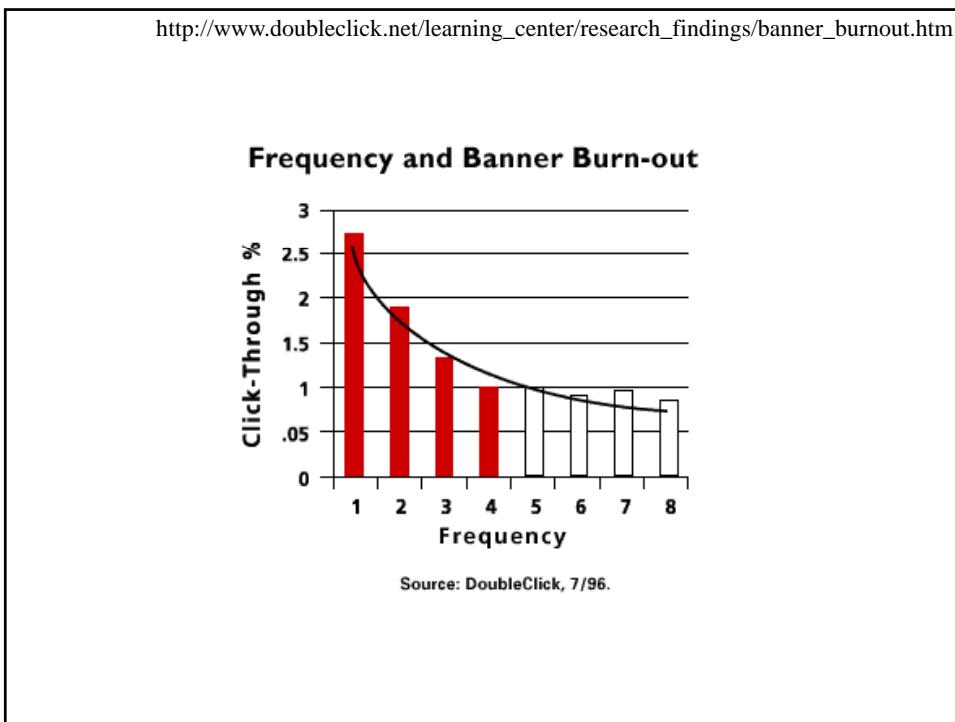
- Draw Attention to the Ad
- Provide a reason to Click
- Let's look at each of these...

## How to Improve Click-through?

- Drawing Attention to the Banner:
  - Creativity/Novelty
  - Colors
  - Location
  
- First factor: creativity/novelty/freshness...

## How to Improve Click-through?

- Drawing Attention to the Banner:
  - **Novelty/Freshness Needed:** click-through rate drops sharply when a consumer sees the same banner ad more than once
  - Chart...



## How to Improve Click-through?

- Drawing Attention to the Banner:
  - Novelty/Freshness Needed: click-through rate drops sharply when a consumer sees the same banner ad more than once
- **Creativity is Important**
  - So: keep changing some aspect of your banner ad
    - Color, font, image
    - Easy to change banner ads quickly (short lead time)!
  - And one way of making your ads creative = Rich Media

## How to Improve Click-through? Method 1

- Drawing Attention to the Banner: **Rich Media (related to novelty)**
  - Banner ads usually just a static picture, but emerging technologies are changing that...
  - “Rich” Media: Multimedia/Animation/Interactivity:
    - E.g., Macromedia Flash

**So Why Isn’t Everyone Using Rich Media...???**

What do you folks think?

## Problems with Rich Media...

- Costly (about 5 times cost of ordinary banners)
- Often requires special software plug-ins
- Takes long time to load (remember that a LOT of users still get on to internet via modem)

## How to Improve Click-Throughs Method 2

- Drawing Attention to the Banner
  - Banner Ads click-through rates provided by TechTV
    - "Banner Ads: The Good and Bad"
    - <http://www.techtv.com/money/jump/o,23009,2562027,00.html>
  - Which of the ads on the next page was clicked more, and why?

## Which Ad Was Clicked More?



## Bright Colors = More Attention



Click-through Rate = .8%



Click-through Rate = 7.2%

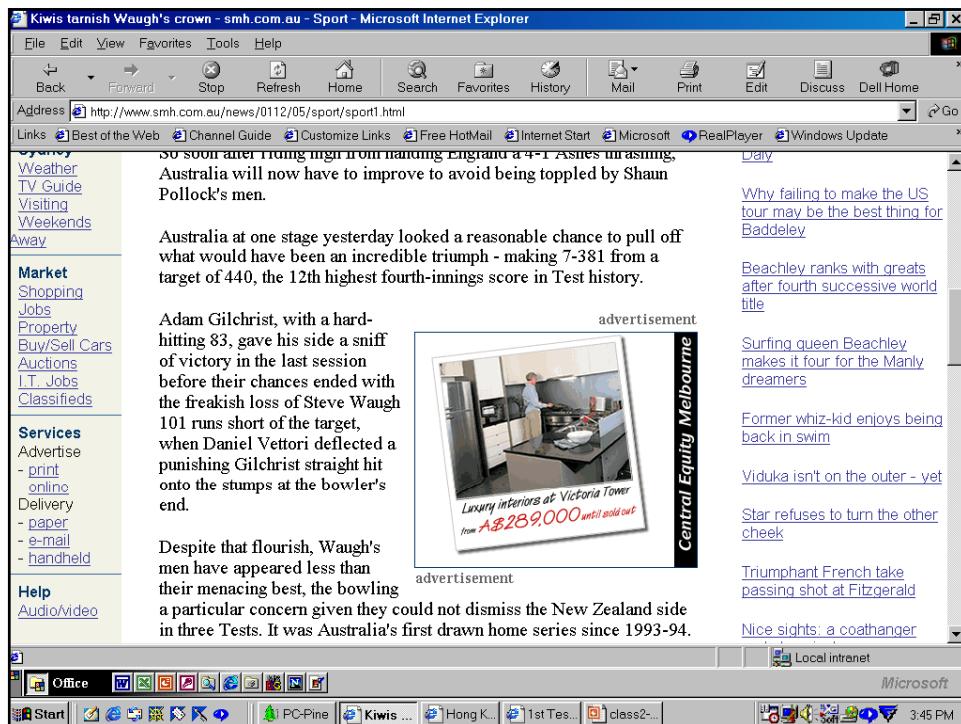
## How to Improve Click-Throughs

### Method 3

- Drawing Attention to the Banner
  - Location
  - Where Should the Ad be Placed on the Web page  
(in terms of your computer screen)?

## How to Improve Click-Throughs

- Drawing Attention to the Banner
  - Location
  - Early wisdom: keep banner at top of page
  - People are now just getting used to mentally skipping the top inch of a web page
  - Alternatives: Middle of page (overlapping with editorial content)



## How to Improve Click-throughs

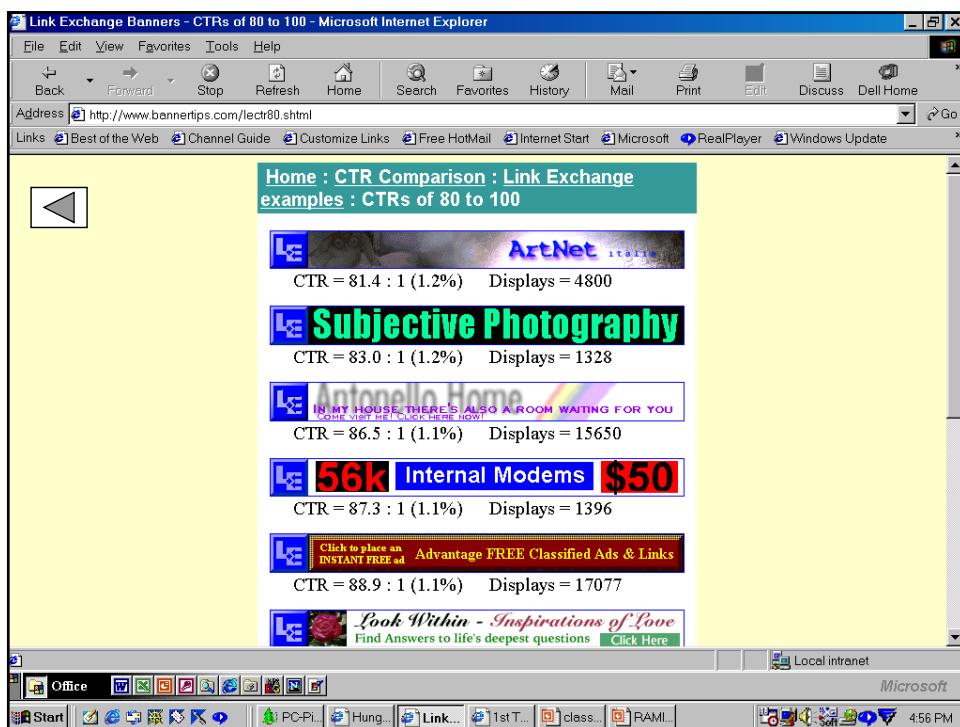
**■ Attention to Banner**

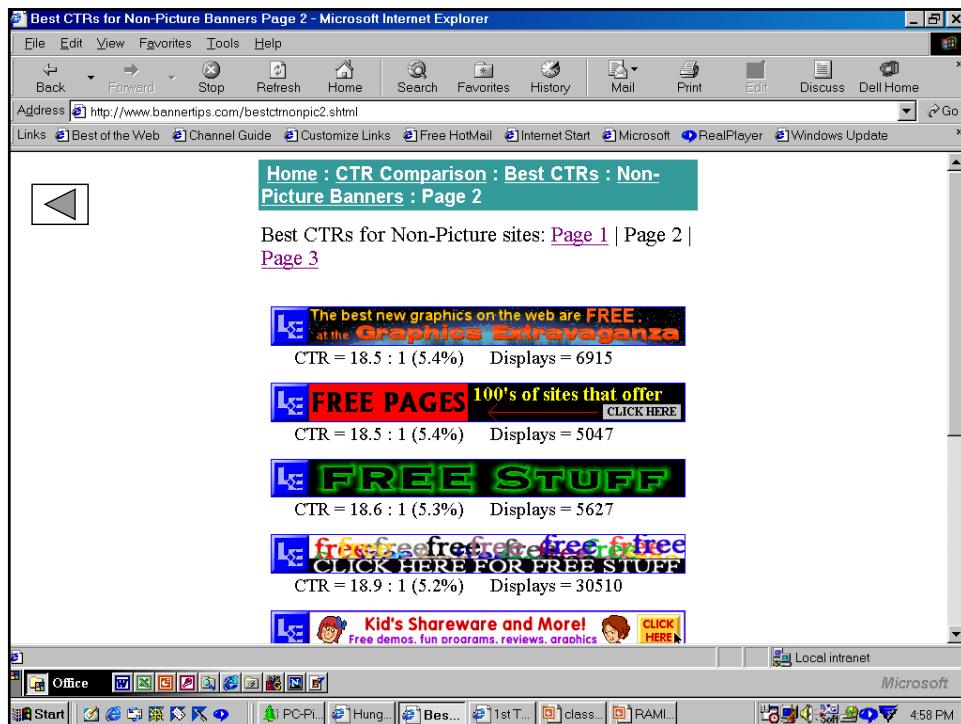
- Rich Media: Animation/Interactivity
- Colors
- Location

**■ ALSO: Give them a Reason to Click!**

## Give them A Reason To Click...

- Click-through figures for some banner ads provided by TechTV
  - "Banner Ads: The Good and Bad"
  - <http://www.techtv.com/money/jump/o,23009,2562027,oo.html>





**Why did the ads on the second page have better CTR's?**

## Reason to click... Method 1

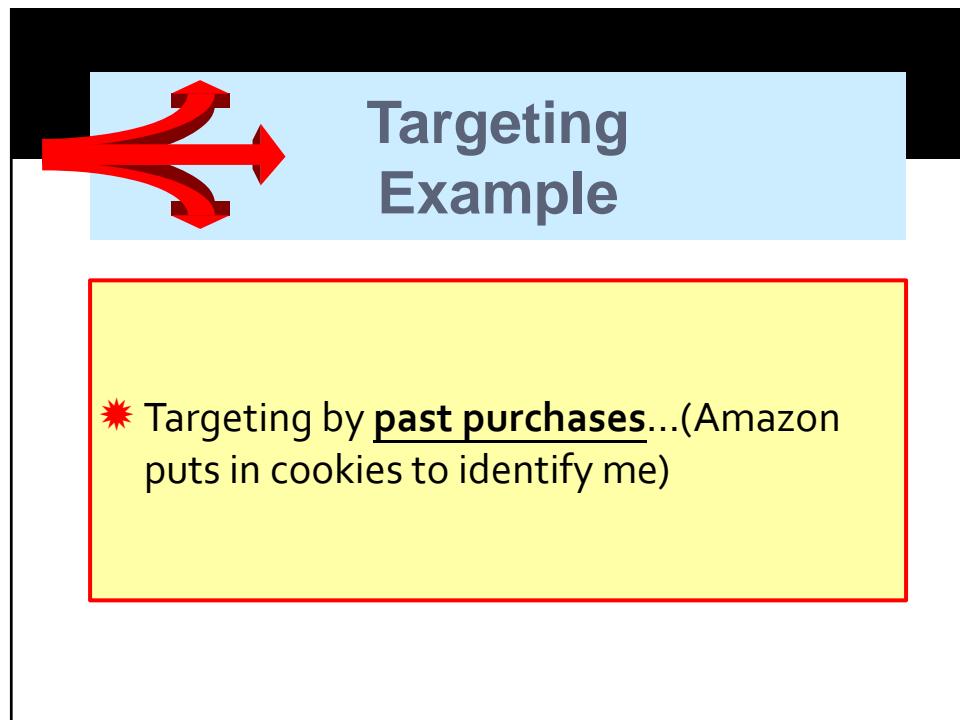
### ■ Make an offer/include a call to action

- "Free!"
  - Discounts/Promotions in the banner
  - Jupiter Media survey of executives: more than 50% said that discounts = best reason to click
  
- Call to Action: "Click here!"
  - Consumers shouldn't think that it's just a graphic

## Reason to click... Method 2

### ■ Reasons to Click: Targeting

- Targeting = right person at the right time
- Targeting possible on web because practically all your activities on web can be recorded
  - Geographic location
  - How often you've visited this site in the past
  - What you bought/browsed last time...
  
- So subsequent banner ads can be individually tailored based on this information
- Provides a reason to click...
  
- **EXAMPLES??**



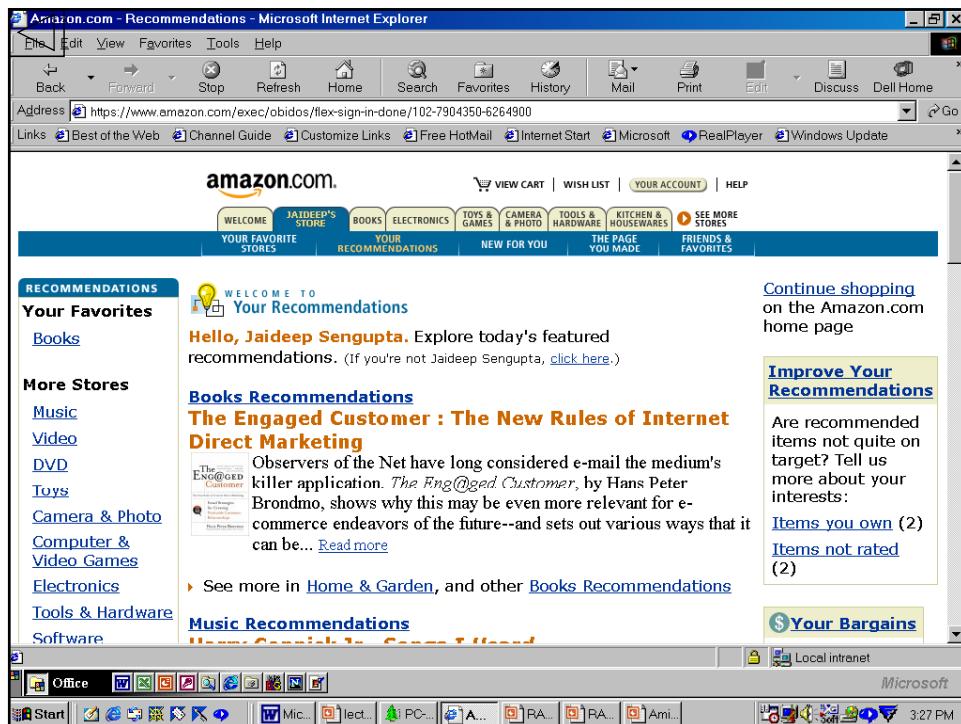
\* Targeting by past purchases..(Amazon puts in cookies to identify me)

This screenshot shows a Microsoft Internet Explorer window with the following details:

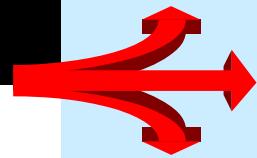
- Title Bar:** Yahoo! - Microsoft Internet Explorer
- Address Bar:** http://www.yahoo.com/
- Toolbar:** Back, Forward, Stop, Refresh, Home, Search, Favorites, History, Mail, Print, Edit, Discuss, Dell Home, Go
- Links Bar:** Best of the Web, Channel Guide, Customize Links, Free Hotmail, Internet Start, Microsoft, RealPlayer, Windows Update
- Content Area:**
  - Yahoo! Personal:** find the one for you
  - AT&T:** Envision T-19-Free, Note 8260 \$40
  - Y! Bill Pay:** pay bills online
  - Search:** amazon.com, Search, advanced search
  - Auctions:** buy/sell anything - GameCube, Xbox, PS2, Ichiro, Bonds, Dept 56, Barbie, Trains, Jewelry
  - Shop:** Auctions, Autos, Classifieds, Shopping, Travel, Yellow Pgs, Maps, Media, Finance/Quotes, News, Sports, Weather
  - Connect:** Careers, Chat, Clubs, GeoCities, Greetings, Mail, Members, Messenger, Mobile, Personals, People Search, Photos
  - Personal:** Addr Book, Briefcase, Calendar, My Yahoo!, PayDirect, Fun, Games, Kids, Movies, Music, Radio, TV, more...
  - Yahoo! Shopping:** Thousands of stores. Millions of products.
 

Departments	Stores	Features
Apparel	Flowers	Thanksgiving
Books	Music	Wal-Mart
Computers	Toys	Eddie Bauer
DVDs	Video Games	J&R
Electronics	Coach	Xbox Exclusive
	more depts.	Build a Store
	more stores	Yahoo! Wallet

 Order Planet of the Apes Today!
  - In the News:**
    - Taliban given Kunduz deadline
    - Pentagon to send more troops to help secure Afghan aid routes
    - King of Malaysia dies at 75
    - Conn. woman tests positive for inhalation anthrax
    - FDA OKs birth control skin patch[more...](#)
  - Arts & Humanities:** Literature, Photography...
  - News & Media:** Full Coverage, Newspapers, TV...
  - Business & Economy:**
  - Recreation & Sports:**
- Taskbar:** Office, Microsoft Internet Explorer, PC, Ya..., RA..., RA..., Ami..., Local intranet, Microsoft
- System Tray:** 4:14 PM



**Increases my chances of clicking...**



## Targeting Example...

- \* **Targeting by search engine keyword...buy keywords related to your product**

## How to Improve Click-throughs...Targeting

- Targeting the right person at the right time gives them a reason to click
  - Can do much more focused targeting with banner ads than other media
  - Not enough done yet; watch for this to happen much more
  - Other examples you can think of?

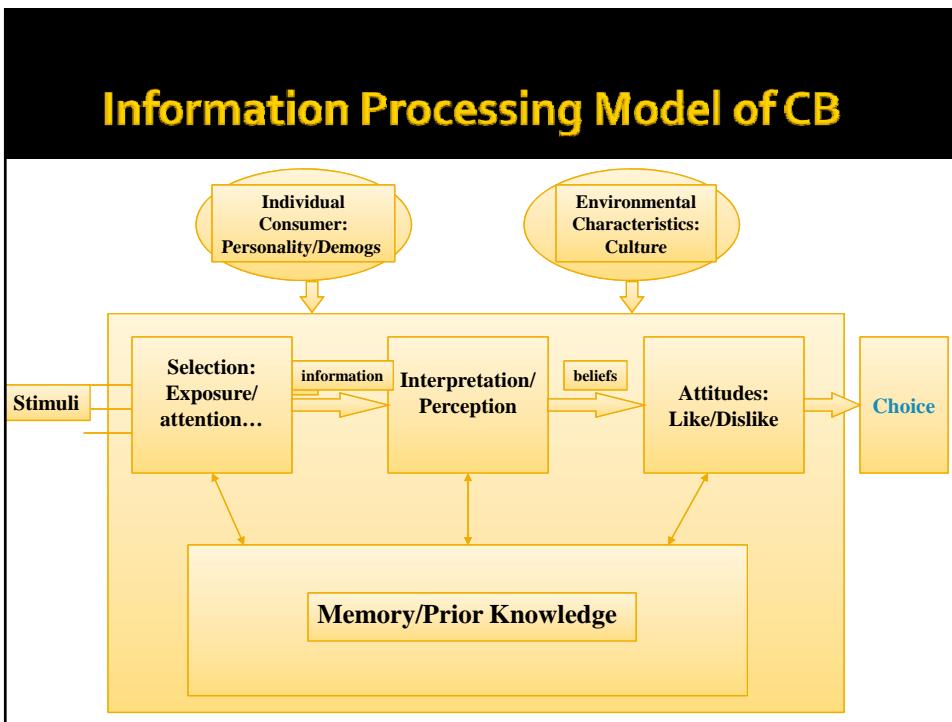
## In Conclusion: Improve Banner Ad Effectiveness (Click-through Rate)

By:

Drawing Attention  
Giving a Reason to Click the Ad

### So as these techniques improve...

- It will be possible to measure advertising effectiveness directly in terms of actual consumer's behavior
  - Clicking on the ad
  - Visiting virtual store
  - Buying product
- So “direct” measures will start getting used in addition to the “indirect” measures to find out advertising effectiveness



### Next topic to discuss: Choice and Post-Choice

- What predicts choice?
  - Biases in consumer choice decisions
- What happens after choice?
  - Satisfaction/dissatisfaction
- Effects of satisfaction: repeated purchase
  - Brand loyalty...

## What predicts Choice...Attitudes!

- E.g., looking for TV? Want good value at low price
  - Samsung offers the most utility; reliable, high-quality, affordable
  - In other words: Samsung = most-liked brand...(ATTITUDE)
  - So rational decision (economist): Choose Samsung
- Don't need to study choice separately
  - As long as you measure attitudes/utilities
  - That's why so many surveys measure brand attitudes
- **Problem:** consumers don't always behave rationally!
- Sometimes, choice decisions go against the simple utility rule...
  - Choose a brand that does not have highest intrinsic utility
  - Reject a brand that does highest intrinsic utility

## Some strange choice findings...

- Williams-Sonoma (retail business in San Francisco)
  - Sells household goods
- Home bakery unit: Price = 275\$
- New model:
  - very similar,
  - slightly larger,
  - price = 400\$
- This item did not sell well. What happened to sales of old model??

## Some strange choice findings...

- Sales figures of old model doubled!
- Why??
  - By rational economic theory, consumers should value the old option just the same as before...(nothing has changed about the old option)
  - So sales of old model should remain the same!

**Consumers perceive that the value of the old model has gone up (wow -- great deal!!)**

Even though intrinsic value has not changed

Choice driven by perceived value, not real value

And perceived value often driven by context...

## Decision Bias # 1...Influence of context (not just intrinsic value)

- Presence of a relatively inferior option increases the sales of a relatively superior option...
  - So choice is influenced by context...
- Would this happen if consumers knew the exact utility of the old model?
  - I.e., they knew exactly how much it was worth...?

**Because they don't know for sure,  
they have to guess whether price  
is ok based on context...**

Marketing implications...?

## Decision Bias #1...

- Implication: sometimes marketers may introduce a brand just to make another brand look more attractive...
  - E.g., introduce a high priced Kellogg's cornflakes to increase sales of the older cereal
- Another implication: usually, old models (TV's, printers) are discontinued when new model comes along
  - Any advantage to keeping the old model...?

## Another choice finding...

- Brand A: 100\$, High quality
- Brand B: 50\$, medium quality
- Consumers asked to choose:
  - A = 60%
  - B = 40%
- A new option was then introduced...
- Brand C: 25\$, low quality...
- What happened to choice shares??

## New choice shares...

- What happens to choice??
  - B = 70%
  - A = 20%
  - C = 10%
- Why??

## Another choice finding...

- Because the "compromise" option appears safer!  
Either extreme is too dangerous...
- Again, choice share of a brand is influenced
  - not just by its intrinsic value (which stayed the same)
  - but also by the context...
  - consumers don't know exact utilities of the 3 brands, but the context makes Brand B appear the "safe" choice
- Any culture influence?

## To sum up Decision Bias #1

Consumers often use the surrounding context to **guess** at the **value** of an option...

## Decision Bias #2: How Alternatives are Described

- Two identical packets of ground beef were described as:
  - A: "75% lean" OR
  - B: "25% fat"
  - Note: actual amount of fat same in both cases...
- Which packet of beef chosen more often...?
  - Consumers also said it tasted better!!
- Why?

## Decision Bias #2: How Alternatives are Described

- Focus on positives rather than negatives
- Another example. If you read:
  - “90% of consumers happy with this brand”
  - “10% unhappy with this brand...”

## Decision Bias #2: How Alternatives are Described

- “Framing” effect: how an option is described has an effect on its perceived utility
  - Better to describe an option in terms of a potential gain (positive) rather than a potential loss (negative)
- Again it’s not just the intrinsic value of an option that matters!
- Rather, what matters is the perceived utility

## Decision Bias #3

- Jaideep won 3000\$ betting on horse-racing. That evening, he took his wife out for a celebration, and spent all the money
- Jaideep never does this kind of celebratory spending when he gets the same amount of gain from his stock portfolio...
- Why?

## Decision Bias #3: Mental accounting

- Mental Accounting: We have separate mental accounts for different incomes and expenses
- Jaideep's horse-racing winnings
  - "luxury income"
  - Can be spent on "luxury expense"
- Similar concept with gifts.... My wife can spend a lot of money if buying a gift, but not if buying for herself.
  - Different accounts!

**Any examples of how mental accounting can be used by marketers to encourage certain types of spending...?**

### **Decision Bias #3: Mental accounting**

- Implications:
  - Travel agents etc.: advertise more during company bonuses...that's when people have "luxury income"
  - Expensive chocolates, crockery sets etc. best positioned as a gift
    - Consumers more likely to pay higher
  - Government wants to encourage spending: tax rebate!
    - This would not work if people simply saved the rebate amount

## Decision Bias #4: Pains and Pleasures

- What do people prefer?
  - winning 10\$ in one gamble vs.
  - Winning 5\$ each in two successive gambles
  - Why??

## Decision Bias #4: Pains and Pleasures

- What do people dislike more?
  - losing 10\$ in one gamble vs.
  - losing 5\$ each in two successive gambles
  - Why??

## Prospect Theory...

- The experience of “winning” itself carries a positive utility
  - So two “wins” of 5\$ each > utility than one win of 10\$
- The experience of “losing” itself carries a negative utility
  - So two losses of 5\$ each > disutility than one loss of 10\$
- Implication: **Combine pains; separate pleasures**
  - very applicable to service industries: e.g., hotels...
  - Examples?

## **Decision Bias #4: Pains and Pleasures**

- Implications:
  - **Combining pains:** for any services billing (e.g., hotel stay), charge one amount instead of many separate charges...
  - **Separate the pleasures:** offer small additional items not mentioned earlier (welcome gift on check in; free breakfast buffet...)

## To sum up...

- Consumers do often make rational choices and decisions:
  - Choose most-liked brand (most intrinsic value)
- But not always! Choice also influenced by factors like:
  - The context
  - The way the choices are described
  - The “account” from which you spend the money

## Next issue: Understanding Post-Choice Behavior...

Consumer Behavior does not end at choice....

What happens afterwards is also important!

## **After purchase, consumers use and experience the product...**

Major Marketing issue here...

Is the consumer satisfied or not?

I.e., what is it about the product that leads to satisfaction?

## **Consumer satisfaction...**

- Biggest predictor of satisfaction = how well the product or service **performs** on all dimensions....
  - E.g., if you go to a bank, the less you have to wait for service, the more satisfied...
  - Waiting time = big part of performance in the service context

## Satisfaction experiments

- In a satisfaction experiment, customers waiting at one bank branch received a post card which listed each branch's busiest and least busy time. Waiting customers at another branch (who did not get the post card information) were also interviewed as a comparison group. The results showed that customers at the first branch reported significantly more satisfaction with overall service, even though waiting time was the same at both branches.
  - Explain...

## Satisfaction experiments

- In another bank study, it was found that customers who perceived that "all visible employees were serving customers" reported more satisfaction than those who perceived that "some visible employees who seemed to be not busy, were not serving customers." (total visible employees were the same in all branches). Also, actual waiting time was again the same in both branches.

## Disconfirmation Theory of Satisfaction

Satisfaction =  
Performance – Expectation

E.g., a new car and a second-hand car give you the same mpg...

### Disconfirmation Theory: Satisfaction/Dissatisfaction

- Absolute performance is **not** the only factor driving satisfaction!!
- So what should you do as a **Marketer** (apart from ensuring good performance)?
  - Expectation management!
    - What do most ads do....? What should they do??
    - Good compromise technique....?

## One more satisfaction question...

### Satisfaction question ...

- You are a consulting firm, hired for one month to help a bank cut operating costs
  - Early on, your team hits upon a great cost-cutting technique...
  - Assume that you will also probably find other measures, but not as huge as this one
  - Should you tell your client this technique now – and make a big impression right away, or should you wait until the end of the month??
  - Which will lead to more client satisfaction?

## Moral: end with a bang!

Lessons for service industries? (too often, no effort at end...)

Hotels...  
Airlines...

## Satisfaction question 2...

- You are a dentist. A patient comes in for a general teeth-cleaning, and also one big cavity
  - You know that there will be one big painful moment during the procedure...
- Should you give the patient the bad experience in the beginning or the end?

**Moral: If there has to a bad experience,  
don't leave it for the end!**

## **Other Key Issues... Dissatisfaction outcomes..?**

- Why should companies try hard to prevent consumer dissatisfaction?
  - What are some consequences of dissatisfaction?

## Other Key Issues... Dissatisfaction outcomes..?

- Dissatisfaction Outcomes???
  - Complaining behavior: refund/exchange
  - **Brand Switching**
  - Negative Word of Mouth
- Negative WOM has a HUGE influence! (and spreads very fast)
  - Specially now...
- Problems with Negative WOM: United Airlines

## Satisfaction measurement...

## Measuring Satisfaction/Dissatisfaction...

- Usual methods:
  - Set up free phone lines for **complaints**
  - Operate a customer service desk **in-store** which handles **complaints**
  - Etc.
- What does this miss out...?

**Moral: Need to be proactive about measuring satisfaction!**

Consumer surveys

## Next Issue...positive consequence of satisfaction

Brand Loyalty!

### Brand Loyalty

- Brand loyalty potentially very useful for marketers
  - Why?? What are the positives of having brand-loyal consumers?

## Brand Loyalty

- Brand loyalty potentially very useful for marketers
  - Steady flow of Revenues
  - Safeguard against discounts/price cuts
  - Positive Word-of-mouth
  - Brand extensions (e.g., Benetton accessories)
- Much less costly to retain old customers than acquire new ones!!
  - "Cost-per-sale" is lower for retention
- Illustrate with direct mail example... (e.g., *magazine subscription; wine clubs, etc.*)

## Customer retention advantage: 2 factors (direct mail example)

- Cost of getting mailing list: you have your own mailing list of customers
  - E.g.,: magazine subscription...
  - Don't have to rent from others (acquiring)
- Response Rate: Old customers respond better to your direct mail, because greater targeting
  - You know what to say to a customer you already know well
  - I go for juice dinners... have bought lots of New Zealand juice in the past...
  - Am likely to respond to mails about NZ juice
- Numerical example...

## Real cost comparison from Forrester Report: Direct Mail

Customer Acquiring vs.  
Customer Retention Scenarios

Costing: Acquisition vs. Retention		
	Customer acquisition	Customer retention
	Direct mail: rented list	Direct mail: house list
Cost per 1,000:		
Materials	\$462	\$462
List Cost	\$118	N/A
Delivery	\$270	\$270
<b>Total CPM</b>	\$850	\$686
<b>Purchase rate</b>	1.20%	3.90%
Cost per sale	??	??

Please calculate cost-per-sale for each scenario

Costing: Acquisition vs. Retention		
	Customer acquisition	Customer retention
	Direct mail: rented list	Direct mail: house list
Cost per 1,000:		
Materials	\$462	\$462
List Cost	\$118	N/A
Delivery	\$270	\$270
<b>Total CPM</b>	\$850	\$686
<b>Purchase rate</b>	1.20%	3.90%
Cost per sale	\$71	\$18

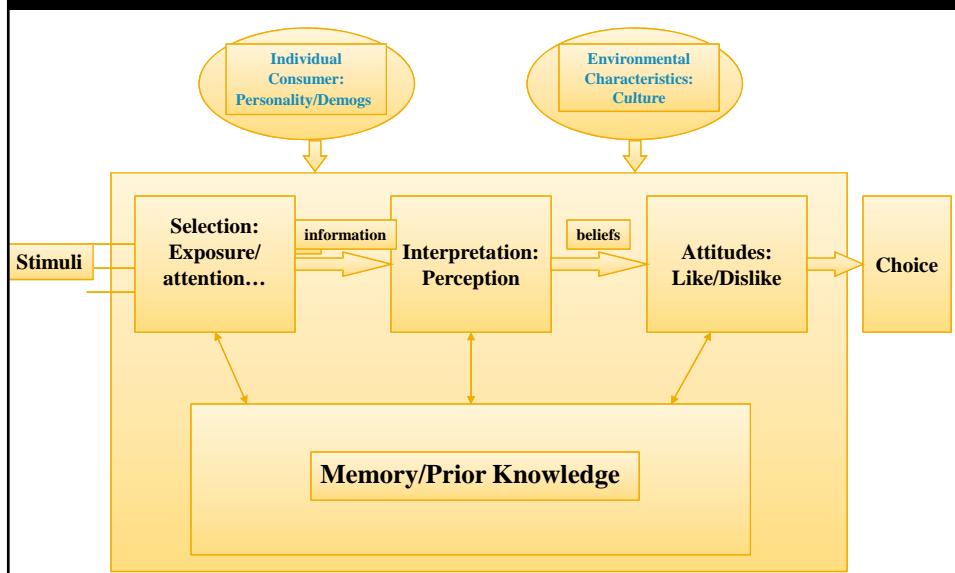
## So to sum up....

- Advantages of brand loyalty
  - Steady flow of Revenues
  - Safeguard against discounts/price cuts
  - Positive Word-of-mouth
  - Brand extension possibilities
  - Much less costly to retain old customers than acquire new ones
- Given its importance:
  - We need to define and measure brand loyalty

## Summary for today

- Choices should be based on intrinsic value of options
  - If so, easy to predict from attitude measurement
  - But sometimes, choices are biased by other factors (context, framing etc.)
- What happens after choice?
  - Satisfaction/dissatisfaction: Expectations are important!
  - Big con of dissatisfaction = negative word of mouth (esp online)
  - Measuring satisfaction: need to be proactive!
- Big pro of satisfaction = brand **loyalty**
  - Important to know **WHY** consumers like your brand
  - Loyalty requires emotional connection to brand
  - And loyalty = should **not switch too easily**

## Information Processing Model of CB



## Individual Characteristics

- Individual consumer characteristics
  - Demographics: age, gender, income etc.
  - Psychographics: Personality and Lifestyle
- Consumer segments separated on the basis of demogs/psychogs often differ in their consumer behavior
  - Major Use: Segmentation and Targeting
- Examples: Age? Gender? Income?
- Our focus: Personality and Lifestyle

## Personality and Lifestyle

- Personality = deep seated, enduring patterns of behavior
- Several theories of personality:
  - Psychoanalytic theory
  - Trait theory
  - There are others as well...

## Psychoanalytic Theory: Founder?

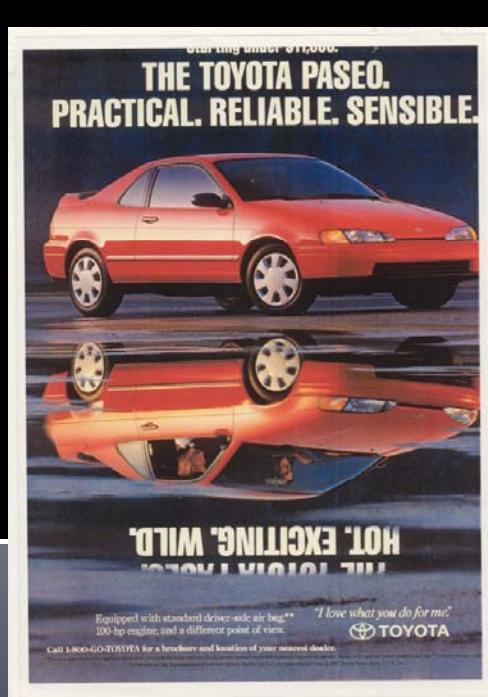
- Personality formed by interaction of three elements
  - id (childlike drive -- must have it now!)
  - superego (the conscience -- forbidding)
  - ego (maintains balance)
- Theory says these elements are formed in childhood
  - Later adult behavior based on these subconscious drives
  - Used a lot in psychotherapy
  - Also marketing....?

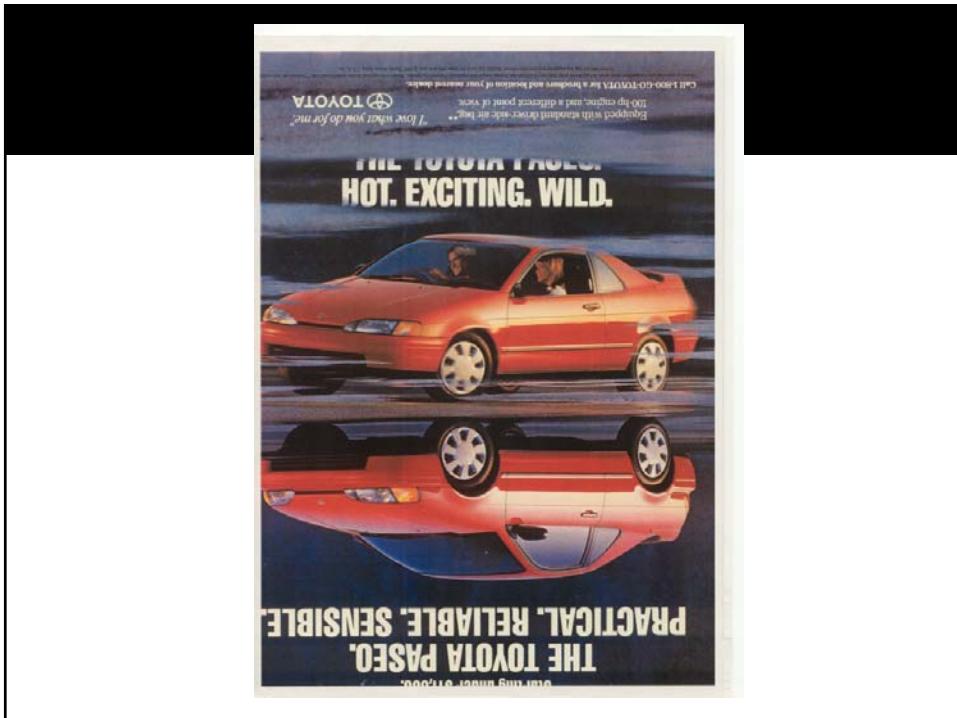
## Psycho-analytic theory: Marketing Applications...

- Attitudes towards some products also sometimes explained by "unconscious" feelings
  - Failure of anti-cockroach tablets
  - Failure of instant cake mix
  - Used a lot in 1950's...
- Not so much nowadays....
  - Although some advertising appeals are based on this theory....

## Psychoanalytic Theory: Marketing Applications

- Some advertising is based on this theory
  - \*\*\* appeals: appeal to id...
  - How about superego? How to appeal?
  - Some ads try to appeal to both id and superego...
    - Luxurious
    - But also practical...





**Overall, psycho-analytic theory  
has limited use in marketing...**

Trait theory is more popular

## Trait theory of personality

- Doesn't talk about unconscious urges...
- Personality = **set** of characteristics which can be measured by trait scales
  - Introverted-Extroverted
  - Dominant-Submissive
- Much more measurable than psycho-analytic theory
- Major use in marketing...

## Trait theory: Use in Marketing

- Matching Product with Personality
  - Basic Assumption: Brands, products, stores... have personalities too!
  - Can describe them using "human-like" traits...
    - Nike = ???
    - Volvo = ??
    - Lo Wu shopping complex= ??

## **Research shows: People prefer brands whose personality matches their own!**

So how to measure "match" between brand and consumer personality?

Holiday Inn hotel vs. Grand Hyatt, Shenzhen

### **Measuring Personality Match**

- Rate yourself on the following traits...

Stylish	1	2	3	4	5	Practical
Sophisticated	1	2	3	4	5	Down-to-earth

- Rate the Grand Hyatt on the following traits...

Stylish	1	2	3	4	5	Practical
Sophisticated	1	2	3	4	5	Down-to-earth

- How close is Grand Hyatt to consumers' self-concept?

- Distance formula...

## Measuring Personality Match

- Rate yourself on the following traits...

Stylish	1	2	3	4	5	Practical
Sophisticated	1	2	3	4	5	Down-to-earth

- Rate the Holiday Inn on the following traits...

Stylish	1	2	3	4	5	Practical
Sophisticated	1	2	3	4	5	Down-to-earth

- How close is Holiday Inn to consumers' self-concept?

## So: major use of trait theory

- Measure match between brand and consumer's personality
- Tells you which brand is preferred

## Overall, personality theories do have some uses...

- But problems as well
  - It's often hard to link personality to consumer behavior: too **unimportant!!**
  - Personality can be hard to measure – even though scales have been developed
    - There are still questions about whether these scales can really tap into an individual's personality
  - So lifestyle measures are often used in addition to personality measures

## Lifestyle

- Lifestyle = mode of living identified by:
  - Activities (work, hobbies etc.)
  - Interests (what kind of parties?)
  - Opinions (political, social, etc.)
- Related to personality, but different:
  - more observable (less deep)
  - easier to measure
- Measured through AIO scales

## AIO measures (agree/disagree)

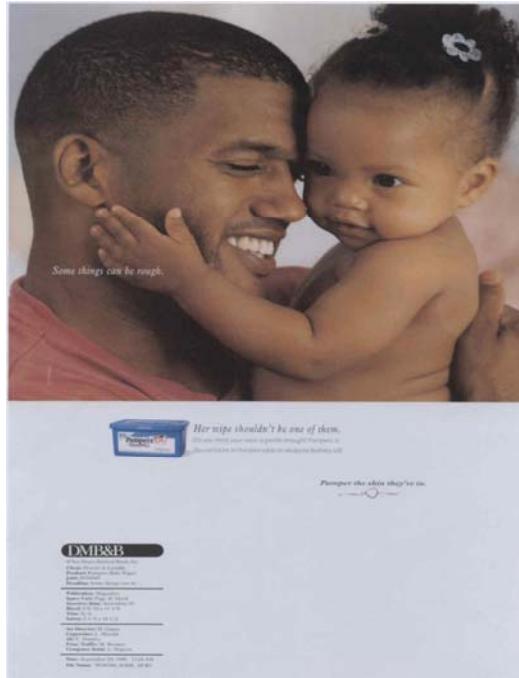
- I always shop for discounts (A)
- I always check prices of even small items (A)
- In my opinion, saving money is better than spending it (O)
- When I buy clothes, I look for fashion, not comfort (I)
- I like parties with a lot of music and talk (I)
- I like to be part of the latest trends (I)
- **People who give similar responses to a set of similar scales are in the same segment; can be targeted**

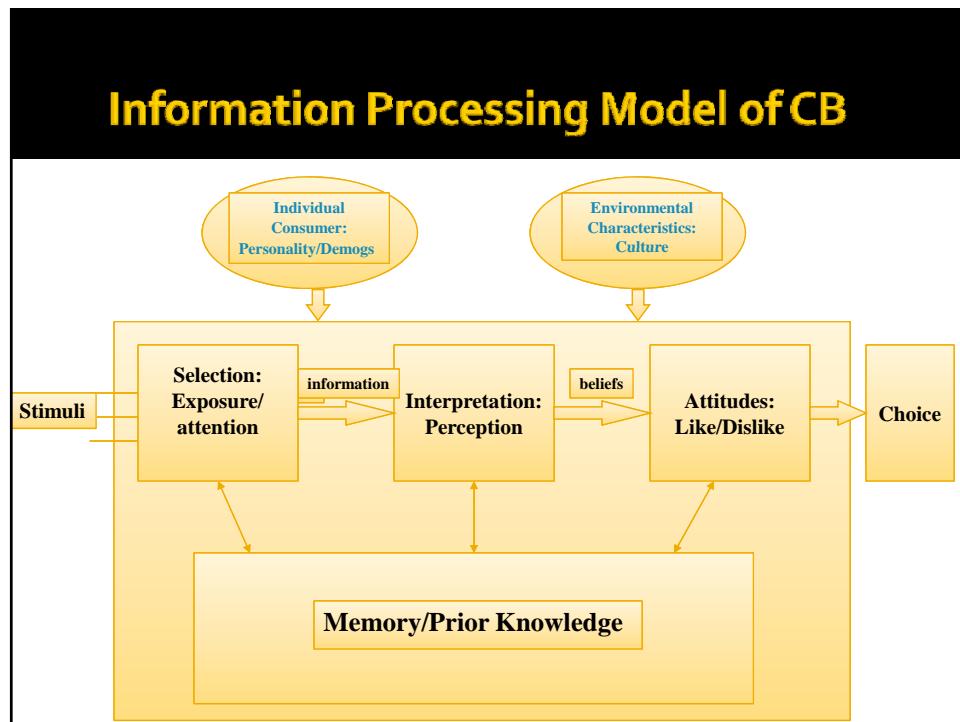
## Important note about lifestyle

- Lifestyle trends change...
- Marketers need to keep track of lifestyle trends...
  - Because product needs are closely related to lifestyles
- Some examples....

## Lifestyle changes...

- Changing Lifestyle Trends in China in the last 10 years...and Marketing implications?
  - working at home instead of office
  - Rise of women in work force
  - Health Consciousness
  - Environmentalism
  - Less spare time
- So: need to track lifestyle changes!
- Will revisit this issue in the case today....





## Environmental Influences

- People around us (Reference groups)
- Culture

## Reference Groups

- Reference groups (or referent person) provide roles, standards and norms that directly influence attitudes and behavior (e.g, friends, neighbours)
- Example of how reference groups can influence our choices of what products and brands we buy?
  - Keeping up with the neighbours...
  - Professors and plasma tv

## Reference Groups

- 2 major types of reference groups:
  - membership group (to which you actually belong)
  - aspiration group (to which you want to belong)
- Previous example: aspiration group influence or membership group influence?
- Any example of how aspiration group can influence our product choices?

**Advertising often uses  
reference group influence...**

**Ads featuring celebrity  
endorsers... aspiration group or  
membership group?**

## Culture

- Culture = set of values accepted by society as a whole
  - US: individualism; materialism
  - East: collectivism; harmony
- Values are learnt: how?
  - What are typical gender roles?
  - Where do we learn them?

## Values differ across cultures

- Value of time: **how late is late?**
  - California: 19 minutes
  - Brazil: 34 minutes
  
  - Shenzhen??
  - Beijing??
  - Shanghai??

## The reason cross-cultural differences are important is....

Rise of Global Marketing

What factors responsible for this...?

## Cultural Problems in Global Marketing

### ■ Customs

- Left hand drive cars in Japan
  - Japan = steering wheel on right of car
  - USA = left

### ■ Values

- Camay Soap: Venezuela vs. Japan...

### ■ Language

- "Nova" car in Spain;
- Mazda "Laputa"
- Parker Pen: "it won't leak in your pocket and embarrass you"
  - Mexico: "embarazar"

### ■ Physical differences

- Mattel: Barbie dolls in Japan

**So a lot of effort needs to be made  
in order to localize your global  
product....**

Which brings us to the big debate in global marketing...

## **How to do Global Marketing**

- Standardization: keep the same marketing strategy: Levis; Coke
  - successful because of "American" glamor
  - Economies of scale (Levitt article)
- Localization: make major changes to strategy
  - Maggi Noodles in India

## Personal Influence techniques

- Personal influence: we often want other people to like us
  - in daily life
    - Socially
    - At work: boss/peers/subordinates...
- In Marketing: Sales situations!
  - Get the client to like you...
- What are some personal influence techniques you can think of? (specially sales situations)

## Personal Influence (e.g., Sales situations)

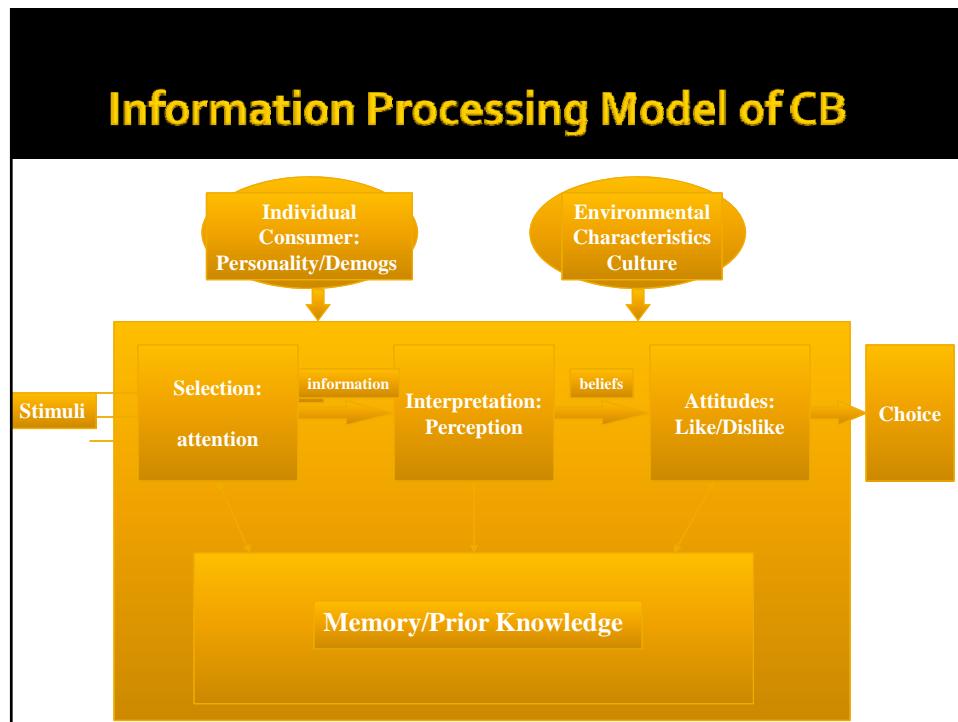
- Sales situations: the salesman wants to get the client to like him/her
  - Being professional: impressing them with knowledge of product/service
  - Personal touch: asking about family etc.
  - Flattery
- Any of these culture dependent?
- Tape: Going International

## **So culture influences personal influence techniques!**

Same techniques don't work well everywhere!  
Any cross-cultural experiences of your own?

## **Course wrap-up...**

- Marketing cannot be driven only by the product, or by the competition, or by the channel
- Marketing is about understanding the consumer's side:
  - why they like/dislike something
    - Coke was popular, but management did not understand why!
- In other words, important to understand the **consumer's mental processes...**
  - Information processing model



## An overall take-away

- Any marketing tactic will usually achieve one or two objectives in the information processing model.....
  - Not all
  
- Example: Benetton advertising campaign
  - Attention, Memory yes.
  - Perception, Attitudes??

## An overall take-away

- So, with any marketing tactic, ask what it is that you're trying to achieve
  - Could be just exposure/attention: new to the market
  - Could be memory:
    - people like your ad but don't remember it...
  - Could be perception: You want to position yourself in a particular part of the consumer's mind:
    - Pepsi: "for those who think young"
  - Could be attitudes: people dislike your brand, how to change their minds? (Perrier credibility issue: apology/withdrawal?)
- Bottomline: You have to know which part (or parts) of the model you are focusing on...

**Take-away points on  
individual parts of model...**

## Attention...Take-Away

- Consumers usually don't want to pay attention to marketing messages!
- So: have to use involuntary-attention techniques
  - Novelty
  - Humor
  - \*\*\*

## Perception (Interpretation): Take-Away

- Consumer Perceptions are **more important than reality!**
  - The objective product may not really have value; but people can perceive it as having value.
  - This is where your positioning strategy comes in.
- E.g., De Beers positioning of "Diamonds = Gift of love..."
- Note: Positioning strategies have to be designed with regard to what perceptions will "sell".
  - E.g., "romantic love" is important in West
  - Not so much in East: "Success/harmony/prosperity" much more important

## Memory Issues...Take Away

- Advertisers need to improve long-term memory for their ads...
  - **Big delay** b/w advertising and purchase
- Various techniques based on memory theory
  - Incomplete ads (Marlboro ad: cowboy missing)
  - Variation in theme (Part-time.com)
  - Repetition

## Attitudes: Big Take-away

- Marketers want to create positive brand attitudes
  - Different tactics for low vs. high involvement
- High involvement = offer meaningful arguments as to why your brand is better
  - Example: demonstration (Chrysler: car safety)
- Low involvement = consumer will not process much; so use the "peripheral" route...
  - Instead of making complex arguments about your brand
  - Make your advertising **likable** in some way
  - Humor; Likable Endorser; Pleasant Music....

## Six risk-reduction strategies

- Be brand loyal and consistently purchase the same brand.
- Buy through brand image and purchase a quality national brand.
- Buy through store image from a retailer that you trust.
- Seek out information in order to make a well informed decision.
- Buy the most expensive brand, which is likely to have high quality.
- Buy the least expensive brand in order to reduce financial risk.

## Consumer Characteristics... Take-Away

- CB is influenced by **consumer characteristics**
  - Individual chars (Personality, Lifestyle)
  - Environment (Reference Groups, Culture)
- Important to take these variables into account in your marketing plan
  - introvert/extrovert: car colour
- Also important to keep track of trends...
  - E.g., lifestyle trends (McDonald's)
- Culture: Important because of global marketing
  - Localization vs. Standardization??
  - Flexible Globalization is often the solution (McDonald's)

## Resources:

- Rosen, Schroeder, Purinton, "Marketing High Tech Products: Lessons in Customer Focus from the Marketplace ",Academy of Marketing Science Review, Vol. 1998 No. 06.
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- Ph.Kotler, K.L. Keller, Marketing management, 2008.

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