



8

From Print and Broadcast Advertising to Social and Mobile Media

Learning Objectives

- 1 To understand the strategic superiority of impression-based (eyeballs) targeting over segment-based targeting.
- 2 To understand Google's targeting and advertising capabilities and its value to both consumers and marketers.
- 3 To understand the dynamics of social media and its strategic and promotional advantages over other media.
- 4 To understand how consumers use mobile media and their reactions to mobile advertising.
- 5 To understand how to measure the effectiveness of advertising in traditional and social media.
- 6 To understand the advancement of print and broadcast media into electronic communications.

Targeting Segments versus Eyeballs

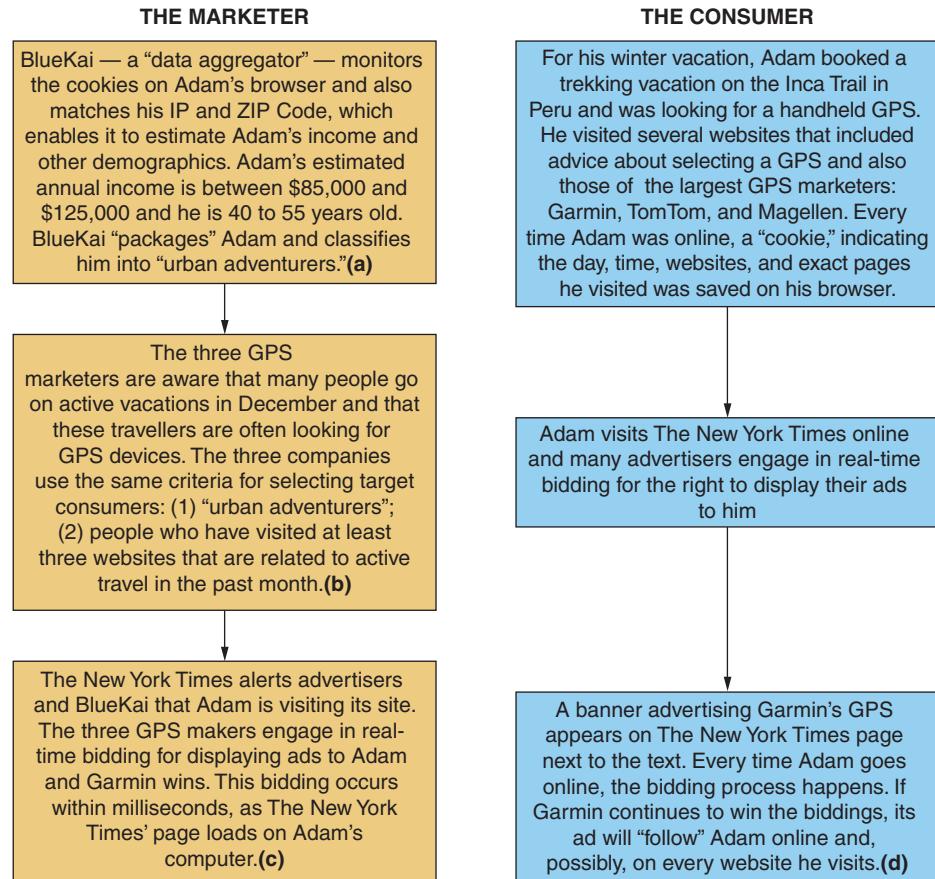
The most important strategic impact of technology on marketing has been the ability to target consumers more precisely and effectively. Technology enables **impression-based targeting**—illustrated in Figure 8.1—through which advertisers specify the criteria describing the persons they wish to reach online and then bid in real time for the opportunities to reach them. A person reached is termed an “eyeball” or “impression.” Impression-based targeting is implemented through **real-time bidding**, which is a technique that allows advertisers to reach the right user, in the right place, at the right time, and also sets the price that advertisers pay for each “eyeball” or “impression” (i.e., for each person reached). Specialized companies—generally known as “data aggregators”—enable advertisers to place bids on the opportunities to reach specific users, who meet a given criteria, on an impression-by-impression basis.

Before the arrival of the new targeting technologies, since the emergence of traditional advertising media (i.e., newspapers, magazines, radio, and television), TV networks, magazines, and newspapers have sold advertising space by offering marketers the opportunity to reach audiences (or segments) whose demographics and psychographics (lifestyles) matched those of the marketers’ target markets. **Segment-based targeting** occurs when advertisers *prenegotiate* prices for advertising space in media (e.g., magazines or TV shows) whose audiences largely (but never completely) match the profiles of the consumers the advertisers wish to target. However, the audiences marketers reach via these media are larger and more diverse than their target markets and nearly always include many people who have no interest in the products advertised. For decades, after paying prenegotiated prices, marketers of competing (and often similar) products have been placing their ads within the same TV shows and magazines. Under this model, advertisers viewed the *creativity* of the ads, rather than the media where they *appeared*, as the key to the ads’ persuasive effectiveness.

In contrast, **data aggregators** construct consumer profiles—based on cookies documenting people’s online surfing (and other applicable information about them)—and identify prospective customers for specific products. Advertisers then

FIGURE 8.1

Impression-Based Targeting



Notes:

- a. BlueKai has thousands of profiles, and sells many different services and delivery methods. There are scores of data aggregators, and the services they offer to advertisers and their data models vary greatly. BlueKai does not provide advertisers with *named* customers, but with the *browsers* of *anonymous* individuals who meet certain criteria at a given time.
- b. It is unlikely that all three companies will set the exact same profiles. The profiles set are often broader and allow thousands of advertisers to bid on the impressions.
- c. In reality, thousands of advertisers bid for the impression (i.e., Adam’s “eyeballs”), not just GPS marketers. The bids are in small amounts of cents and typically are quoted in CPM—cost per thousand impressions.
- d. The “following” may occur for a long or short time after the initial ad is displayed, depending on the degree of competition among advertisers to reach consumers like Adam.

Learning Objective

- To understand the strategic superiority of impression-based (eyeballs) targeting over segment-based targeting.

compete for reaching the right “eyeballs” online by placing monetary bids. Because cookies are embedded in users’ browsers, the data aggregators do not know the *names* of the consumers they “offer for sale,” but recognize them as represented by their *browsers*. Thus, they offer advertisers browsers, and each browser represents an “impression.” As illustrated in Figure 8.2, Facebook leads the way in the number of impressions created on the Internet.¹

The Advantages of Impression-Based Targeting

Impression-based targeting offers several advantages over segment-based marketing:

- Advertisers employing segment-based promotion invariably pay for reaching people who are neither inclined to buy their products when they see the ads nor likely to become future customers. Additionally, these persons also tune out advertisements for products they are not interested in. Recognizing this shortcoming early on, John Wanamaker (1838–1922)—one of the pioneers of buying advertising space—stated: “Half the money I spend on advertising is wasted; the trouble is I don’t know which half.” Impression-based targeting enables marketers to identify which “halves” of their advertising expenditures are wasted and design messages that reach primarily those who are likely to become customers.

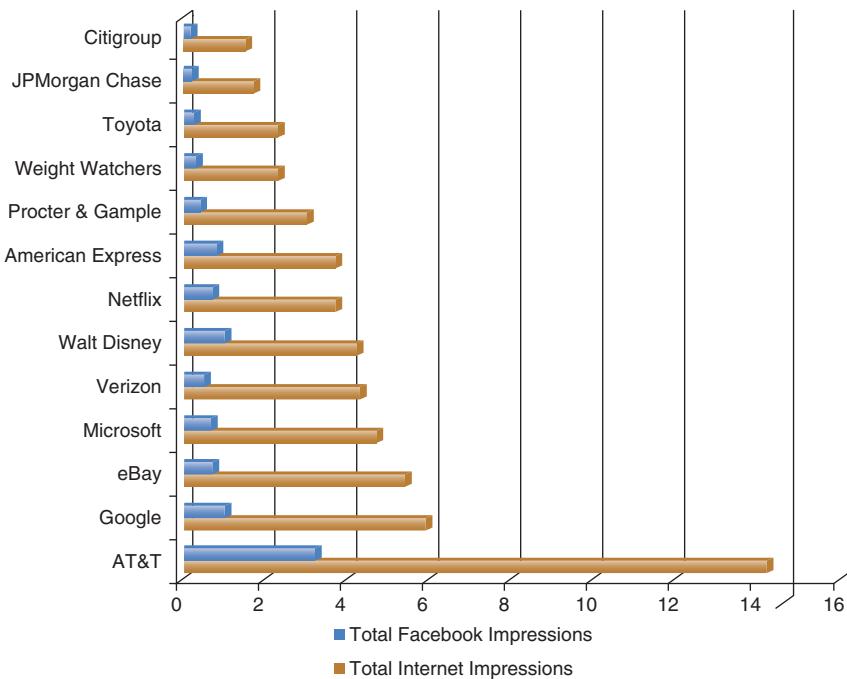


FIGURE 8.2 Internet and Facebook Impressions

2. In addition to being mostly “one-size-fits-all,” messages sent via traditional media are one-way communications, and the consumers who receive them cannot interact with their contents. In contrast, receivers of impression-based ads can view and rotate images, click on links for detailed information about the products, compare brands, and much more.

3. According to the communications model, consumers’ responses to ads represent feedback or measures of the ads’ effectiveness. Feedback from ads placed in traditional media is delayed and often of limited use. For example, it is impossible to determine the impact of a very expensive Pepsi ad shown during the Super Bowl. The advertiser has no way of knowing how many consumers have reached for a Pepsi upon seeing the ad or purchased a Pepsi shortly after seeing it. In contrast, receivers’ interest in impression-based ads can be determined immediately by observing the elements they click on within the ads, how long they stay at the website, and how often they return, among other measures (discussed later in this chapter).

4. Consumers can easily escape TV ads by **time shifting**, which involves starting to watch a show about fifteen minutes after it begins and using devices that allow them to skip commercials easily. In fact, advertisers have been fighting advanced ad-skipping features, and some TV channels rejected ads promoting electronics with such devices.² Researchers have also discovered “binge viewers,” people who record an entire season of a TV series and then watch all the episodes consecutively and without the commercials.³

Impression-based ads often “follow” consumers online and keep reminding them about the products they were interested in. **Retargeting** occurs when ads for specific products that consumers have already pursued online “follow” them and show up repeatedly whenever they go online using the same computer. For example, when a consumer looks at, say, hiking boots at Amazon.com, a cookie is placed into that person’s browser, linking it with the boots. When that consumer (or another person using the same computer) visits other sites, he or she still sees an ad for the boots on the screen.⁴

Google's Consumer Tracking and Targeting

Learning Objective

- 2 To understand Google’s targeting and advertising capabilities and its value to both consumers and marketers.

Google is the most widely used search engine online and a prominent advertising medium. Across browsers, most online surfers use Google to find answers to questions, locate websites and sources for products and services, track down information, and much more. Google is the largest provider of the data and targeting tools that advertisers need for impression-based targeting, as well as the major supplier of real-time bidding to advertisers seeking impressions among consumers who fit certain criteria.

Google reaches consumers by using:

1. **Web-search ads**, which are ads generated by consumers’ searches.
2. **Online display ads**, which are fixed banners that do not vary according to users’ profiles or search patterns, posted on websites.
3. **Mobile advertising**, which are ads that appear on mobile devices in Google search results, on content websites, and in apps.

Google’s most prominent use is as a search engine. After online users type in queries, two areas appear on the screen. The “organic results” are the links directing users to sites and resources that are applicable to their Google searches. The “sponsored space”—typically appearing on the right side or the top—consists of advertising banners that Google has sold to advertisers or “sponsors.” For

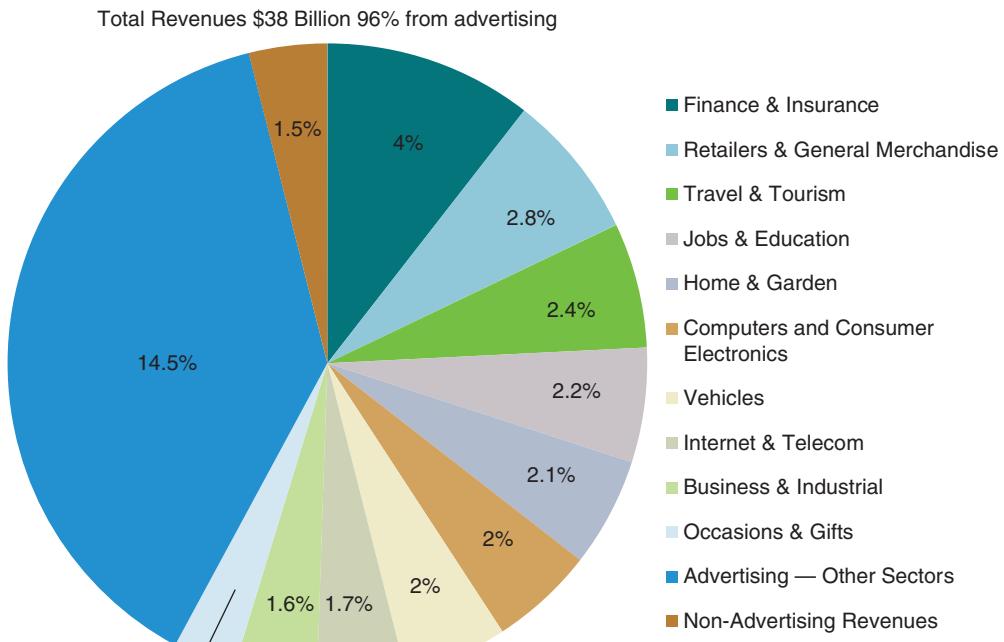


FIGURE 8.3 Google's Advertising Revenues

example, customers looking to buy flowers for Mother's Day and typing the word "flowers" into the search line will be directed to places where they can buy flowers (these links appear below the search line). Most likely, links to flower outlets close by will appear on the first search page, because Google identifies searchers' Zip Codes via their IP addresses. But, on the right side or top of the screen, consumers will see the banners of flower outlets that bid on these advertising spaces and won. Because Mother's Day generates more flower sales than any other occasion, it is likely that these banners will advertise major flower distributors, such as 1-800-FLOWERS. That is because only major outlets in the flower industry would have placed highly competitive bids on advertising space that is particularly expensive on Mother's Day.

Each time a potential customer clicks on a sponsored banner ad, the advertiser pays Google a fee. The fees can range from a few cents for terms that very few (if any) users are likely to enter in the search engine, to several dollars (and up) for words that many users are likely to type in; the latter are what bring up ads sponsored by large marketers. The advertisers' costs-per-click also vary according to whether or not the same user has clicked on the ad previously (measuring the effectiveness of online ads is discussed later in this chapter).

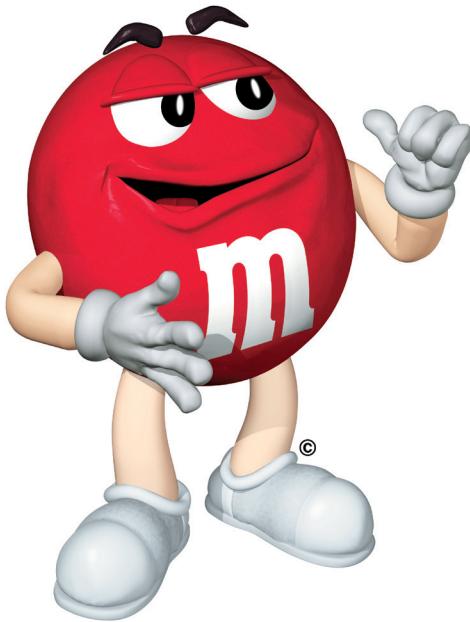
Another source of revenue for Google is graphical and video ads posted on YouTube, which is owned by Google, and on thousands of non-Google sites. Google also runs a shopping site where retailers pay for being displayed in Google's product-search engine.⁵ Figure 8.3 depicts the sources of Google's advertising revenues; as shown, most of the revenues come from the marketers of consumer goods.

Consumers and Social Media

Learning Objective

- 3 To understand the dynamics of social media and its strategic and promotional advantages over other media.

Social media refers to means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media depend on mobile and Web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content.⁶ However, even in the "new" and "non-traditional" social media, marketing symbols that have been around for decades are used. For instance, marketers are increasingly featuring their "mascots" online, because they feel that customers will bond with mascots featured in social media just like they did when the mascots appeared in other media. Figure 8.4 features the M&M'S® "person"—a beloved American icon, who has appeared in social media in recent years, as well as in print and broadcast media for decades.



Source: DOVE, M&M'S, the M&M'S Character and SNICKERS are registered trademarks of Mars, Incorporated. These trademarks and advertisements are used with permission. Mars, Incorporated is not associated with Pearson Education, Inc.

The structure of social media includes the following elements:

1. Profiles are the ways by which consumers tell others about themselves (i.e., their age, personality, and interests).
2. Friends are trusted members of the social network used. They are allowed to post comments that designated members of the network can read. The networks allow users to keep tabs on what their friends are doing online (e.g., posting new pictures or updating their profiles).
3. Groups within social networks help users find people with similar interests.
4. Social networks create interactions among group members via “discussion boards” and by allowing members to post pictures, music, video clips, and other tidbits for the groups’ members to view.
5. Consumers must have opt-ins and opt-outs that allow them to control the information they share with friends and the information they receive from others. A Nielsen study indicated that about one-third of consumers found ads on social networks annoying. However, 26% were more open to ads recommended by friends, another 26% said that they did not mind being identified based on their social media profiles, and 17% felt connected to brands advertised on social networking platforms.⁷

FIGURE 8.4 Red M&M'S®

Permissions to Collect Personal and Social Information

Social media marketing is enabled by the information consumers provide about themselves and their social contacts, mostly via “apps” that they buy cheaply or receive for free. **Apps** (short for “applications”) are chunks of software—installed on one’s computer, tablet, or smartphone—that are gateways to games, online resources, and social networking. Apps also collect users’ personal information and provide them to the apps’ developers. Using apps illustrates the importance of the “free” content-for-information model discussed in Chapter 1. For example, Facebook provides a “free” service, but users “pay” for it, indirectly, by providing Facebook with data about their interests, hobbies, activities, opinions, shopping, friendships, and social contacts. Facebook uses this data to attract advertisers who, in turn, use this information to develop highly targeted and sophisticated promotional messages.⁸

Like all entities on the Internet, Facebook is required to ask users for permission to use the data they provide. A survey conducted by The Wall Street Journal identified the most widely used apps on Facebook and the number of permissions for information each app asks from users (see Figure 8.5). Then, the study identified the number and type of permissions sought by the most popular apps. As illustrated in Figure 8.6, users are asked to provide four kinds of information:

1. **Basic permissions** include name, identification, gender, photo, personal demographics, and list of friends.
2. **User permissions** are requests to allow the installation of the applications on the users’ computers.
3. **Friends permissions** include requests to share information the users have about friends using the same app.
4. **Sensitive information requests** include questions about users’ highly personal lives and opinions, such as political or religious affiliation and even sexual orientation. For instance, an app entitled “Between You and Me” asked questions about users’ and their friends’ sexual orientations; other quiz-type apps often pose provocative questions, such as “Is your friend’s butt cute?”⁹ (The ethics of the mechanics used to secure permissions are discussed in Chapter 15.)

Social Advertising's Best Practices

Marketers listen to the interactions, or social conversations, and use the information gathered to generate more buzz for their products within social networks. For instance, the BMW brand is almost a century old; however, it is using 21st-century techniques to connect with consumers. It was quick to understand the power of social media in educating its potential clients, especially by shunning away from corporate speak, and has since learned how to reach and appeal to the sensibilities of its target audience on social networks. The success is undeniable—with 13.4 million fans on Facebook, 2.4 million on Google+, and more than 200,000 followers on Twitter, BMW is generating more buzz than Mercedes, Ferrari, or Toyota. A recent survey comparing Mercedes’ and BMW’s efforts on social media awarded the palm unequivocally to BMW, based on the number of mentions,

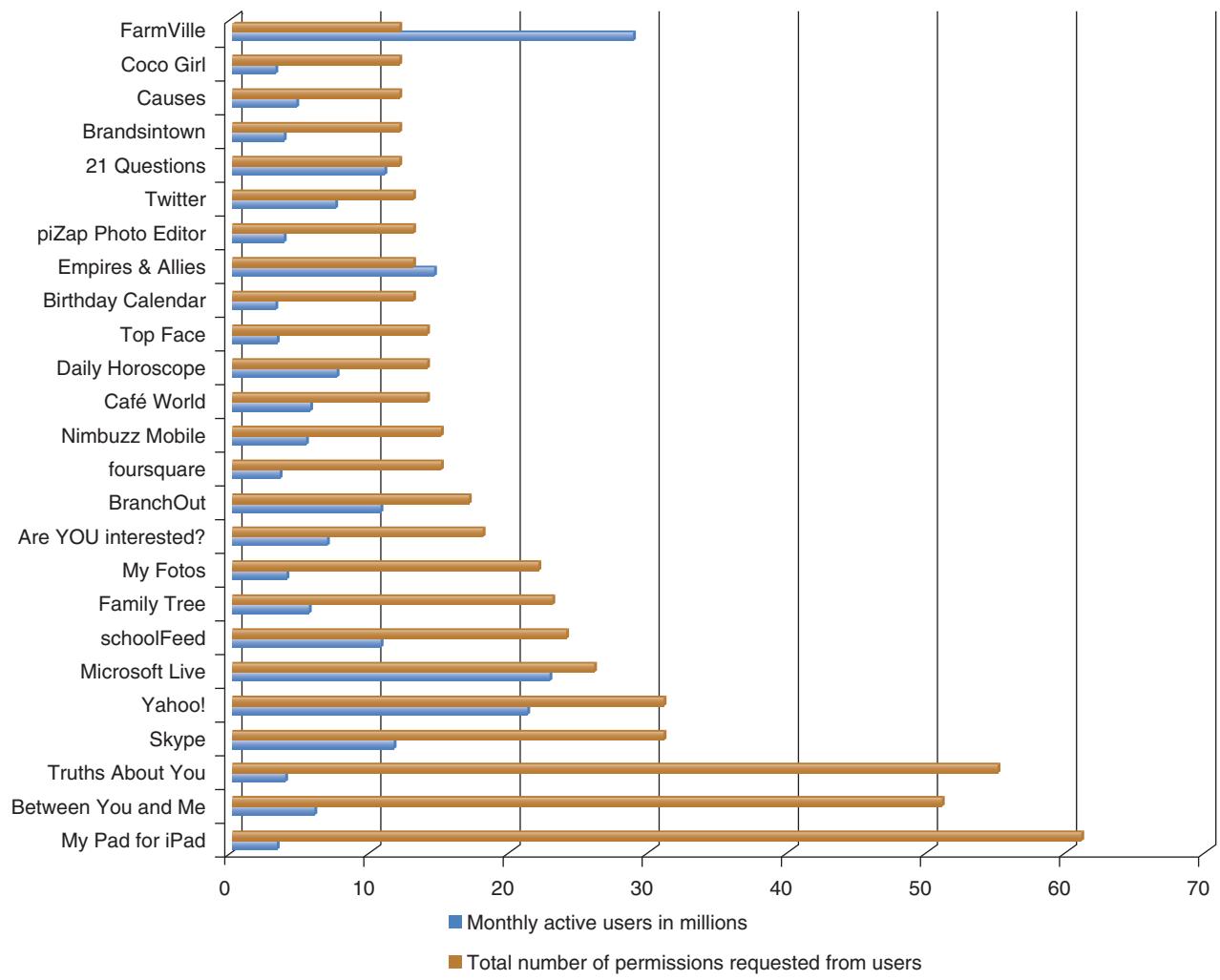


FIGURE 8.5 Numbers of Permissions Sought by Prominent Apps

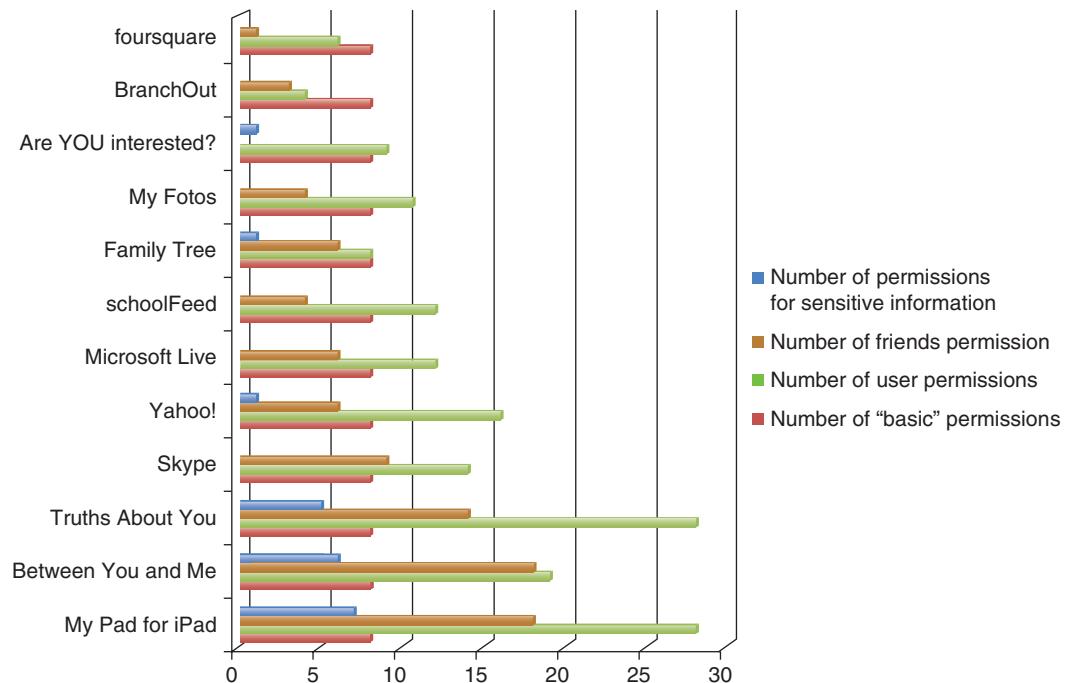


FIGURE 8.6 Types of Permissions Sought

how the audience “felt” for the brand, and, last but not least, the quality of engagement with fans and followers. BMW is now a star on social networks among car manufacturers, but how did it manage to overcome the competition?

BMW seems to have followed the recommended path to success on social networks such as Facebook and Twitter—communicate extensively but do not use the words you would normally use for TV or magazine ads, speak the same language as your audience, and use a lot of visually appealing images. Here are few tips on how to successfully launch new products, such as the latest electric BMW i3: Create a teaser campaign on Facebook well before the launch to gather some momentum with your followers and generate interest. You want them to be rewarded with prime information and build a core audience. Create a video that is personal or behind the scenes. For example, have engineers talk about the project and share tips or secrets. Keep your audience updated with the help videos, comments, and sharing of ideas. The pace has to be maintained for the core audience, as well as for newcomers starting to follow the unfolding of the release. When the new car is released and available in showrooms, invite fans and bloggers to the event so they can spread the word around and share their firsthand experience of the product on their networks.

Companies’ Twitter accounts are key social media devices and handling them is complex and risky. A marketer’s Twitter account lets users, who represent the company, send 140-character texts—tweets—to consumers who have signed up to follow these users. Although this channel is a very effective way to reach young consumers who have explicitly stated that they are willing to receive messages from the marketer, it has also become a popular (and unwelcome) mechanism of consumer complaints. Furthermore, inappropriate responses from companies’ employees and hacked Twitter accounts have embarrassed and damaged the reputations of numerous brands. For example, in response to a McDonald’s tweet under “#McDStories,” legions of critics joined in with negative responses, such as vividly describing the company’s cruelty to animals.¹⁰ Therefore, companies are now structuring the operations of their Twitter accounts, as illustrated in Table 8.1.¹¹

Savvy marketers combine their social media promotions with iPhone applications. For example, a wine marketer targeting echo boomers developed an iPhone application entitled “Rock My Whirl” in the form of a spinning-bottle game.¹² Many marketers allow consumers to interact with their brands’ designs. For example, Cosmopolitan magazine allows consumers to star in photo shoots for an advertising campaign; consumers can share these photos and video clips with friends via YouTube and some of these materials also appeared on digital boards in New York’s Time Square.¹³ InStyle.com enables consumers to apply celebrity hairstyles to their photos, and another site invites consumers to design their own handbags. Many movies use social networks to tell consumers that their friends have seen the movie and ask them whether they are going to see it as well. Another successful practice is encouraging buzz. For example, some websites notify consumers that their friends viewed a clothing collection at a department store and suggest that they should check it out also. After they click on links to the collection, their friends are notified. Most likely, these back-and-forth notifications generate discussions among friends about the clothes they saw.

TABLE 8.1 Effective Tweeting Illustrations

TWEETS’ SENDERS	NUMBER OF FOLLOWERS AND TWEETS’ CONTENTS	TWEETS’ WRITERS
Whole Foods Supermarkets	More than two million consumers receive recipes and answers to questions. A weekly Twitter chat among followers addresses such issues as holiday menu planning.	One writer from the company’s main account, as well as individual accounts created and handled by different stores.
Southwest Airlines	More than one million travelers receive promotional messages and stranded ones receive help. Complaints are answered quickly. Tweets reflect the company’s casual and humorous culture, but not always; a social media crisis plan takes over the account during emergencies.	A team of about 10 people from the company’s customer relations department handles the account.
Best Buy	The account has about 40,000 followers. Qualified employees answer technological questions.	Several thousand employees, who have studied specific guidelines and enrolled via a site that verified their employment status, respond to customers’ questions.

Numerous sites ask consumers to take polls. For example, an airline's website asked consumers to vote on their favorite in-flight technological feature (e.g., Wi-Fi) and then informed them how many consumers, in total, voted and how many of their friends had done so. Several upper-end watchmakers teamed up and created a very expensive, experimental watch that was designed primarily to create buzz about very pricy watches. The only promotion for the product was getting watch enthusiasts to write about this unusual watch in their blogs.¹⁴ However, aggressive advertising on social media can backfire. For example, when Walmart purchased 50 million ads on Facebook, which were placed on users' Facebook pages, many consumers who resent Walmart's labor practices demanded the removal of these ads.¹⁵

Most companies selling consumer goods have integrated social media into their advertising campaigns. Established brands—such as Coca-Cola, Volkswagen, AT&T, Ritz Crackers, and Men's Fitness magazine—are directing viewers of their ads to their Twitter messages or Facebook pages, sometimes with sophisticated, cloud-based ad platforms. For example, an ad for a cleaning product read: "Clean should smell better" and instructed users to "Hover to expand." When users hovered, they reached the company's Facebook page.¹⁶ Small and unknown brands, which do not have the resources to advertise nationally, have been using social media aggressively to widen their exposure.¹⁷ The growth of social media has also changed long-standing practices. To generate advanced excitement about Super Bowl ads—which are always eagerly anticipated—many advertisers released limited versions of the ads and other "teasers" during Christmas, two months before the game.¹⁸ In the not-for-profit sector, during one of the most destructive hurricanes in history, transit agencies used social media extensively to calm irate riders and keep them informed.¹⁹

One of the myths regarding social media has been that it reaches only young consumers. However, the age gap on social networks has been narrowing rapidly. In one year, only 9% of Internet users 55 to 64 years old used social networking, but 43% of this age group reported doing so two years later.²⁰

The characteristics of effective social media campaigns are:

1. Social media campaigns must be planned together with advertising in traditional media.
2. Marketers must consider the fact that social media simultaneously reaches several audiences (i.e., consumers, retailers, and other parties with whom the company does business), which justifies larger advertising budgets.
3. Executives should closely examine consumers' clicks on the "like" buttons and "mine" and use data from their Facebook pages to develop new niches for their products (sometimes with partners in other product categories).
4. Bosses who tweet personally strengthen the connections between their brands and customers.
5. Employees should be encouraged to tweet, but guidelines for such communications must be set and monitored for compliance.²¹ However, research suggests than many CEOs resent (and even fear) using Twitter.²²

Social Media Communication Channels

There are several types of social media channels.²³

1. **Owned social media**, which consist of messages sent by marketers to consumers via channels that the marketers control.
2. **Paid social media**, which consist of messages sent via channels that are not owned by the marketers, who pay for using the channels.
3. **Earned social media**, which are channels where consumers pass along messages about brands to one another.

Commonly, when using paid social media, an advertiser (e.g., Walmart) pays the social network (e.g., Facebook) only after users click on its ads. However, more and more advertisers prepay for large blocks of ads placed on social media users' pages or sent to them via live news feeds.

The most widely used platforms to transmit social message are:

1. Branded blogs and micro-blogging platforms (e.g., Twitter) that encourage interactions among consumers; these messages resemble conversations.
2. Social networks such as Facebook and Myspace.
3. Widgets, gaming, and other applications that users can download.
4. Mobile phones (discussed in the following section).

Most companies use several platforms simultaneously.²⁴

Consumers and Mobile Advertising

Learning Objective

- 4 To understand how consumers use mobile media and their reactions to mobile advertising.

Mobile advertising consists of sending promotional messages to consumers' cell phones, iPads, electronic readers, and other devices that people carry while on the go. Initially, the extent of mobile advertising in other countries, especially in Europe and even more so in Southeast Asia, was far greater than in the United States. However, one report indicated that U.S. companies have spent more on mobile advertising than any other country, including Japan, which had been the leader in mobile advertising. During a recent year, advertisers spent more than \$6.43 billion globally on mobile media, with the United States contributing \$2.3 billion and Japan following with \$1.7 billion. Nevertheless, mobile advertising still accounts for just 1% of the total advertising spending in the United States and worldwide. The primary reason for the growth of mobile advertising is that more and more people are using smartphones and other mobile Internet devices such as tablets and e-readers.²⁵ Mobile advertising should be distinguished from mobile-advertising campaigns on social networks, which consist of ads that pop up on, for example, Facebook mobile news feeds to its users after marketers have purchased this advertising space from Facebook.²⁶

Consumer Response to Mobile Advertising

Because mobile advertising is a new medium, it is important to understand how and why consumers use mobile devices and their reactions to such ads. One study discovered that mobile devices provide four types of value to users:

1. **Monetary value:** The device provides good value for the money that also exceeds the value consumers receive from using nonmobile communication devices.
2. **Convenience value:** Saving time and money, improving efficiency, and making life easier.
3. **Emotional value:** Feeling good and relaxed when using the device.
4. **Social value:** Being accepted by others and impressing them.

The results indicated that the higher the values consumers receive from mobile devices, the more likely they are to use the devices to purchase products and engage in word-of-mouth about what they bought.²⁷

Studies have identified cross-cultural differences among consumers' responses to mobile ads. A study of Japanese men showed that mobile ads generated effective word-of-mouth. A study of European consumers showed that cross-cultural differences impact the effectiveness of mobile advertising. Research on Korean shoppers indicated that their attitudes toward mobile advertising depended mainly on the convenience of the interface and their ability to control content. Research of Chinese consumers showed that ease of use, perceived usefulness, and trust were the key factors in receptivity to mobile advertising. Researchers also found that the adoption of mobile "broadcasting" in Japan, Germany, and Korea was positively related to the extent of access to mobile devices and the entertainment and social interaction they provide.²⁸

One study investigated the influence of the language and source of text advertisements on attitudes toward and purchase intentions regarding products advertised on mobile devices. The researchers found that reputable companies with highly perceived credibility can use *entertaining* language, but companies with less credibility and poorer reputations should create *serious*, clear, and concise mobile ads.²⁹

The Advantages and Shortcomings of Mobile Advertising

An analysis of a large sample of mobile ads indicated that:

1. Mobile marketers are still spending most of their money on search ads. **Search advertising** is placing online advertisements on Web pages that show results from search engine queries.
2. Marketers have been creating mobile ads that are fun, pay rewards, and help customers find useful information (e.g., referrals).
3. As smartphone screens became larger, marketers began using mobile ads that take over the entire screen.
4. Some mobile marketers have been experimenting with inserting ads in places where consumers do not expect to see any, in an effort to overcome consumers' tuning-out of promotional messages. For example, Facebook and Twitter have slipped ads into the flow of

digital conversations. Some models of the Kindle e-reader display messages for local services, regardless of whether users use the device or let it “go to sleep.”

5. Many advertisers use banner ads on mobile devices’ screens because such ads are cheap, although most recognize that consumers find banners annoying.³⁰

Another practice that is becoming increasingly popular is developing technologies that enable advertisers to link what consumers do on their computers with their cell phones. For example, Google can send consumers cell phone ads that are congruent with their searches on home computers.³¹ At the same time, mobile advertising has its limitations: First, smartphones’ screens are rather small. Secondly, it is technically impossible to use cookies with apps the way it is with browsers. Thus, marketers cannot track actions and optimize their ads the way they do in response to customers’ computer surfing.³² Marketers also recognize that most consumers are reluctant to receive ads when using their cell phones.

In spite of its limitations, mobile advertising has one outstanding capability: It can identify users’ geographic locations and deliver contextually relevant offers. For example, consider a consumer driving with a GPS navigation device (on a smartphone) who receives an ad for a sale in a store located near a highway exit several miles away. The consumer reacts to the message, stops by the store, purchases the item, and pays by credit card. The data about the purchase are immediately entered into a database that includes demographic information about the consumer, as well as the person’s usage of mobile devices. Later on, the consumer receives an email thanking her for the purchase and asking her to subscribe to “alerts” about future sales. Probably immediately, the data about the entire shopping encounter are integrated with the data of thousands of persons who responded to such mobile ads, allowing marketers to create profiles of the types of buyers who respond to mobile ads. Another example is a recent joint venture between iPhone and Amazon.com. iPhone or iPad users can now use special software that enables them to browse through products offered by Amazon.com (and other large retailers) and purchase the products. Furthermore, users of the iPhone can use the device to take photos of any products they see in stores or outside and transmit them to Amazon.com. Amazon then matches these photos with available products and sends its recommendations to the customers.³³ Yet another example of the selling power of online and mobile media—stemming largely from buyers’ ability to customize their purchases—is a large music label that reported selling more than half of its total U.S. music via paid digital downloads, where buyers purchased individual songs (e.g., via iTunes) instead of CD albums.³⁴ Taxis in New York City are now equipped with TV screens that display commercials for the stores that they pass, which the vehicles’ GPS devices pinpoint.³⁵ As yet another example, one company distributed mobile phones to college students and offered them discounted calling rates in exchange for agreeing to receive ads.³⁶

There are several mobile advertising platforms. For example, Google and Apple provide advertising space on applications supported by their mobile devices.³⁷ Some TV ads feature bar codes that consumers can scan using their cell phones and obtain immediate information about products.³⁸ Because searching for items, as well as entering credit card numbers, can be cumbersome given most cell phones’ small screens, many retailers are now simplifying the search engines on their mobile sites.³⁹ Google even offers an application (named “Google Goggles”) that enables consumers to take pictures of an object, say a movie poster, and find out more about the movie without typing anything into a search engine.⁴⁰ Other retailers are experimenting with applications that allow consumers to find products in the store and even scan them for payment. In some subway stations in London and South Korea, consumers can scan bar codes of products displayed on posters, buy them, and have the products delivered to their homes shortly afterwards.⁴¹ One marketer of tennis wear enables attendees of a tennis event to order customized shirts from their mobile phones and pick them up at the stadium immediately after the match.⁴² Another example of creative mobile promotion is a restaurant that enables “culinary voyeurism” via a live video feed from its kitchen to the mobile phones of diners or customers with reservations.⁴³

What's in Store for Consumers?

Predicting the future is tricky and often inaccurate. However, it is obvious that social media is increasingly integrating with mobile devices and that more and more of our interactions with people, products, and information occur digitally and not physically. For example, “near field communications” is a new technology that allows smartphones to communicate with each other wirelessly and without Wi-Fi. Clearly, this will make exchanges of content among friends and marketers and consumers faster and more prominent. Some even predict the emergence of a “Smobile (social+mobile) Web.” Because online search results are increasingly driving purchase decisions, companies will

compete increasingly and aggressively in transmitting relevant, timely, and creative content daily to consumers' stationary and mobile communication devices. Gadgets that provide us with timely promotions, such as glasses embedded with maps featuring commercial outlets that we are passing on the street, will become progressively cheaper and popular (a prototype of such "Google Glasses" already exists).⁴⁴ In summary, we will be receiving constant access to our social lives, information, and buying opportunities, at any time, via our mobile devices.

Measuring Media's Advertising Effectiveness

Learning Objective

- 5 To understand how to measure the effectiveness of advertising in traditional and social media.

Effective advertising is the result of careful and systematic planning. Therefore, advertisers should use the following steps in designing social media campaigns:⁴⁵

1. Define the campaign's objectives and strategic approaches.
2. Examine the platforms available and determine which ones to use so as to achieve the objectives.
3. Produce the campaign's content using internal or external resources.
4. Examine the pricing models for securing access to social media, which, unlike pricing for advertising space on traditional print and broadcast communication channels, vary greatly. Then, set the expenditures needed to achieve the campaign objectives.
5. Measure the campaign's effectiveness.

The measures discussed in Chapter 7 assess the extent to which consumers noticed, paid attention to, liked, and remembered promotional messages, but not whether exposure to a given ad induced an *actual* purchase. For the most part, marketers *infer* the purchase behaviors triggered by ads from broad sets of sales data, as it is rarely possible to identify a cause-and-effect relationship between a given message and the resulting purchase behavior. In contrast, promotions placed in social media employ "electronic cookies," which are digital tracking devices that enable senders to monitor the receivers' responses precisely and often immediately. However, even with electronic tracking, some advertisers have removed their Facebook ads because they had trouble measuring whether the ads led to sales.⁴⁶

The most widely used measures of the effectiveness of online promotions are analyses of website visits, users' influence within social networks, and the audiences' demographics.⁴⁷ More sophisticated measures include Google Analytics and Nielsen's cross-platform measurement.

Analyzing Website Visits

Marketers who analyze website visits usually track the following metrics:

1. **Unique visitors.** The number of visitors to the website that have accessed its content. User profiles (based on their Web addresses) are also monitored.
2. **Cost per unique visitor.** The total cost of placing the application or ad divided by the number of unique visitors.
3. **Return visits.** The average number of times a user returns to the site within a specific period.
4. **Time spent.** The average amount of time from the start of the visit until the end of the last activity on the page.
5. **Page views.** The average number of pages that users have clicked through.
6. **Interaction rate.** The proportion of viewers who interact with an ad or application.
7. **Actions.** The actions taken during visits, such as entering contests, responding to poll questions, redeeming coupons, playing games, posting comments, sending messages, inviting friends, and downloading or uploading materials and applications.
8. **Conversation-related measures.** Data including the number of unique visitors participating, the number of related links that participants reach during the conversation and the duration between the first and last posts, and the average time between posts.
9. **Visitor demographics.** (a) Examining how the target audience navigates around the site and which demographic profiles have the most engagement; (b) Evaluating whether the content created is a good match with the users and whether it converts many into buyers; and (c) Determining how to improve the sell rate and reduce the cost per impression.⁴⁸

Gauging Influence within Social Network

As an example, one's degree of influence on Twitter is measured as follows: The person's number of followers, the number of people following the followers, the frequency of updating tweets, and the extent to which his or her tweets are referenced or cited.

Twitter also identified several types of users: *Celebrities* have many followers but follow very few, if any, users. *Conversationalists* follow about the same number of users as follow them. *Spammers* "collect" users with the intent to push content to as many people as possible.

Google Analytics

Google Analytics is a service offered by Google that evaluates the effectiveness of websites and profiles their users by collecting and analyzing the following data:

1. Tracking where visitors come from: Referrals, search engines, display advertising, pay-per-click networks, email campaigns, and other digital links (e.g., clicks within PDF documents).
2. Customers' actions after they "land" at the initial page: Viewing other pages, downloading files, registering with the site, and other actions.
3. Website visitors' geographic location and their visits' lengths. This method also assigns websites' users into profiles and segments them.

Google Analytics enables marketers to measure the effectiveness of their websites and promotional efforts and, to an extent, predict the impact of planned advertising campaigns on customers' behavior. In addition, Google Analytics' e-commerce service tracks sales activity and performance and provides marketers with their sites' transactions, revenue, and many other commerce-related metrics. Marketers can also identify pages, links, and promotional efforts that perform poorly and do not achieve the sites' objectives (e.g., "converting" visitors to users, generating repeat visits, and getting users to register).

Media Exposure Measures

Since advertising in mass media started (initially in newspapers and magazines) approximately in the middle of the nineteenth century, advertisers have recognized that many messages were reaching consumers who had no interest in the products advertised and that accurately gauging the persuasive effectiveness of ads placed in mass media was impossible. **Media exposure effects** measure how many consumers were exposed to the message and their characteristics. Consumer research companies assess *how many* consumers received the message and construct a profile of the receivers. The largest syndicated company that collects such data and sells it to advertisers is Nielsen. Originally, Nielsen monitored TV viewing, but it now maintains many panels of consumers who have consented to the monitoring of certain aspects of their media exposure and consumption.

There are many other companies that monitor consumers' media and advertising exposure. For example, comScore monitors online traffic and Web visits and also tracks mobile advertising on cell phones. Mediemark Research Inc. (MRI) provides magazines with data on their *circulations* as well as a descriptive *audience profiles* (breakdowns of readers by gender, median age, and household income). Arbitron measures the audiences of radio broadcasts.

Broadcasters, publishers, and owners of websites use media exposure measures to determine the size of their audiences and set the rates that they charge advertisers for placing promotional messages in their media. However, disputes regarding the results of audience measurements are common. For example, for years advertisers argued that Nielsen's panels did not adequately represent minorities, and media companies claimed that the company failed to properly measure viewers who use time-shifting devices. More recently, one website's estimate of its monthly number of visitors was 1.8 million, whereas comScore's estimate of the same audience was only 421,000. The major sources of such discrepancies are uncertainties about how to measure Internet use in the workplace and consumers who delete the cookies (small identifying files placed on a computer's hard drive) that are essential in counting website visits. Many believe that a better tracking system is crucial for the growth of online advertising.⁴⁹

Nielsen's Cross-Platform Measurement

Media exposure measures assess *how many* consumers received the message, and also profiles them. The largest syndicated companies that collect such data and sell it to marketers are Nielsen and Arbitron. Nielsen now has many consumer panels who provide continuous data about media exposure and consumption. Arbitron is known primarily for monitoring radio broadcast audiences and, more recently,

for developing **portable people meters**, which are small devices, equipped with GPS, that the consumers clip onto their belts and wear all day (in exchange for monetary incentives). The devices monitor codes embedded in the audio streams of media that consumers receive (e.g., TV and radio programs and in-store announcements) and also have the capacity to capture visual images of the screens and written materials that consumers are exposed to (e.g., billboards and other out-of-home media, magazines and newspapers, and online surfing). At night, the devices are plugged into cradles and transmit the data collected to Arbitron. Recently, Nielsen bought Arbitron and integrated the PPM technologies into cross-platform effectiveness measures that compete with newer companies that have been developing similar techniques (e.g., comScore).⁵⁰

Traditional Media's Electronic Evolution

Learning Objective

- 6 To understand the advancement of print and broadcast media into electronic communications.

Print and broadcast media are one-way communications where all the members of a given audience receive the same one-way messages from marketers. Newspapers, magazines, TV, and radio use segment-based targeting. Because each individual has his or her own traits, characteristics, interests, needs, experience, and knowledge, senders of advertising messages segment their audiences into groups that are homogeneous in terms of relevant characteristics, including media exposure patterns. Segmentation enables senders to create specific messages for each target group and to run them in specific media that are seen, heard, or read by the relevant target group. It is unlikely that a marketer could develop a single message that would appeal simultaneously to its total audience. A cost-effective media choice has been closely matching the *advertiser's consumer profile* to a *medium's audience profile*. Rather than selecting one media category to the exclusion of others, most advertisers use a multimedia campaign strategy, with one primary media category carrying the major burden of the campaign and other categories providing supplemental support.

Newspapers and Magazines

Newspapers provide access to large audiences and are effective for reaching large audiences. However, they are generally inadequate when it comes to reaching consumers with specific demographics. Newspaper ads can be designed and published quickly, but they have a short life. There is considerable clutter because many messages, particularly for local services and research outlets, compete for attention. Nevertheless, because of redemptions of specific promotions and timely measurement of sales volume after the ads are published, feedback can be collected quickly. Advertising costs are determined by size of ad and the medium's circulation. Newspaper ads are affordable for local businesses and enable joint advertising by national manufacturers and local sellers. However, online advertising enables mom-and-pop firms, which have never had the funds for traditional advertising, to promote their businesses, and major players in the digital advertising business, such as Facebook and Groupon, are competing for small businesses.⁵¹ By some estimates, in 2014, local business will spend about 10% of their total advertising expenditures on online promotions (i.e., \$3.1 billion out of \$35 billion).⁵²

Magazines reach specific geographic, demographic, and interest-focused groups and enable more precise targeting than newspapers, with visually high-quality ads. Special-interest magazines are highly credible. Magazines offer long message life and increased exposure to ads because of pass-along readership. At the same time, ads require longer lead time for production, and numerous magazines do not guarantee ad placement in a particular position within the magazine. Feedback from magazine ads is often delayed and is measured via Starch scores (see Chapter 5). Advertising rates are determined by cost of page, which is a function of the magazines' circulation, and top magazines charge very high rates. In recent years, magazine advertising has declined rapidly. As shown in Figure 8.7, magazine ad pages during a recent year have declined considerably, as they did in prior years.⁵³ Figure 8.8 depicts the decline in advertising in popular magazines.⁵⁴

Although most magazines and newspapers are still printed on paper, almost all now offer online editions and many are planning to phase out their paper editions. Online, both magazines and newspapers can flourish by offering readers customized editions that are based on the readers' interests. For example, readers of The New York Times or The Wall Street Journal no longer have to flip pages to find the stories that they wish to read. They can subscribe to online versions where the stories that they are interested in appear immediately and include links to previous articles about the topics covered and other relevant information. For example, a Sports Illustrated story about soccer might include electronically linked references to past matches. In addition, advertisers can customize the messages sent to readers.

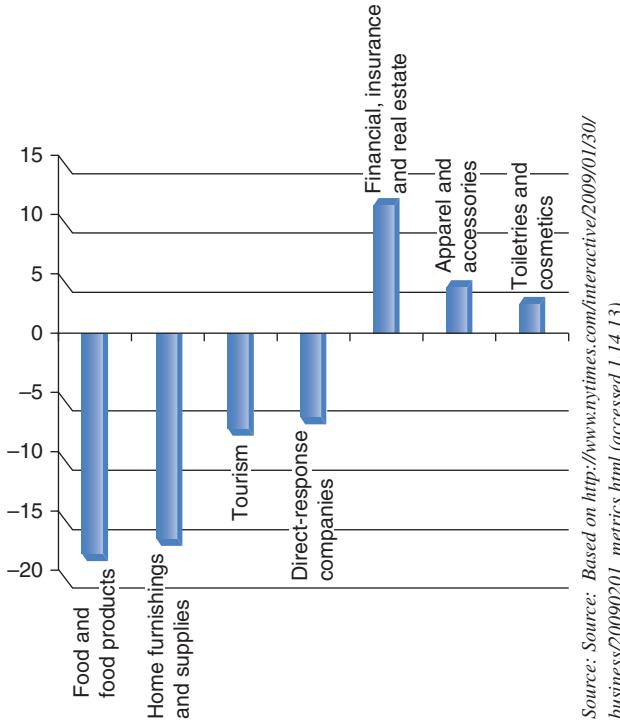


FIGURE 8.7 The Decline (and Some Growth) in the Number of Magazine Ad Pages for Major Industries during 2011 (percentages)

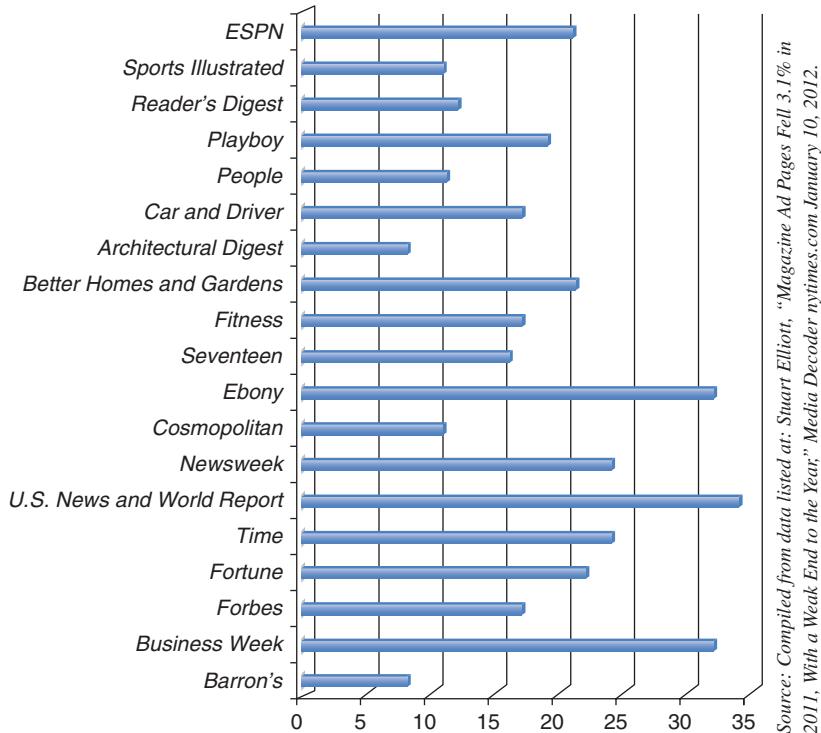


FIGURE 8.8 The Decline in Ad Pages in Popular Magazines over Three Years (percentages)

The prices of magazines' online editions are nearly always bundled with subscriptions to the print editions, but their costs have been going up. For example, Condé Nast, publisher of high-end titles like *Vogue* and *The New Yorker*, raised prices on its bundled print and electronic subscriptions, effectively making print subscribers pay more for online versions that they previously received for free. However, it appears that consumers are willing to pay the higher prices: Condé Nast subscribers who chose to sign up for digital subscriptions renewed at a 25% higher rate than those who did not.⁵⁵

Television and Radio

Network and cable TV reach very large audiences. However, many programs, particularly on network TV, reach audiences that are heterogeneous in their demographics, spending power, interests, and lifestyles. Network TV (and later cable TV) has been the most desirable (and expensive) advertising medium for many decades because television enables marketers to send messages that draw attention and generate emotion. However, with many TV ads for competing and often similar brands creating clutter, marketers had to design short-duration messages and repeat them frequently. Furthermore, the feedback from TV ads has been imprecise and did not enable marketers to effectively determine which ads led to sales and which ones did not. Because TV reaches large and diverse audiences, marketers have been aware that many of their TV commercials reached many consumers that neither had interest in the products advertised nor became customers. Also, more sophisticated recording and time-shifting devices have been allowing viewers to avoid seeing TV commercials altogether.

Both the production and broadcast of television ads are very expensive and, with more and more forms of communications emerging, some major TV advertisers are changing course. For example, during one year, General Motors—traditionally one of the largest advertisers at the Super Bowl—discontinued such ads because of the broadcast's very high costs, which have reached about \$3.8 million for a 30-second spot.⁵⁶ Also, most network TV programs were designed to reach people between 18 and 49 years of age, of whom about 25.1 million watched TV daily in the U.S.—but this key audience has been declining in recent years.⁵⁷ Furthermore, the lure of YouTube and Netflix has been causing viewers to disconnect their cable-TV services, and the numbers of pay-TV subscribers have been steadily declining as well.⁵⁸ In addition, TV networks must now allow online streaming in real time of programs that are scheduled to be shown later on, during prime viewing time, such as Olympic Games held in other time zones, although such streaming can cannibalize the scheduled broadcast and reduce exposure to paid commercials.⁵⁹

Radio's advantages are its high geographic and demographic audience selectivity, as well as the short lead time needed for producing and placing commercials. Presently, almost all radio broadcasts, globally, are available online.

Interactive TV

Interactive TV (iTV) combines TVs' broadcasting capabilities and the interactivity of the Internet. iTV can be delivered to one's TV, computer, or mobile device in the form of a *two-way* communication between subscribers and providers of cable or satellite TV. Viewing on iTV is much more engaging, personal, and dynamic than watching one-way TV programs. For example, using remote controls or smartphones, viewers of Top Chef can vote on contestants, immediately see the results of the votes, download recipes, see behind-the-scenes segments, and even buy products featured on the show. Viewers of sports programs can view scores, statistics, and alerts of the results of other sporting events held at the same time. Consumers can also access highly targeted content, customize the advertising they wish to receive, and click on links with additional information during a commercial.⁶⁰ One study showed that interactive banners superimposed on TV commercials significantly reduced the rate at which viewers changed channels during ad breaks.⁶¹

Several cable companies are now using targeting technology to route ads to specific households based on data about income, ethnicity, gender, and whether the homeowner has children or pets. Compared to regular television, iTV enables marketers to send *addressable ads*, deploy *interactivity* between the sender and the receiver (which increases the receiver's level of engagement with the content), and *measure the persuasive impact* of their messages quickly and effectively.

Out-of-Home Media

Out-of-home media consist of communications that target consumers in captive and less cluttered environments outside of their homes. This category consists of new promotional tools as well as some older means that were significantly updated with new technology. For instance, **captive advertising screens** are placed in locations where consumers spend time, such as elevators, cinemas, retail stores, restaurants, bars, fitness clubs, college campuses, and transit. Digital billboards and displays, with interactive capabilities, are placed in transit locations, events, and stores. A billboard promoting a show on citizen surveillance used a built-in camera to take pictures of passersby with the notification "Person of Interest Identified." Those individuals then received access to their "classified files" to send to their friends or post online.⁶²

Ambient advertising (experiential advertising) consists of constructing sensory environments that simulate an actual experience with the product. For example, during the cold holiday season, Kraft Foods built and maintained heated bus shelters (in Chicago and other northern cities), designed to convey to consumers the warm feeling they would get if they ate Kraft stuffing.⁶³ By some estimates, spending on digital out-of-home media during a recent year was \$2 billion and expected to rise 12.5% during the next one.⁶⁴

Branded Entertainment

Branded entertainment (product placement) consists of featuring products within the contents of entertainment, such as TV, movies, video games, among others. When TV emerged as an advertising medium (in the early 1950s), companies sponsored the most popular TV shows and featured their products prominently within the broadcasts. Over the years, paid-for *embeds* of products and brands have appeared in most films and TV shows. Due to consumers' ability to avoid viewing commercials, advertisers' expenditures on branded entertainment have increased significantly. Apparently, marketers believe that they can build and increase product awareness by integrating brands into the content of entertainment programs, where consumers cannot avoid them (the forms of such integration were discussed in Chapter 4).

Many programs that are billed as "entertainment" are, in fact, showcases for prominently featuring products and forming emotional connections between brands and consumers (e.g., The Apprentice, Top Chef, Survivor, and various "makeover" programs). Products have also appeared on the sets on news broadcasts and within the dialogues of programs. Legislators have increasingly criticized overly aggressive product placements (the ethical aspects of product placement are discussed in Chapter 15).⁶⁵ By some estimates, globally, companies have been spending between \$25 and \$30 billion annually on branded entertainment, with American companies spending the most.

In addition to embedding brands in films and TV programs, many marketers have developed **webisodes** (i.e., short videos shown online featuring entertainment centered around a brand) and **advergames**, which are video games with embedded brands. A study showed that, overall, advergames enhanced brand recall. However, repeatedly playing the same game had no effect on brand recall, but did have a negative impact on brand attitude, indicating viewer wear-out.⁶⁶

Summary

Learning Objective 1: To understand the strategic superiority of impression-based (eyeballs) targeting over segment-based targeting.

Since the emergence of traditional advertising media (newspapers, magazines, radio, and television), TV networks, magazines, and newspapers have sold advertising space by offering marketers the opportunity to reach audiences whose demographics and psychographics (lifestyles) match those of the marketers' target markets. However, the audiences marketers reached via these media were larger and more diverse than their target markets and almost always included many people who had no interest in the products advertised. In contrast, today's sophisticated tracking of consumers enables data aggregators to construct consumer profiles—based on cookies documenting people's online surfing (and other applicable information about them)—and identify prospective customers for specific products. Advertisers then compete to reach the right "eyeballs" online by placing monetary bids.

Segment-based targeting occurs when advertisers prenegotiate prices for advertising space in media (e.g., magazines or TV shows) whose audiences largely (but never completely) match the profiles of the consumers the advertisers wish to target. Impression-based targeting occurs when advertisers specify the criteria describing the persons they wish to reach online and then bid in real time for the opportunities to reach such people. A person reached is termed an "eyeball" or "impression." Impression-based ads often "follow" consumers online and thus keep reminding

them about the products they were interested in. Retargeting occurs when ads for specific products that consumers have pursued online "follow" them and show up repeatedly whenever they go online using the same computer.

Learning Objective 2: To understand Google's targeting and advertising capabilities and its value to both consumers and marketers.

Google is the most widely used search engine online and a prominent advertising medium. Consumers using Google are reached by three types of ads: (1) Web-search ads (generated by consumers' searches); (2) Online display ads (fixed banners that do not vary according to users' profiles or search patterns, posted on websites); and (3) Mobile ads (ads that appear on mobile devices in Google search results, on content websites, and in apps).

Google's most prominent use is as a search engine. After an online user types a query, two areas appear on the screen. The "organic results" are the links directing users to sites and resources that are applicable to their Google searches. The "sponsored space"—typically appearing on the right side or the top—consists of advertising banners that Google has sold to advertisers or "sponsors." Each time a potential customer clicks on a sponsored banner ad, the advertiser pays Google a fee. The fees can range from a few cents for terms that very few users are likely to enter in the search engine, to several dollars (and up) for words that many users are likely to type in.

Learning Objective 3: To understand the dynamics of social media and its strategic and promotional advantages over other media.

Social media refers to means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media depend on mobile and Web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content. The structure of social media includes consumers' profiles, friends and groups within social networks, interactions among group members, and opt-ins and opt-outs that people use to control the information they post or receive online.

Social media marketing is enabled by the information consumers provide about themselves and their social contacts, mostly via apps that they buy cheaply or receive for free. Apps (short for “applications”) are chunks of software—installed on one’s computer, tablet, or smartphone—that are gateways to games, online resources, and social networking. Apps also collect users’ personal information and provide them to the apps’ developers. There are several types of media channels: Owned social media, paid social media, and earned social media.

Social media campaigns must be planned together with advertising in traditional media. Marketers must consider the fact that social media simultaneously reaches several audiences (i.e., consumers, retailers, and other parties with whom the company does business), which justifies larger advertising budgets. Executives should closely examine consumers’ clicks on the “like” buttons and mine data from their Facebook pages to develop new niches for their products.

Learning Objective 4: To understand how consumers use mobile media and their reactions to mobile advertising.

Mobile advertising refers to sending promotional messages to consumers’ cell phones, iPads, electronic readers, and other devices that people carry while on the go. Mobile advertising can identify users’ geographic locations and deliver contextually relevant offers. As smartphone screens become larger, marketers are increasingly using mobile ads that take over the entire screen. Some mobile marketers have been experimenting with inserting ads in places where consumers do not expect to see any, in an effort to overcome consumers’ tuning-out of promotional messages. Social media is increasingly integrating with mobile devices as more and more of our interactions with people, products, and information occur digitally rather than physically.

Learning Objective 5: To understand how to measure the effectiveness of advertising in traditional and social media.

A widely used measure of effectiveness is analysis of websites’ visits, including the number of unique visitors, cost per unique visitor, return visits, visit length, pages viewed and links clicked, actions taken during visits, and visitors’ demographics. There are also measures of users’ influence within social networks.

Google Analytics is a service offered by Google that evaluates the effectiveness of websites and profiles their users. It enables marketers to measure the effectiveness of their websites and promotional efforts and, to an extent, predict the impact of planned advertising campaigns on customers’ behavior. Marketers can also identify pages, links, and promotional efforts that perform poorly and do not achieve the sites’ objectives.

Media exposure effects measure how many consumers were exposed to the message, as well as their characteristics. Broadcasters, publishers, and owners of websites use media exposure measures to determine the size of their audiences and set the rates they charge advertisers for placing promotional messages in their media. Services that sell media exposure data to marketers have developed portable people meters (PPMs), which are small devices, equipped with GPS, that consumers clip onto their belts and wear all day (in exchange for monetary incentives). The devices monitor codes embedded into the audio streams of media that consumers receive, and also have the capacity to capture visual images of the screens and written materials that consumers are exposed to.

Learning Objective 6: To understand the advancement of print and broadcast media into electronic communications.

Traditional print and broadcast media have been evolving into more sophisticated forms. Newspapers provide access to large audiences and are effective for reaching large audiences. However, they are generally inadequate when it comes to reaching consumers with specific demographics. Newspaper ads can be designed and published quickly, but they have a short life. Newspaper ads are affordable for local businesses and enable joint advertising by national manufacturers and local sellers. Magazines reach specific geographic, demographic, and interest-focused groups and enable more precise targeting than newspapers, with ads of high visual quality. Special-interest magazines are highly credible. Magazines offer long message life and increased exposure to ads because of pass-along readership. Although most magazines and newspapers are still printed on paper, almost all now offer online editions, and many are planning to phase out their paper editions. Online, both magazines and newspapers offer readers customized editions that are based on the readers’ interests. In addition, advertisers can customize the messages sent to readers.

Network and cable TV reach very large audiences. However, many programs, particularly on network TV, reach audiences that are heterogeneous in their demographics, spending power, interests, and lifestyles. In addition, more sophisticated recording and time-shifting devices have been allowing viewers to avoid seeing TV commercials. Interactive TV (iTV) combines TV broadcasts and the interactivity of the Internet. iTV can be delivered to a TV, computer, or mobile device in the form of a two-way communication between the subscriber and providers of cable or satellite TV.

Other forms of media are not genuinely new technologically, but are innovative and growing. Out-of-home media consist of communications vehicles that target consumers in captive and less cluttered environments outside of their homes. This category consists of new promotional tools as well as some older means that were significantly updated with new technology. Ambient advertising (also known as experiential advertising) consists of promotions designed to simulate an actual consumer experience with the product. Branded entertainment (product placement) is created by featuring products within the contents of entertainment, such as TV, movies, video games, and online sites, among others. Marketers have developed webisodes (short videos, shown online, that feature entertainment centered around brands) and advergaming (video games played at homes, arcades, or online with brand or brands embedded).

Review and Discussion Questions

- 8.1. Strategically speaking, why is impression-based targeting better than segment-based targeting?
- 8.2. Describe Google's role in advertising online.
- 8.3. List and describe four advantages of social media over traditional media.
- 8.4. Compare the advantages and disadvantages of the following measurement techniques: Google Analytics, media exposure effects, and Nielsen's cross-platform measures.
- 8.5. List and describe two advantages and two disadvantages of mobile advertising.
- 8.6. Why has advertising on network TV and in magazines been steadily declining?

Hands-on Assignments

- 8.7. Take pictures of two illustrations of out-of-home media, present them in class, and describe why they are effective or not.
- 8.8. List and describe five product placements that you have seen in TV shows and movies.
- 8.9. Join one of the apps in Figure 8.4 and categorize the permission you have been asked for according to the four permissions categories discussed in this chapter.

Key Terms

- advergames 231
- ambient advertising (experiential advertising) 231
- apps 220
- branded entertainment (product placement) 231
- captive advertising screens 230
- data aggregators 216
- earned social media 223
- Google Analytics 227
- impression-based targeting 216
- interactive TV (iTV) 230
- media exposure effects 227
- mobile advertising 218
- online display ads 218
- out-of-home media 230
- owned social media 223
- paid social media 223
- portable people meters 228
- real-time bidding 216
- retargeting 218
- search advertising 224
- segment-based targeting 216
- social media 219
- time shifting 218
- webisodes 231
- Web-search ads 218



9

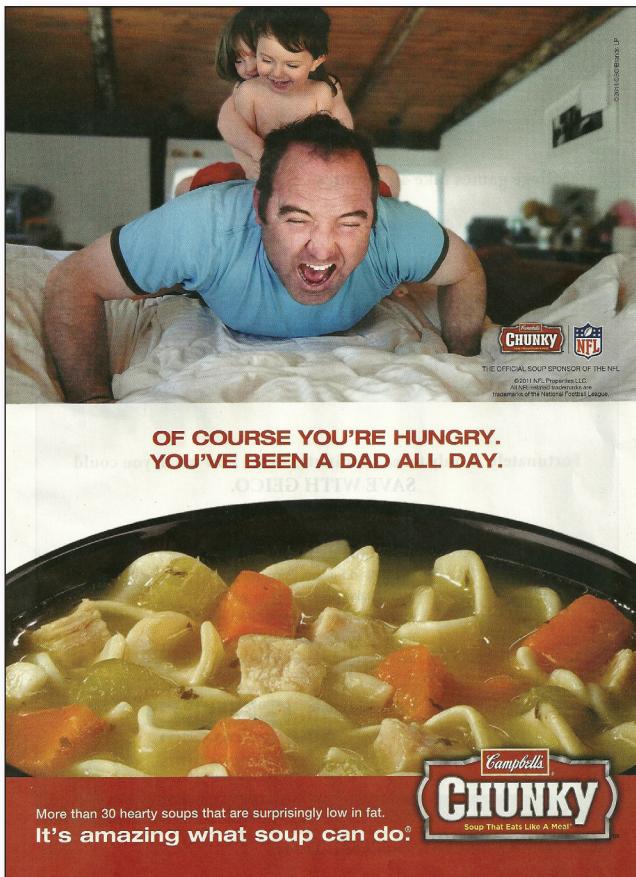
Reference Groups and Word-of-Mouth

Learning Objectives

- 1 To understand the credibility of reference groups and their influence on consumer behavior.
- 2 To understand the persuasive power and credibility of spokespersons, endorsers, celebrities, salespersons, vendors, and media.
- 3 To understand the dynamics and measurement of opinion leadership and word-of-mouth.
- 4 To understand the strategic applications, advantages, and potential perils of word-of-mouth.
- 5 To understand the process for diffusion of innovations, and adopter categories as distinct market segments.

REERENCE GROUPS are groups that serve as sources of comparison, influence, and norms for peoples' opinions, values, and behaviors. Within any setting, including consumer behavior, people are strongly influenced by what others think and how they behave. The most important reference group is the **family** because it provides children with the skills, knowledge, attitudes, and experiences necessary to function as consumers, a process called **consumer socialization** (see Chapter 10). Other important reference groups are a person's **social class**, (see Chapter 10), **culture** (see Chapter 11), and **subculture** (see Chapter 12). The Campbell's ad in Figure 9.1 illustrates the how families influence young children's brand preferences.

Word-of-mouth consists of communications where satisfied customers tell other people how much they like a business, product, service, or event (although the information transmitted can also be negative). Word-of-mouth is one of the most credible forms of buying-related information because consumers view others who don't stand to gain personally by promoting something as highly credible. It can take place face to face or via electronic communications, and the exchangers of the information may know each other personally or only online. Word-of-mouth occurs often when neighbors talk across their lawns or over a cup of coffee; when friends and neighbors share stories about shops and products that they like (or dislike); and in texting, emailing, chat rooms, and online social communities, among other forms of communication. It has been said that "word-of-mouth is the best advertising" because reference groups, such as friends, neighbors, relatives, and other consumers a person meets online in social networks, chat rooms, and through Twitter, strongly influence one's consumption behavior. This influence is strong because people perceive others like themselves as having nothing to gain from their purchase recommendations. Consumers view reference groups with which they have personal contacts as more credible than advertisements and other promotions sent by marketers. The ad featured in Figure 9.2 encourages mothers to engage in word-of-mouth and rave about Campbell's soup.



Source: Courtesy Campbell's Soup Company

FIGURE 9.1 The Family Is a Reference Group: Campbell's Chunky Soup

We begin this chapter with a discussion of source credibility and the influences of selected reference groups. We then review several sources of information that are sponsored by



Source: Campbell's

FIGURE 9.2 Stirring Up Word-of-Mouth Among Mothers: Campbell's Chicken Stars

marketers, such as spokespersons and endorsers. Next, we discuss the process of opinion leadership and conclude with an overview of the strategic applications of word-of-mouth.

Source Credibility and Reference Groups

Learning Objective

- To understand the credibility of reference groups and their influence on consumer behavior.

Reference groups have a high degree of **source credibility**, defined as a source's persuasive impact, stemming from its perceived expertise, trustworthiness, and believability. When the source of communications about a product is well respected and highly thought of by the intended audience, the message is much more likely to be believed. Conversely, a message from a source considered unreliable or untrustworthy is likely to be received with skepticism and probably rejected. In discussing credibility, we must distinguish between formal and informal sources of information. A **formal source** is either a person or medium providing consumption-related information and hired and paid by an organization. An **informal source** is a person whom the message receiver knows personally, such as a parent or friend who gives product information or advice, or an individual met and respected online.

Reference Group Influence

Many hotel bathrooms feature "standardized" signs urging guests to reuse their towels in order to help save the environment. One hotel used a message stating that: "Most of your fellow guests reused their towels. Please help us save the environment and reuse yours." This "social norm" message persuaded about 25% more people to reuse towels. Subsequently, a more detailed social norm message stated that: "Most of the guests who have stayed in this room reused their towels. Please help us

save the environment and reuse yours.” Responding to this message, even more guests reused their towels.¹ From a communication perspective, the “social norm” messages were more persuasive than the “standard” message because they were credible and believable, whereas most guests perceived the standard messages, at least partially, as efforts by hotels to cut down on expenses. In contrast, messages stating that *others* have acted responsibly were convincing because most people adhere to social norms. People can be persuaded by various sources, such as consumers like themselves, the media, and salespeople, only if they trust these sources. People readily reject messages from sources that they do not trust and perceive as biased and not credible.

Reference groups serve as comparative and normative frames of reference for a person’s values and behaviors. **Normative influence** consists of learning and adopting a group’s norms, values, and behaviors. The most pertinent normative influence comes from groups to which people naturally belong, such as family, peers, and members of one’s community. Generally, normative influence occurs among members of the same socioeconomic group. For example, families have a large normative influence on children because they mold young children’s initial consumption-related values. Such as which foods to select for good nutrition, appropriate ways to dress for specific occasions, how and where to shop, or what constitutes “good value”. **Comparative influence** arises when people compare themselves to others whom they respect and admire, and then adopt some of those people’s values or imitate their behaviors. For example, when a recently-graduated student who holds a “start of the ladder” position in a corporation admires her boss and aspires to live like the boss and have similar possessions, the boss exerts comparative influence on the lower-level employee.

The concept of reference group can be also used metaphorically. Ads for the Art of Shaving—a line of upscale shaving products—have appeared under the tagline “Welcome to the brotherhood of shaving.” The idea behind this theme is to make men feel that they belong to a select group of metrosexuals who care greatly about personal grooming and shaving and are trusted experts to each other. The campaign’s ads have appeared only in magazines, unlike ads for other shaving products that appear on TV and in print, because a TV campaign may “dilute” the “insider mystique of the brand.”²

Types of Reference Groups

A group to which a person belongs to, or realistically can join, is called a **membership group**. For example, the group of men with whom a young executive plays poker weekly would be considered his membership group. A **symbolic group** is a group to which an individual is unlikely to belong, but whose values and behaviors that person adopts. For instance, professional tennis players may constitute a symbolic group for an amateur tennis player, who identifies with certain players and imitates their behavior (e.g., by purchasing a specific brand of tennis racquet or tennis shoe). However, the amateur tennis player does not (and probably never will) qualify for membership as a professional tennis player because she has neither the skills nor the opportunity to compete professionally. Table 9.1 illustrates the relationship between group membership and the type of group influence.

Consumption-Related Reference Group

The consumption-related groups that influence consumers’ attitudes and behavior include friendship groups, shopping groups, virtual communities, and advocacy groups.

TABLE 9.1 Group Membership and Type of Influence

	NORMATIVE INFLUENCE	COMPARATIVE INFLUENCE
Membership Group	High level of conformity to the standards of immediate membership groups, such as family and peers. The influencer and influenced belong to same socioeconomic group and are both aware of the influence.	Conformity to the standards of groups that the influenced aspires to join, and probably will. The two parties are one or two socioeconomic groups apart. The influenced and influencer probably know each other and are aware of the influence.
Symbolic Group	No significant influence. The influencer is outside the influenced reference group. The influenced are unaware of the unlikely influencers’ norms.	High degree of influence, although the influenced know that they will never join the influencers. Socially, the parties are far apart, but the influencers recognize the degree of their influence.

Friendship Groups

Seeking and maintaining friendships is a basic drive for most people. Friends fulfill a wide range of needs: They provide companionship, security, and opportunities to discuss problems that an individual may be reluctant to discuss with family members. Friendships are also a sign of maturity and independence, for they represent a breaking away from the family and the forming of social ties with the outside world. Often, friendships are formed at work. People who work together often get to know, respect, and become credible sources of information for one another regarding purchases.

Shopping Groups

People may shop together just to enjoy shopping or to reduce their perceived risk; that is, they may bring someone along whose expertise regarding a particular product category will reduce their chances of making incorrect purchases. In instances where none of the members of the shopping group knows much about the product under consideration (such as an expensive home entertainment center), members may feel more confident with a collective decision. Referral programs are an important element of shopping groups. For example, a warehouse membership club (e.g., Costco or Sam's Club) might offer rewards to current members who convince others to join. Such programs may reward only the current customer (member) for finding a new customer, may reward only the new customer, or may reward both parties (either equally or unequally). A study found that although both current and potential members preferred getting entire rewards (100 percent each), current members found a 50/50 distribution to be more appropriate if the member they recruited had to make a financial investment to join (e.g., pay a membership fee).³

Another example of a shopping group is the shared experience of waiting in line. Retail experts say that by standing in a crowd, shoppers see themselves as making the right buying decision—a concept known as “social proof.” Retailers also recognize the value of keeping shoppers waiting, because waiting crowds create attention and generate sales even after the initial frenzy has died down.⁴

Virtual Communities

Many websites encourage consumers to leave comments and have others respond to them. Most young adults have extensive “buddy lists” and regularly communicate with people whom they have met online but never in person. Online, it does not matter if you are tall or short, thin or fat, handsome or average looking, and many feel free to express their thoughts and even be intimate with those they have never met face to face. The anonymity of the online environment allows people the freedom to express their views and benefit from others’ views. One study investigated “foodies,” an online group dedicated to the preparation and consumption of food and drinks, whether at home or in restaurants. The groups’ members post recommendations for restaurants and foods across the world. The findings showed that the “foodies” paid great attention to the accuracy of their postings and took great care in not posting potentially misleading information.⁵

The fact that people can share their interests, hobbies, and opinions with thousands of peers online has benefited marketers. For example, for more than 60 years, American TV producers have broadcasted entertainment programs supported by advertising fees. Much like a book or a movie, the contents of these programs were designed without significant input from the audiences. Generally, Nielsen ratings have been used to gauge the success of TV programs and determine the advertising rates on various broadcasts. After watching them, many viewers frequently discussed TV programs at their offices’ water coolers, and some may have even talked back to their televisions while watching. However, the writers and producers of these programs had no reliable way to listen to what viewers were saying. Several years ago, avid TV viewers set up a website named televisionwithoutpity.com, which provides TV viewers with a forum to discuss, complain about, or compliment popular TV shows. Visitors to the website share their opinions about programs’ plotlines—often with a humorous touch—and make guesses about future developments; some even make suggestions regarding the content of future episodes. Because viewers who post their comments are very involved with the programs they watch, the producers of the shows can read their postings and get a sense of audiences’ reactions to plotlines and dialogues. Then, the writers can incorporate such feedback into future episodes. Because TV shows are filmed several weeks prior to a broadcast, writers can also change future episodes in ways that reflect the viewers’ postings. For example, if viewers indicate that they are bored with or irritated by a particular story line, it can be revised or even concluded sooner than planned.

Advocacy Groups

The objective of consumption-focused advocacy groups is to assist consumers in making decisions and support consumers’ rights. There are two types of advocacy groups: Entities organized to correct

a specific consumer abuse and then disband, and groups whose purpose is to address broader, more pervasive problem areas and operate over an extended period of time. A group of irate parents who join together to protest the opening of an adult X-rated video rental store in their neighborhood, or a group of neighbors who attend a meeting of the local highway department to demand that additional stop signs be placed on specific corners, are examples of temporary, cause-specific consumer-action groups. An example of an enduring consumer-action group is Mothers Against Drunk Driving (MADD), a group founded in 1980 and operating today throughout the United States in the form of local chapters in all major cities and all state capitals. MADD representatives serve on numerous public advisory boards and help establish local task forces to reduce drunk driving. Additionally, the organization supports laws that restrict alcoholic beverage advertising and is opposed to any advertising that may have a negative impact on young people.

Factors Affecting Reference Group Influence

The degree of influence that a reference group exerts on an individual's behavior depends on the individual, product, and social factors. These factors include conformity, the group's power and expertise, the individual's experience and personality, and the conspicuousness of the product.

Conformity

The objective of some marketers, especially market leaders, is to enhance consumer conformity. They often do so by portraying reference group influences in their promotions. In contrast, marketers of new brands or brands that are not market leaders often try to convince consumers to be different and not follow the crowd. To influence its members, a reference group must:

1. Inform or make members aware that the brand or product exists.
2. Provide the individual with the opportunity to compare his or her own thinking with the attitudes and behavior of the group.
3. Influence the individual to adopt attitudes and behavior that are consistent with the group's norms.
4. Legitimize the member's decision to use the same products as other members.

The MADD ad in Figure 9.3 discourages a reckless conduct—drunk driving—that young people (especially males) often engage in because they want to be liked by their “buddies” and, especially when intoxicated, participate in risky and often tragic behaviors encouraged in party-like “macho” settings. The ad implies that driving with drunken buddies legitimizes one’s drunk driving, because peers are an important reference group. Young adults will respond to this message because it is credible. The ad portrays reference group influence that ended up tragically and is likely to persuade young men not to make the same mistake that the dead driver did. Table 9.2 lists several characteristics of individuals who are likely to conform to groups’ behaviors and established practices.

Groups' Power and Expertise

Different reference groups may influence the beliefs, attitudes, and behaviors of individuals at different times or under different circumstances. For example, the dress habits of a young staff member working for a conservative law firm may vary, depending on her place and role. She conforms to the dress code of her office by wearing conservative clothing and skirts or dresses that end below the knee by day, but may wear more trendy, flamboyant, revealing styles when she goes out with her friends.



Source: MADD Canada

FIGURE 9.3 Discouraging Conformity to Group Influence

TABLE 9.2 Characteristics of Conformists

1. They feel that if someone is behaving in a certain way in a group, that is the right way to behave.
2. They prefer wearing stylish clothing and pay attention to what others are wearing.
3. They try to fit in during social gatherings so as not to be out of place.
4. They are guided by others' behavior if they feel unsure how to behave in a situation.
5. They often behave in a manner they feel others want them to behave.
6. They change their mannerisms and approaches if they feel that someone they are interacting with disproves of them.
7. They often pick up slang expressions from others and start using them.
8. They always pay close attention to others' reactions to their behaviors.

Consumers who are primarily concerned with approval from others usually adopt the same products and brands as those group members who have status. When consumers are preoccupied with the power that a person or group can exert over them, they often purchase products that conform to the norms of that person or group in order to be complimented on their choices. However, unlike reference groups that are not power based, “power groups” may bring about behaviors, but not changes in attitudes. Individuals may conform to the behavior of powerful persons or groups, but probably will neither change their attitudes nor internalize their choices.

Relevant Information and Experience

Individuals who have firsthand experience with a product or service, or can easily obtain detailed information about it, are less likely to be influenced by the advice or example of others. In contrast, persons who have little or no experience with an item, and do not trust advertising messages, are more likely to seek out the advice or example of others. For instance, when a young corporate sales rep wants to impress his client, he may take her to a restaurant that he has visited before and liked or to one that has been highly recommended by a restaurant guide. If he has neither personal experience nor information, he may seek the advice of a friend, or imitate the behavior of others by taking the client to a restaurant that is frequented by executives whom he views as role models. One study examined how product and consumer characteristics moderate the influence of online consumer reviews on product sales using data from the video game industry. The findings indicated that online reviews were more influential for less popular games and games whose players had greater Internet experience.⁶

The ad for the U.S. Navy in Figure 9.4 shows a sailor, who, to young civilians, is a member of a symbolic reference group that, unlike most symbolic groups, they can potentially join. The ad's objective is to encourage young men and women become members of a select group—the Navy. The ad shows a sailor who has the information and experience to advocate joining the Navy. Potential recruits are likely to find him a credible role model and believe his statement that in addition to moving ships (by using propellers), the Navy has given him a promising career and “advanced” (or propelled) his future.

Product Conspicuousness

The degree of reference group influence on purchase decisions varies according to product conspicuousness. A conspicuous product is one that stands out and is noticed by

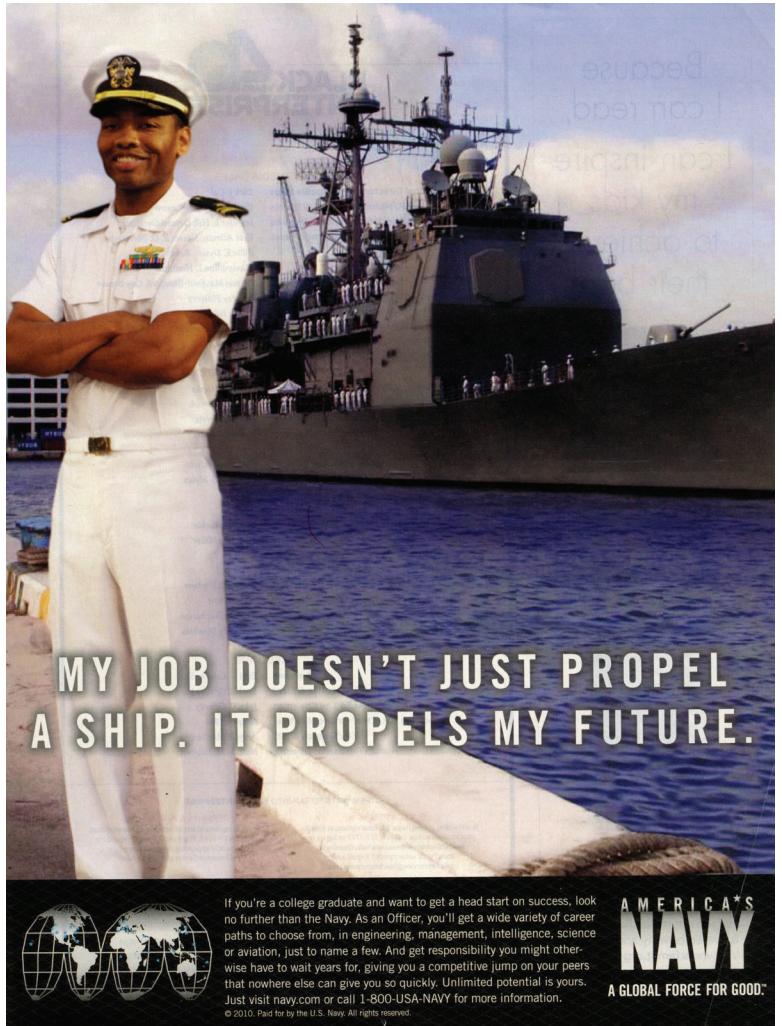


FIGURE 9.4 A Credible Role Model

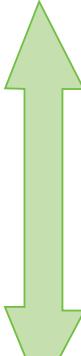
others, such as an expensive watch or a newly released digital camera. Products that are especially conspicuous and status revealing (e.g., a large diamond ring) are most likely to be purchased with an eye to the reactions of relevant others. The ALT magazine ad in Figure 9.5 features a conspicuous product. Privately consumed products that are less conspicuous (shaving cream or bath soap) are less likely to be purchased with a reference group in mind. Table 9.3 depicts a framework illustrating that more-conspicuous products are subject to greater reference group influence, both in terms of owning the product to begin with and the brand or type owned. The opposite is true for less-conspicuous products. For example, a person's reference group will have strong influence on whether or not to have a tattoo or piercing, as well as on the type of piercing one gets or the design of a tattoo, because both are highly visible. Because some people wear jewelry and others do not, reference groups are likely to influence only the type of jewelry a person chooses to wear, but not whether or not to wear jewelry. In contrast, a reference group will influence neither one's decision to use or not use toothpaste (because everyone uses this product) nor the brand chosen (because the brand of toothpaste one uses is invisible to others).

Walk down any street in America and you will see someone wearing a hat, T-shirt, or jacket emblazoned with the logo of a famous sports team. Similarly, while driving, look at the license plates of passing cars. Very quickly, you will see license plates containing variations of the names and logos of universities, favorite sports teams, environmental groups, and many other institutions and causes. Research has found that among those attending a sporting event, the more an individual identifies with a particular team, the more likely he is to purchase the products of the companies that sponsor that team.⁷ Interestingly, technology has affected conspicuousness. Before e-readers, many women avoid reading printed erotica in public, because they were concerned that the books' titles, which were visible on the covers for others to see, would reflect badly on them and reinforce the "dumb blonde"



FIGURE 9.5 A Conspicuous Product

Source: Egmont Hjemmet Mortensen

TABLE 9.3 Product Conspicuousness, and Reference Group Influence^a


PRODUCTS	REFERENCE GROUP INFLUENCE ON BUYING OR NOT BUYING	REFERENCE GROUP INFLUENCE ON BRAND
Very Conspicuous	Piercing	+
	Tattoo	+
	Jewelry	=
	Baseball cap	=
	Smartphone and apps	=
	Magazine read online	=
	Dance clubs	=
	Hairspray	-
	Contact lenses	-
	Undergarments	-
Not Conspicuous At All	Toothpaste	-

^a + considerable influence; = neutral; - no influence

stereotype. However, with e-readers, what one reads publicly is invisible and scores of erotica books have been written and rapidly sold; several even became best sellers.⁸

Personality Characteristics

Several personality traits affect the degree of a reference group's influence on its members. People who are compliant, have a tendency to conform need to be affiliated and liked by others, and are other-directed are more receptive to group influences. Competitive people who desire to control other people and events and are inner-directed are less likely to look for guidance from reference groups.

Credibility of Spokespersons, Endorsers, and Other Formal Sources

Learning Objective

- 2 To understand the persuasive power and credibility of spokespersons, endorsers, celebrities, salespersons, vendors, and media.

Source credibility is the believability of the endorser, spokesperson, or individual in an advertisement. The spokesperson can be an actual customer, a company employee, a celebrity, or a model. Researchers have identified the following dimensions in measuring the credibility of a person or organization: Expertise, trustworthiness, attractiveness, and likability. Consumers recognize that the intentions of commercial entities (e.g., manufacturers, service companies, financial institutions, retailers) are to generate profits and therefore view marketers as less credible than informal reference groups. Companies can convey credibility through solid past performance, good reputation, product quality, and good service. Their perceived credibility is also a function of the image and attractiveness of their spokespersons, the reputation of the retailers that carry their offerings, and the media where they advertise. One study of sponsorships of sporting teams showed that a clearly perceived fit between the sponsor and the entity being supported strongly enhanced the sponsor's credibility.⁹

Firms with well-established reputations have an easier time selling their products than firms with lesser reputations. Consumers perceive well-established and liked brands as credible and, therefore, these brands often introduce new items under the same brand name. Marketers also use **institutional advertising**, which consists of promoting a company's image without referring to any of its specific offerings.

Not-for-profit sources generally have more credibility than for-profit (commercial) sources. Formal sources that are perceived to be "neutral"—such as Consumer Reports (an American magazine published monthly since 1936), a consumption-related report, or an exposé in reputable media—have

greater credibility than commercial sources, because they are viewed as more objective in their product assessments. That is why *publicity* is so valuable to a manufacturer: Consumers believe citations of products in editorial contexts more than they do paid advertisements.

Endorsers and Spokespersons

Many studies have investigated the relationship between the effectiveness of the messages and the spokespersons or endorsers they feature. The key findings of this research are as follows:

1. The synergy between the endorser and the type of product or service advertised is very important. The greater the fit between the celebrity and the product endorsed, the higher the persuasiveness of the message. Therefore, for example, for personal grooming products, a physically attractive celebrity spokesperson is likely to enhance message credibility and generate a favorable and enduring attitude toward the brand. For products unrelated to physical appearance (e.g., detergents), an attractive endorser is unlikely to have an effect. A glamorous celebrity endorser is more likely to be perceived as a credible source, and positively affect attitudes toward the brand, if featured in an ad for a *hedonistic* product (e.g., a very expensive watch) than for a *utilitarian* one (e.g., an inexpensive, everyday watch).
2. Endorsers whose demographic characteristics (e.g., age and ethnicity) are similar to those of the target audiences are viewed as more credible and persuasive than those whose characteristics are not. For instance, consumers with strong ethnic identifications are more likely to be persuaded by endorsers of similar ethnicities than individuals with weaker ethnic identifications. A person's ethnic identification is the degree to which she identifies herself as a member of her ethnic group.
3. Although consumers may like an ad featuring a famous endorser, they will buy the product advertised only if they trust the marketer as well. Thus, when marketers measure the persuasiveness of advertising messages that feature famous endorsers, they must also measure consumers' attitudes toward the brands advertised, as well as consumers', purchase intentions.
4. Marketers who use celebrities in testimonials or endorsements must ensure that the message contents are congruent with spokespersons' qualifications. A tennis star can believably endorse a brand of an analgesic and comment about how it relieves sore muscle pain. However, a recitation of medical evidence supporting the brand's superiority over other brands is beyond his or her expected knowledge and expertise, and thus may reduce (rather than enhance) message credibility. One study indicated that both perceived expertise and trustworthiness might change consumers' attitudes favorably toward products, and that trustworthy sources did not alter attitudes without being perceived as experts.¹⁰

Thus, in selecting endorsers, marketers must ensure that there is a synergy among the celebrity's trustworthiness, expertise, physical attractiveness, and the product or brand endorsed. They must also take into account the celebrity's number of prior endorsements, because consumers perceive celebrities who appear in commercials too often as less credible than celebs with lesser commercial exposure.

Celebrities

Celebrities, particularly movie stars, TV personalities, popular entertainers, and sports icons, are a symbolic reference group because they are liked, admired, and often have a high degree of perceived credibility. Therefore, many marketers use them to promote their products and services; by some estimates, 25% of U.S. commercials include celebrity endorsers.¹¹ To their fans and much of the public, celebrities represent an idealization of a life that most people imagine that they would love to live. Advertisers spend enormous sums of money to have celebrities promote their products, with the expectation that the reading or viewing audience will react positively to the celebrity's association with their products.

The "pitchman" (or woman) who appears in a promotional message has enormous influence on the credibility of the message. Of all the benefits that a celebrity might contribute to a firm's advertising program—fame, talent, credibility, or charisma—credibility is the most important. By celebrity credibility, we mean the audience's perception of both the celebrity's *expertise* (how much the celebrity knows about the product area) and *trustworthiness* (how honest the celebrity is about what he or she says about the product).¹² To illustrate, when a celebrity endorses only one product, consumers are likely to perceive the product in a highly favorable light and purchase it. In contrast, when a celebrity endorses a variety of products, his or her perceived credibility is reduced because then the economic motivation underlying the celebrity's endorsements becomes too pronounced.¹³ A study that examined the impact of celebrity athlete endorsers on teens found that such endorsers generated favorable word-of-mouth and increased consumers' brand loyalties. This study also found that female

teens provided more favorable word-of-mouth about products endorsed by their favorite celebrity athletes than did male teens.¹⁴ Today's sophisticated consumers are seeking greater authenticity in marketing from the brands they like. Thus, PepsiCo had a hybrid project with Beyoncé that included her appearances in commercials, as well as a multimillion-dollar fund to support some of her creative projects. Pepsi's goal was to enhance its reputation with consumers by acting as an artistic patron instead of simply paying for celebrity endorsements.¹⁵

Marketers employ celebrities in promotion in the following ways:

- 1. Celebrity testimonial**—Based on personal usage, the celebrity attests to the product's quality. A campaign for golf equipment featured Justin Timberlake—adored by millions of teens and young adults—in an attempt to make the game of golf more appealing and “sexy.”¹⁶ A TV ad for an advanced model of the iPhone featured Martin Scorsese—a legendary movie director—using the phone's Siri feature to schedule appointments and check traffic conditions.
- 2. Celebrity endorsement**—Celebrities appear on behalf of products, with which they may or may not have direct experience or familiarity. For example, Chuck Norris—the martial art star—has been featured in social media ads for Era detergent. The campaign's theme is that Era is as tough on stains as Chuck Norris is on the “bad guys” (in movies). Figure 9.6 features “K.J.” Noons—a kickboxing and martial arts champion—as a spokesperson for a not-for-profit organization named People for the Ethical Treatment of Animals (PETA). “K.J.” is a tough fighter and he states that while he and his opponents in the ring are equally matched, animals often need protection from violence and abuse by bigger and stronger humans. The depiction of a strong, tough person protecting helpless animals makes the message credible.
- 3. Celebrity actor**—The celebrity plays a part in a commercial for the product.
- 4. Celebrity spokesperson**—The celebrity represents the brand or company over an extended period. For example, James Bond—one of the world's iconic superheroes—has become a spokesperson for the Omega watch and the exclusive Aston Martin luxury car.

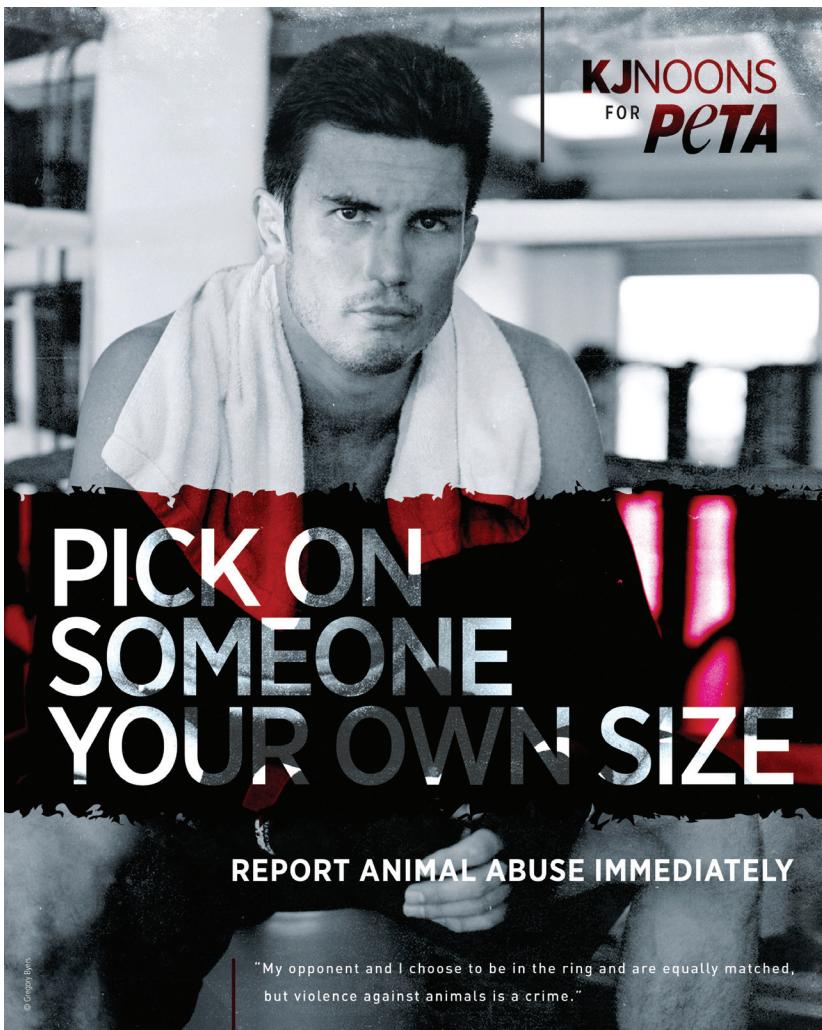


FIGURE 9.6 A Celebrity Endorsement

Source: Creative Agency: 358 Helsinki, Photo: Rami Hanafi, Viewmasters

Not all companies feel that using celebrity endorsers is the best way to advertise. Some companies avoid celebrities because they fear that if the celebrity gets involved in some undesirable act or event (e.g., an ugly matrimonial problem, a scandal, or an arrest and criminal charges), the resulting press coverage will negatively affect sales of the endorsed brand. For example, after Rush Limbaugh—a conservative and often combative radio talk show host—called a young female student a “slut” and “prostitute” because she supported contraception, a lot of marketers stopped advertising on his show.¹⁷ Similarly, after stories about John Travolta's gay sexual escapades appeared in the media, he was immediately replaced in ads for a very expensive watch, although he had appeared in those ads for years. Tiger Woods also lost many of his commercial endorsement gigs after it was revealed that he had cheated on his wife with strippers and was addicted to sex. Aflac Insurance fired a famous comedian, who supplied the voice of the company's duck mascot for more than a decade, after he posted jokes about the earthquake and tsunami in Japan.¹⁸ Oscar Pistorius, a double amputee who races on carbon-fiber blades and competed in the Olympics, has been featured in many Nike campaigns; one ad showed him starting to sprint with the CAP: “I am the bullet in the chamber.”* However, Nike dropped Pistorius from its ad campaigns after the South African sports star was charged with murder in the shooting death of his girlfriend.¹⁹

* Associated Press, “Nike Makes No Plans for Pistorius in Future Ads,” online.wsj.com, February 18, 2013.

Many ads show everyday consumers endorsing products. For instance, TV commercials for Broadway shows often feature people raving about a musical as they are coming out of the theater. One study discovered that “slice-of-life commercials”—promotional messages showing typical consumers in everyday situations—were more effective than commercials featuring either a fantasy or emotional appeals. The ethnicity and gender of the model affected the customers’ perceptions of credibility.²⁰

Salesperson Credibility

Salespeople who engender confidence and who give the impression of honesty and integrity are most persuasive. A salesperson who “looks you in the eye” often is perceived as more honest than one who evades direct eye contact. For many products, a sales representative who dresses well and drives an expensive, late-model car may have more credibility than one without such outward signs of success. For other products, a salesperson may achieve more credibility by dressing in the role of an expert. For example, a person selling home improvement products is likely to be perceived as more credible if he looks like someone who has just climbed off a roof or out of a basement, rather than like a banker.

Vendor Credibility

The reputation of the retailer who sells the product has a major influence on message credibility. Products sold by well-known, quality stores carry the added endorsement (and implicit guarantee) of the store itself (e.g., “If Amazon.com recommends it, it must be a good book”). The aura of credibility generated by a reputable vendor reinforces the manufacturer’s message as well. That is why so many ads for national brands often list the stores carrying the product.

The consumer’s previous experience with the product or vendor has a major impact on the credibility of the message. Fulfilled product expectations increase the credibility accorded to future messages by the same advertiser; unfulfilled product claims or disappointing product experiences reduce the credibility of future messages. Thus, the key basis for message credibility is the ability of the product, service, or brand to deliver consistent quality, value, and satisfaction to consumers.

Medium Credibility

The reputation of the medium that carries the advertisement also enhances the credibility of the message. For example, the image of Vogue confers an added status on the products advertised in that magazine. Most consumers believe that a respectable medium would only advertise products that it “knows” to be of good quality. Because specialization implies knowledge and expertise, consumers regard advertising they see in special-interest magazines and websites as more credible than ads in general-interest sources.

A source’s credibility may rapidly decline. For decades, Oprah Winfrey has been one of the most credible sources in America. However, her credibility declined sharply after her show hosted a writer who made up the supposedly personal accounts of hardships and other dramatic experiences that he published in a book about his life. Similarly, Dan Rather, a very famous journalist, was fired from his position on 60 Minutes—a highly respected TV news magazine created in 1968—after he cited erroneous facts in a broadcasted segment. Clearly, such negative events are likely to adversely affect the reputations of products advertised during these TV shows; although the effects are mostly temporary, marketers must be prepared for these repercussions.

Effects of Time on Source Credibility

When information is transferred from the short-term memory to the cerebral cortex (where long-term memory is located), over time, it is separated from the context in which it was learned. For example, although you know that the nation’s capital is Washington, D.C., you probably do not remember how you learned this piece of information. One’s disassociation of the message from its source over time, and remembering only the message content but not its source, is called the **sleeper effect**. Thus, though a high-credibility source is initially more influential than a low-credibility source, studies show that both positive and negative credibility effects tend to disappear after six weeks or so. Furthermore, the theory of **differential decay** suggests that the memory of a negative cue (e.g., a low-credibility source) simply decays faster than the message itself, leaving behind the primary message content. However, reintroduction of the same or similar message by the source serves to jog

the audience's memory, and the original effect remanifests itself; that is, the high-credibility source remains more persuasive than the low-credibility source. For marketers, the implication of the sleeper effect and differential decay is that messages featuring high-credibility spokespersons must be repeated regularly if they are to maintain high levels of persuasiveness.

Word-of-Mouth and Opinion Leadership

Learning Objective

- 3 To understand the dynamics and measurement of opinion leadership and word-of-mouth.

Originally, sociologists who studied the communications process among peers named it **opinion leadership**, defined as the process by which one person—the opinion leader—informally influences others, who might be either opinion seekers or recipients. This influence occurs between two or more people, neither of whom is or represents a commercial seller or would gain directly from providing advice or information. Opinion receivers view the intentions of opinion leaders as being in their best interests, because the opinion leaders receive no material gain for the advice they provide. Because opinion leaders often base their product comments on firsthand experience, their advice reduces the opinion receivers' perceived risk and anxiety in the course of buying new products. Furthermore, opinion leaders view any feedback they get about their prior recommendations from opinion receivers as credible and are likely to include it in the advice they provide to others in the future.

Opinion leaders provide both information and advice. They talk about their experiences with products and advise others whether or not to buy products or brands. The information that opinion leaders transmit includes advice on selecting the best brands, using the products correctly, where to buy the products, and other aspects. Opinion leaders are particularly important when it comes to recommending service providers with whom they have had personal relationships, such as doctors, lawyers, hairdressers, garage mechanics, restaurants, or travel companies, because small service businesses have very limited advertising resources, and the main way they can get new customers is via recommendations by existing clients.

Generally speaking, opinion leadership is *category specific*; that is, opinion leaders often specialize in certain product categories about which they offer information and advice. When other product categories are discussed, however, they are just as likely to reverse their roles and become opinion receivers. A person may be very knowledgeable about cars and a lot of people may ask for his advice when contemplating buying a new automobile. But, when he considers buying, say, a new iMac, he may seek advice from someone else whom he considers an opinion leader regarding technology; this might even be the same person who asked the iMac buyer for advice when buying a new car.

Getting the attention of trendsetters is crucial for most companies because a tweet or a Facebook post can generate great interest. New York's Comic Con—an annual gathering of comic-book and science-fiction fans—included representatives from Mattel, Disney, and Nintendo, among others. Marketers realize that attendees at such events are people who are setting trends. They are the early adopters of science-fiction-related items and the people who make them "hot" and immensely popular.²¹

Opinion leadership is a two-way street. A word-of-mouth encounter may start by one party offering advice or information about a product to another party. However, this opinion leader may become an opinion receiver later on. For example, a student going on her first job interview may seek information from other students who have already gone on several job interviews (i.e., opinion leaders). She might ask them about the questions posed, how they dressed, and which aspects of the interviews they found unexpected and stressful. However, after her own interview, she is likely to share her experiences with those who had advised her. At that point, those who previously advised her become opinion receivers and will probably share her insights about interviewing with others seeking their advice in the future. Indeed, the input from opinion receivers to opinion leaders becomes part of the opinion leaders' expertise. The motivations of opinion leaders and receivers are featured in Table 9.4.

Characteristics of Opinion Leaders

Just who are opinion leaders? Can they be recognized by any distinctive characteristics? Can they be reached through specific media? Marketers have long sought answers to these questions, for if they are able to identify the relevant opinion leaders for their products, they can design marketing messages that will inspire opinion leaders to communicate with and influence the consumption behavior of others. For this reason, consumer researchers have attempted to develop a profile of the opinion leader. This has not been easy to do, because opinion leaders often specialize in certain product categories about which they offer information and advice. When other product categories are at issue, they become opinion receivers. A person who is considered particularly knowledgeable about home

TABLE 9.4 The Motivations of Opinion Leaders and Receivers

OPINION LEADERS	OPINION RECEIVERS
Self-Involvement <ul style="list-style-type: none"> • Reduce post-purchase dissonance • Gain attention from others • Show off expertise • Experience “converting” others 	<ul style="list-style-type: none"> • Reduce perceived risk • Reduce search and shopping time
Product Involvement <ul style="list-style-type: none"> • Express satisfaction or complain about a product or service 	<ul style="list-style-type: none"> • Learn additional and more efficient ways to use products • Learn about newly introduced products
Social Involvement <ul style="list-style-type: none"> • Express friendship by providing others with consumption-related information 	<ul style="list-style-type: none"> • Buy products that have the approval of others

electronics may be an opinion leader in terms of this subject, yet when it comes to purchasing a new washing machine, the same person may seek advice from someone else—perhaps even from someone who has sought his advice on home electronics.

Although it is difficult to construct a profile of the opinion leader without focusing on a particular product category, studies indicate that, in the context of consumer behavior, opinion leaders share the following characteristics, which are also

1. Opinion leaders are highly knowledgeable regarding a particular product category, follow new products that come into the markets, and are often consumer innovators in their area of expertise.
2. Opinion leaders are self-confident, outgoing, and sociable. They readily discuss products and consumption behaviors with others.
3. Opinion leaders read special-interest publications and regularly visit websites devoted to the specific topic or product category in which they specialize. They have specialized knowledge that enables them to make effective recommendations to relatives, friends, and neighbors.
4. Usually, opinion leaders and receivers belong to the same socioeconomic and age groups.

Word-of-mouth is highly important in the fashion industry where styles change frequently and “social approval” is a key factor in one’s decision to adopt a particular fashion or not. Table 9.5 lists the most noted characteristics of fashion opinion leaders.

Measuring Opinion Leadership

Consumer researchers can measure the degree of opinion leadership and its impact on consumption behavior by using one of the following methods: (1) The self-designating method, (2) The sociometric method, and the (3) The key informant method. Additionally, Klout scores measure people’s degree of influence online.

TABLE 9.5 Characteristics of Fashion Opinion Leaders

1. Their opinions on fashions count with others.
2. When it comes to fashionable clothing, people turn to them for advice.
3. People know that they know how to pick fashionable clothing.
4. They often persuade people to buy the fashions they like.
5. They influence people’s opinions about clothing.
6. They find shopping stimulating and an adventure.
7. They enjoy shopping with friends and family.
8. They enjoy shopping when they try to find just the perfect gifts.
9. They often go shopping when they want to treat themselves to something special.
10. They shop to keep up with the new trends and fashions.

TABLE 9.6**Sample Items Used in the Self-Designation of Opinion Leaders (responses on a “Strongly Agree” to “Strongly Disagree” scale)**

1. I am usually the first one in my circle of friends to know about new technologies.
2. I know more about technologies than most people.
3. My opinions about technologies count with other people.
4. When considering buying a new technological product, people turn to me for advice.
5. I often influence others' opinions about technologies.
6. People know that I use the same products that I recommend.
7. I often influence people to buy the same technological products that I like.

Self-Designating Method

The **self-designating method** employs a self-administered questionnaire that requires respondents to evaluate the extent to which they have provided others with information about a product category or specific brand or have otherwise influenced the purchase decisions of others. Table 9.6 lists sample questions that can be used in a study of technological opinion leaders. Marketers use the self-designating technique more often than other methods because it is self-administered and can be easily incorporated into marketing research questionnaires. However, this method relies on consumers' self-evaluations, and respondents often overestimate their roles as opinion leaders.

Sociometric Method

The **sociometric method** measures the person-to-person communications about a product or brand among members of a community where most people know each other by name (e.g., a college dormitory or sorority). Respondents are asked to identify:

1. The specific individuals (if any) to whom they provided advice or information about the product or brand under study.
2. The specific individuals (if any) who provided them with advice or information about the same product or brand.

If respondents identify one or more individuals to whom they have provided some form of product information and those individuals confirm the respondents receive “opinion leadership points.” Then, the people from whom the respondents received advice are interviewed and asked to confirm the respondents’ reports. On the basis of these interviews, respondents receive “opinion receivership points.” One’s designation as an opinion leader or receiver is based on comparing the two sets of scores.

Sociometric questioning provides the most valid results for designating opinion leaders and receivers. However, the questioning is expensive and analyzing the results is complex. In addition, this method can be used only within populations where most members know each other by name and regularly interact; it is inapplicable for studies that use large samples.

Key Informant Method

Researchers can also study opinion leadership by using a **key informant**, that is, a person who is keenly knowledgeable about the nature of social communications among members of a specific group. Researchers ask the key informant to identify those individuals in the group who are opinion leaders. However, the key informant does not have to be a member of the group under study. For example, a professor can be a key informant and identify those among his students who are most likely to be opinion leaders about a particular product. This research method is relatively inexpensive because it involves collecting data from one person only, whereas the self-designating and sociometric methods require questioning many respondents. Marketers seldom employ the key informant method, though, because it is very difficult to find a single individual who can objectively identify opinion leaders within a given consumer group.

Klout Scores

The **Klout score** measures people's influence online based on their abilities to generate engagement and feedback to what they post. For example, if a person posts a picture of a new restaurant online and others respond, possibly by also visiting the restaurant and posting reviews, the

person accumulates Klout points. Klout measures influence on a scale of 1 to 100 (the average Klout score is 40); the greater one's ability to drive conversations and inspire social actions such as likes, shares, and re-tweets, the higher one's score will be. The Klout score focuses on the amount of conversation and interactions that people generate, rather than the volume of their posts; that is, the score is designed to determine one's degree of influence and not merely activity. Klout sells the information it "mines" to customers like airlines and banks. Those companies then offer "secret" rewards or more responsive customer service to the people with high scores. For example, one airline began allowing people with Klout scores over 40 to visit its first-class airport lounge. Some hotels examine people's Klout scores as they check in and provide perks to guests with higher scores.²²

As Klout scores became increasingly popular among businesses trying to identify and reach opinion leaders online, Klout broadened the sources from which it "mines" information. To measure real-world influence more accurately, Klout added Wikipedia to the mix. If a person has been featured on a Wikipedia page and that page has a high Google PageRank (a value indicating the importance of a particular page), the person's score will rise; if others link to that Wikipedia page, the score will climb even higher. Klout also added a feature called "moments," which are posts that generated action from the people in one's social networks, such as tweets that received a lot of re-tweets and replies, or a Facebook post that started a discussion among one's friends.

Strategic Applications of Word-of-Mouth

Learning Objective

- 4 To understand the strategic applications, advantages, and potential perils of word-of-mouth.

In marketing, word-of-mouth consists of transmitting advice and other types of information about products, brands, and shopping experiences. Until about 15 years ago, any consumption-related information transmitted by a consumer could reach relatively few people (e.g., the person's friends, family, work groups, and members of other organizations to which the person belonged). Today, one's review of a movie, book, product, university, professor, and even employer can be easily and quickly posted online and reach thousands of people. Furthermore, constantly emerging new technologies allow people to compile and post increasingly sophisticated and attention-getting materials online and vividly share their consumption experience with others, both visually and verbally.

Word-of-mouth taking place online is called **e-wom** and occurs in social networks, brand communities, blogs, chat rooms, and tweets.

Social Networks

Online, **social networks** are virtual communities where people share information about themselves with others, generally with similar interests, with whom they have established relationships that, for the most part, exist only in cyberspace. Because consumption and the products people buy are integral parts of their lives, their online profiles and discussions with others include a tremendous amount of purchase information and advice. The major social networks are Facebook, YouTube, Twitter, and Myspace.

One study identified three dimensions underlying consumers' engagement in e-wom:

1. **Tie strength**—the degree of intimacy and frequency of contacts between the information seeker and the source.
2. **Similarity** among the group's members in terms of demographics and lifestyles.
3. **Source credibility**—the information seeker's perceptions of the source's expertise.²³

Another study investigated how consumers react to negative e-wom and found out that readers of negative reviews of *hedonic* products (i.e., products used mainly for pleasure) attributed the comments to the reviewers' internal and non-product-related reasons and did not consider them useful. However, readers of negative reviews for *utilitarian* products attributed the reviews to product-related reasons and found them more useful than positive reviews.²⁴ One study researched the impact of the type of e-wom on consumers' likelihood to transmit the information further. It discovered that highly involved consumers received and transmitted more *rational* product information (e.g., the tablet that has the highest-definition screen and fastest processor) than information appealing to *emotions* (e.g., "When I got it, I just 'bonded' with this tablet and other students looked at me when I used it in class").²⁵ One study investigated the impact of "social connectedness" on word-of-mouth. The results

showed that *moderately* connected people (i.e., the majority of the sample) were as willing as *highly* connected persons to engage in word-of-mouth. The researchers attributed these findings to people's need to give advice and the enjoyment of sharing information with others.²⁶

Brand Communities

A **brand community** is a specialized, nongeographically bound community formed on the basis of attachment to a product or brand. Generally, admirers of a particular item, often with nostalgic emotions and in possession of versions that are no longer made, find others with similar interests and form a community fostering a feeling of belonging across geographic, linguistic, and cultural barriers. Brands around which such networks have emerged include Harley-Davidson motorcycles, Barbie dolls, and PEZ candy. Although marketers may attempt to join communities centered on their brands, such efforts may be unwise, because the brand community's members join the forum to interact with other consumers and may view the marketer as an unwelcome outsider.

Weblogs

Scores of websites enable anyone post information on anything and everything quickly, for free, and from any location and at any time. Many sites also offer continuous access to chat rooms where discussions among many participants take place in real time. On these sites, consumers are free to express opinions, describe experiences with products and services, solicit purchase advice, and read others' testimonials about products and brands. Another medium for disseminating word-of-mouth is the blog (short for "Weblog"). A **blog** is a discussion or informational site published on the Internet and consisting of discrete entries ("posts"). At first, blogs were the works of single individuals or small groups, and most covered only a single topic. Today, most blogs have multiple authors and are often managed by media outlets, companies, and other interest groups. A **microblog** has less content than the traditional blog and allow users to exchange small elements of content, such as short sentences, individual images, and video links, mostly via Twitter. **Twitter** is an online social networking service and microblogging service that enables its users to send and read text-based messages of up to 140 characters, known as "tweets."

With millions of blogs online, and their readers' frequent tweets, blogs have become the most powerful platform for exchanging consumption-related information. For example, after a dissatisfied consumer posted information on a group discussion site that U-shaped Kryptonite bicycle locks could be picked with a Bic ballpoint pen, within a few days, a number of blogs posted videos demonstrating how this could be done. Four days after the original posting, Kryptonite issued a statement promising that their new line of bicycle locks would be tougher. However, bloggers kept up the pressure and shortly thereafter The New York Times and the Associated Press published articles about the problem. Over the following 10 days, about 1.8 million people read postings about Kryptonite, and the company announced that it would offer free exchange for unsecured locks.²⁷

There is an interesting paradox in the dynamics of e-word-of-mouth: Although marketers have virtually no control over the information exchanged, online platforms are probably their most important sources of consumer information. The fact that the phrase "I Googled" a particular topic, person, or product is now part of America's language demonstrates the nearly universal use of the Web as a primary source of information. Additionally, digital platforms provide consumers with more comprehensive product information than advertising messages, and this information is often perceived as more credible than data provided in ads. Furthermore, all major sales' websites enable consumers to compare prices, outlets, and versions of products. Lastly, consumers can find scores of suggestions online regarding a variety of ways to use a product.

Monitoring word-of-mouth online has become very beneficial. The number of comments posted on Twitter and other social media websites about television shows has exploded, to the point where those comments now affecting the shows' plotlines. For example, writers of USA Network's drama *Covert Affairs* framed the final episode of the show's second season to respond to constant questions on Twitter about whether a lead character, Auggie Anderson, would regain his lost eyesight.²⁸

Stimulating Word-of-Mouth

Marketers long ago realized the power of word-of-mouth communications between consumers, which it is almost always more effective than promotional messages paid for by advertisers, and they often encourage it in ads (see Figure 9.2). Long before the emergence of the Web, marketers portrayed word-of-mouth in advertisements, stimulated word-of-mouth among consumers through

advertising slogans such as “tell your friends how much you like our product,”* and instituted referral programs through which customers were rewarded for bringing in new clients. For example, a campaign for Vaseline Clinical Therapy asked female consumers who received free samples of the product to “freely prescribe it to anyone they thought might need it.”* The venue selected for the campaign was Kodiak Island—a remote location in Alaska known for its harsh weather.²⁹ One study seeded ads for mobile phones with prominent bloggers and followed them for several months. The study discovered that these bloggers, in an effort to build their individual reputations within social networks, enhanced the advertisers’ promotional messages. The bloggers not only communicated the marketing messages, but also converted them—through language, substance, or tone—to conform to the norms and expectations of potential buyers.³⁰

Commercials for Broadway shows often portray people exiting the theater, raving about the show they have just seen and telling others to come and see the performance. It is also widely recognized that the amount of word-of-mouth is positively related to movies’ box office revenues, especially during the first week or so after the movies open. While stimulating interpersonal communications is not new, the emergence of e-wom resulted in a surge in the amount of money and creativity devoted to online campaigns and strategic initiatives centered on viral marketing and the use of buzz agents.

Viral Marketing

Viral marketing (viral advertising) is a marketing technique that uses pre-existing social networks and other technologies to produce increases in brand awareness or to achieve other marketing objectives through encouraging individuals to pass along email messages or other contents online. It uses self-replicating viral processes, analogous to the spread of computer viruses. Viral marketing may take the form of video clips, interactive Flash games, **advergames**, e-books, brandable software, images, text messages, and email messages. For example, a company marketing hair gel posted humorous audiovisual clips on the Web as part of a continued spoof and satire of hair products and encouraged viewers to pass along the clips’ Web location to others.³¹ In another example, Facebook “mined” members’ postings about movies and then sent marketing messages to the members’ friends with invitations to rent the same movies from Netflix.³² A study discovered that consumers who found out about a new cell phone service through friends’ posted recommendations were 24% more likely to view the cell phone service provider positively than people who found out about the service elsewhere.³³

Email is the key tool of viral marketing because so many people routinely forward emails to others, and many have preset email groups for sharing different types of information (e.g., a “Joke list”). A study that investigated the motivations for passing along emails found that:³⁴

1. People were receptive only to emails from people they knew. The kind of emails they received included jokes, virus alerts, inspirational stories, requests to vote on certain issues, video clips, and links to other websites.
2. The main reasons for not forwarding emails were outdated, dull, and inappropriate contents. About one-third of the forwarded emails included personalized notes from the forwarders, and most of the senders did not alter the emails’ original subject lines.
3. The key reasons for forwarding emails were enjoyment (e.g., fun, entertaining, exciting) and helping others (i.e., let others know that the senders care about them). The forwarders also reported that they only passed along contents that they believed the receivers would find interesting and appropriate.

The findings of research studies indicate that marketers using viral campaigns must create relevant messages that the initial recipients will enjoy and find fun. Because forwarded emails are often sent with the original subject lines, these must be worded carefully. However, viral marketing campaigns viewed as too aggressive generated negative postings in blogs and chat forums, including accusations of invasion of privacy and spam generation.³⁵ A study of Chinese college students indicated that they were more likely to pass along emails and text messages if their friend did so as well and if they believed the recipients would find the messages fun and interesting.³⁶

Sometimes, though, viral marketing becomes problematic. For instance, a viral drinking game known as “icing” became highly popular among college students. The game consisted of fast and hazardous “competitive” consumption of Smirnoff’s Ice malt beverage among friends. Thousands of videos depicting people “icing” each other, including during occasions such as weddings and graduations, rapidly appeared on scores of websites and focused on the “brothers icing each other” theme. Smirnoff was rumored to have started this viral campaign, but the company denied the accusation.

*Stephanie Clifford, “Spreading the Word (and the Lotion) in Small-Town Alaska,” nytimes.com, October 9, 2008.

Marketers reward customers for “e-referrals.” For example, eBay and Amazon always remind users to send notices of their purchases or auction winnings to their friends. It must be noted that referral programs existed long before the Internet and online commerce. For decades, marketers have been utilizing such promotions as “bring a friend and get one extra month when you renew your membership at the gym,” and dentists have been giving reduced prices for teeth cleaning to patients who recommended them to their friends. Nevertheless, the Internet and social networks have enabled marketers to develop faster, broader-reaching, and more effective referral programs.

Buzz Agents

Many firms enlist typical consumers to serve as their **buzz agents**—consumers who promote products clandestinely and generally receive free product samples but not monetary payments. For example, buzz agents may bring a brand of barbecue sauce to a Fourth of July party, read books promoted by publishers on mass transit with the titles clearly visible, suggest to store owners who do not carry a given product that they should do so, and talk other consumers into trying certain products during shopping trips. Buzz agents are motivated by being called upon to serve as opinion leaders and get an ego boost by appearing knowledgeable to their peers and having access to new products before others do.³⁷

Many technology start-ups with limited promotional budgets employ buzz agents by initiating “ambassador programs” on college campuses. For example, Foursquare, an app that allows friends to keep in touch constantly, used an ambassador to promote the use of the program among her fellow students, and even got the college newspaper to carry a story about the app. Another student became an ambassador for Stylitics, a new fashion-focused social networking site. She put up posters, distributed flyers, and featured the website on her Facebook page. In addition to their increased recognition on campus, the ambassadors gain internship-like work experience and some even receive “ambassador points” which they can redeem at retail outlets.³⁸ Another example is Samsung Nation, an online loyalty program, offers rewards to consumers who talk up Samsung. Participants play games on the website (where they learn more about Samsung’s products), win virtual points, and get others to join. Those who are most active in posting online comments about Samsung earn “Twitterati” badges. The company carefully studies the profiles and behaviors of the most active members, because they are the ones most likely to become innovators when Samsung introduces new products.³⁹

Several companies offer buzz-related services to marketers. For example, bzzagent.com recruits people to spread word-of-mouth and assists its clients in creating marketing buzz campaigns. Similarly, Procter and Gamble created a company known as Tremor specializing in targeting teens and their families. Tremor screens applicants for buzz agent positions and selects only those who are likely to be effective word-of-mouth communicators. Some marketers hire actors or fashion models to go out and simulate demand for their products. For instance, a campaign for a new brand of flavored vodka hired actors and models to visit bars and nightclubs and order martinis made with the new brand. The actors pretended that they were ordering a well-established cocktail, but the real objective of this effort was to *create a new drink*. Similarly, in a recent campaign for an online gambling site in London, cab drivers were asked to steer passengers to a discussion about poker, direct them to the gambling site, and even provide “free hand” coupons to passengers who expressed considerable interest.⁴⁰

Managing Negative Rumors

Long ago, marketers realized that it is impossible to control word-of-mouth communications. Negative comments or untrue rumors can sweep through the marketplace and undermine products. Such rumors may suggest that a product was produced under unsanitary conditions or contains unwholesome or culturally unacceptable ingredients. Rumors may also suggest that the product has harmful effects, such as a medication being depressant or stimulant, or including ingredients that cause cancer. Another example of a harmful rumor is information suggesting that a firm is owned or influenced by an unfriendly or misguided foreign country, governmental agency, or religious cult.

The Internet is a prolific ground for spreading negative rumors. Digital technologies now enable disgruntled consumers to reach millions of people easily and describe their often-exaggerated negative experiences with products and services. Consider a disgruntled airline passenger, an unhappy retail customer, or even a student unhappy with a professor—all of whom can post their stories and opinions online for all to see and respond to. When two brothers in New York City found that Apple was charging \$200 to replace a failed battery, they set up ipodsdirtysecret.com. Consumers critical of Starbucks can vent their anger at ihatestarbucks.com; in fact, there are hundreds of ihatethe.com websites.

Compared with positive or even neutral comments, negative comments are relatively uncommon. For this reason, consumers are especially likely to notice negative information and avoid the products or brands subjected to such criticism. In the entertainment sector, many films, musicals, and plays have quickly floundered because of negative buzz, as have quite a few newly introduced food products. Consumers, it turns out, share negative experiences with others much more readily than positive ones.

Marketers refer to persistent spreaders of negative word-of-mouth online as “determined detractors.” Perhaps the best known determined detractor is the person who ate nothing but McDonald’s food for 30 days and produced an extremely critical documentary about the experience, entitled *Super Size Me*. Furthermore, disgruntled buyers can reach very large audiences by posting exaggerated and overly dramatic clips featuring negative product and service encounters on YouTube. One study discovered that some consumers who posted unfavorable information wanted to vent negative feelings or warn others. Others sought exposure, self-enhancement, social benefits, and even economic rewards.⁴¹

Diffusion of Innovations: Segmenting by Adopter Categories

Learning Objective

- 5 To understand the process for diffusion of innovations, and adopter categories as distinct market segments.

Over time, positive word-of-mouth leads to the widespread adoption of products that fulfill needs, work well, are clearly differentiated, and provide value. However, not all consumers adopt new products or new versions of existing products simultaneously. The concept of **adopter categories** is a classification that depicts where consumers stand in relation to other consumers in terms of the first time they purchase an innovation (e.g., a new product or model). This classification, which was developed by sociologists who conceived a theory entitled the Diffusion of Innovations, consists of five categories of adopters: Innovators, early adopters, early majority, late majority, and laggards. In marketing terms, each category represents a distinct market segment, so marketers must study each group in order to target it effectively.

Because the adopter categories model was developed by sociologists, applying it to consumer behavior is not straightforward. Sociologically, the model assumes that *all* members of a given society would, eventually, adopt the innovation. Thus, the number of people belonging to each category was calculated in a manner resembling a statistical normal distribution: Innovators—the first 2.5% to adopt; Early adopters—the next 13.5%; Early majority—the next 34%; Late majority—the following 34%; and the Laggards—the last 15%.

However, marketers cannot assume that, for example, every consumer will eventually buy an e-book reader. Therefore, they define “society” as everyone assumed to be in the market for the product shortly, or at some future time, after the introduction of an innovation. Marketers generally define innovators as approximately the first 10% of the total potential adopters of a particular product. This figure stems from historical data collected from various industries where product innovations are common. Then, marketers estimate the percentages of consumers belonging to the remaining adopter categories. Figure 9.7 uses e-book readers to demonstrate the original diffusion of innovations model. The characteristics of each adopter category are described next.

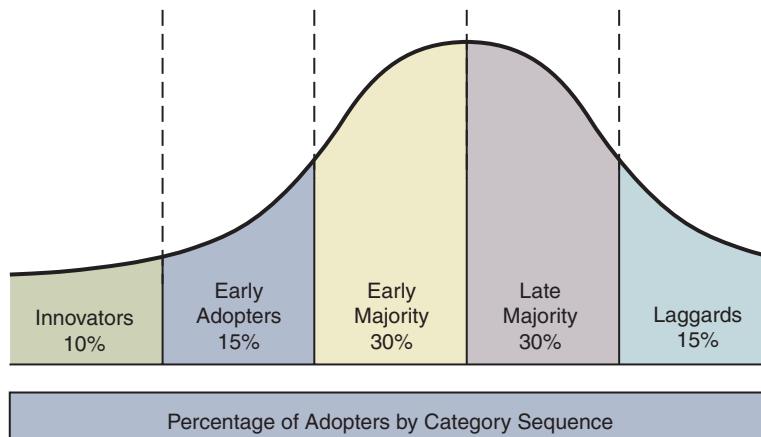


FIGURE 9.7 Hypothetical Adopter Categories of e-Book Readers

Innovators

The **innovators** are the earliest consumers to buy new products. They are prepared to take the risk that the product will not work well, become unavailable, or be quickly replaced by an improved model (i.e., they are broad categorizers). They are often willing to pay somewhat higher prices for newly introduced products, because they enjoy being the first to own gadgets and show them off. When targeting innovators, ads should show them using new products conspicuously and being noticed and even asked questions by others (e.g., “Where did you get that?” “Do you like it?” “I have an older model, do you think I should switch to the one you are using?”). Many innovators like to shop with others; Table 9.7 details typical shopping patterns of fashion innovators.

Early Adopters

The **early adopters** are consumers who buy new products within a relatively short period following introduction, but not as early as the innovators. They are venturesome, likely to engage in word-of-mouth, and also likely to assist others who are considering adopting the new products. Ads targeting members of this segment should show them praising the new products.

Early Majority

The **early majority** consists of consumers who buy innovations after the early adopters have done so. This segment is larger than the preceding two groups combined. For example, when a new model of an e-reader was introduced, they waited for prices to decline and, after quite a few people purchased it (and its price declined), they decided to buy the new model. The ads targeting members of this group should assure them that the product has been successful and provide them with purchase incentives.

Risk aversion is defined as the reluctance to take risks and low tolerance of ambiguous situations, as illustrated by the consumption-related characteristics of risk-averse consumers in Table 9.8. Members of the early majority are somewhat risk averse, whereas the late majority and laggards are highly risk-averse consumers.

TABLE 9.7 Shopping Activities of Fashion Innovators

1. They are the first in their circles to know who are the latest “hot” designers and emerging fashion trends.
2. They shop much more for new fashions than their friends.
3. They are among the first in their circles to buy new outfits and fashions.
4. They know more about fashion than most people.
5. If they find out that new clothing is available in stores, they check them out.
6. They like to touch clothing and other products in stores for fun, even if they do not intend to buy them.
7. They are reluctant to buy clothes that they cannot touch.
8. They feel more confident about buying clothing and other products after touching them and examining them physically.

TABLE 9.8 Characteristics of Risk-Averse Consumers

1. They always read and follow the manufacturers’ warnings about removing products’ tags and back plates and use products exactly as instructed by manufacturers.
2. When it comes to medications (including over-the-counter products), they always obey the instructions on how to take the medicines and carefully read the restrictions and potential side effects.
3. They feel reluctant to buy products that they have never used before.
4. If products come in assembled or unassembled forms, they buy the assembled versions even if these are a bit more expensive.
5. They do not improvise when they cook and follow recipes fully.

Late Majority

Members of the **late majority** are risk averse and slow to adopt innovation. They wait until most other consumers have adopted the new product before buying it. When they finally buy their first e-readers, they are likely to buy older models, which marketers sell at lower prices, and always look for extensive guarantees. If these consumers are happy with their initial purchases, they are likely to become members of the early majority and likely to buy newly introduced e-readers.

Laggards

The **laggards** are the very last consumers to adopt innovations. By the time they get around to purchasing their first e-readers, the innovators and early adopters have already switched to the most advanced models. Laggards are high-risk perceivers and the last ones to recognize the value of innovative products.

Non-Adopters

Marketers often “write off” non-adopters, but not all non-adopters are the same, and understanding nonusers is important. For instance, one study found two distinct segments among non-adopters of Internet banking:

1. *Prospective adopters*, who could potentially become customers.
2. *Persistent non-adopters*, who are very unlikely to become customers.

The study suggested that online banks should identify prospective customers among nonusers rather than lump all nonusers into a single category.⁴²

Summary

Learning Objective 1: To understand the credibility of reference groups and their influence on consumer behavior.

Within any setting, including consumer behavior, people are strongly influenced by how others think and behave. Reference groups are groups that serve as sources of comparison, influence, and norms for people's opinions, values, and behaviors. Word-of-mouth consists of communications where satisfied customers tell other people how much they like a business, product, service, or event, although word-of-mouth can also be negative.

The perceived honesty, objectivity, expertise, and trustworthiness of reference groups make them highly credible sources. Consumers perceive people whom they know personally as more credible than paid-for promotional messages. People learn norms and values mostly from families and peers. They also imitate and adopt the values and habits of persons whom they respect or admire. The groups to which people belong, as well as groups that they aspire to join, influence their norms and behaviors. Consumption-related groups also influence consumers' attitudes and behavior. Sociocultural groups that determine people's behavior, norms, morals, and consumption patterns include family, social class, culture, subculture, and (for global consumers) cross-culture.

Learning Objective 2: To understand the persuasive power and credibility of spokespersons, endorsers, celebrities, salespersons, vendors, and media.

The perceived credibility of spokespersons, endorsers, and other sources that companies use in their advertising is the key to the ads' effectiveness. The spokesperson can be an actual customer, a company employee, a celebrity, or a model. Companies also convey their credibility through solid past performance, good

reputation, high product quality, and good service. Their perceived credibility is also a function of the image and reputation of the retailers that carry their offerings and the media where they advertise. Marketers employ celebrities for product testimonials and endorsements, as well as spokespersons and actors in commercials.

Over time, consumers disassociate messages from their sources; they tend to remember only the messages' contents, but not their sources. Therefore, marketers must regularly repeat messages that feature high-credibility spokespersons in order to maintain the messages' persuasiveness.

Learning Objective 3: To understand the dynamics and measurement of opinion leadership and word-of-mouth.

Opinion leadership is the process by which one person—the opinion leader—informally influences others, who might be either opinion seekers or recipients. This influence occurs between two or more people, neither of whom represents a commercial seller nor would gain directly from providing advice or information. Opinion leaders who have expertise in a given product category provide advice and influence the consumption of others within the same category. They also follow any new items introduced closely, and are the first to buy new items. They tend to be self-confident, outgoing, and sociable. Several research methods are aimed at identifying opinion leaders.

Learning Objective 4: To understand the strategic applications, advantages, and potential perils of word-of-mouth.

Electronic word-of-mouth takes place online and occurs in social networks, brand communities, blogs, chat rooms, and tweets. Marketers hire buzz agents and initiate viral marketing to stimulate

word-of-mouth in cyberspace. Buzz agents are consumers who promote products clandestinely and generally receive free product samples but not monetary payments. Viral marketing is a marketing technique that uses pre-existing social networks and other technologies to produce increases in brand awareness or to achieve other marketing objectives through encouraging individuals to pass along email messages or other contents online.

It is impossible to control word-of-mouth communications. Negative comments, frequently in the form of untrue rumors, can sweep through the marketplace and undermine a product. The Internet is a prolific ground for spreading negative rumors because disgruntled consumers can reach millions of people easily and exaggerate (or even lie about) their negative experiences with products and services.

Learning Objective 5: To understand the process for diffusion of innovations, and adopter categories as distinct market segments.

Over time, positive word-of-mouth leads to the widespread adoption of products. However, not all consumers adopt new products or new versions of existing products simultaneously. Sociologists who studied how innovations are adopted within societies identified five categories of adopters: Innovators, early adopters, early majority, late majority, and laggards. The concept of adopter categories is a classification scheme that depicts where consumers stand in relation to other consumers in terms of the first time they purchase an innovation (e.g., a new product). Each category represents a distinct market segment, so marketers must study each group in order to target it effectively.

Review and Discussion Questions

- 9.1. Why is an opinion leader a more credible source of product information than an advertisement for the product? Are there any circumstances in which information from advertisements is likely to be more influential than word-of-mouth?
- 9.2. What are reference groups? List and discuss at least four groups that influence your purchases. For each group, indicate whether its influence is comparative or normative (or, possibly, both) and explain your answers.
- 9.3. What is the difference between membership groups and symbolic groups? List one membership group and one symbolic group that influence your purchases. Explain which group influences you more and why.
- 9.4. How can companies strategically use buzz agents and viral marketing? Illustrate with examples.
- 9.5. Compare the advantages and disadvantages of the methods of measuring opinion leadership.
- 9.6. How can marketers use social networks, brand communities, and weblogs to locate new customers and target them?
- 9.7. List and discuss the factors that affect the credibility of formal communications sources of product information. What factors influence the perceived credibility of informal communications sources?
- 9.8. You are the marketing vice president of a large soft-drink company. Your company's advertising agency is in the process of negotiating a contract to employ a superstar female singer to promote its product. Discuss the reference group factors that you would consider before the celebrity is hired.
- 9.9. What are the implications of the sleeper effect for the selection of spokespersons and the scheduling of advertising messages?
- 9.10. Amazon has introduced a new e-book reader that is more expensive than previous models but has many more features. How can the company use the adopter categories in marketing this product?

Hands-on Assignments

- 9.11. With a paper and pencil, spend one hour watching a network television channel during prime time. Record the total number of commercials that aired. For each commercial that used a celebrity endorser, record the celebrity's name, the product or service advertised, and whether the celebrity was used in a testimonial, as an endorser, as an actor, or as a spokesperson.
- 9.12. Describe two situations in which you served as an opinion leader and two situations in which you sought consumption-related advice or information from an opinion leader. Indicate your relationship to the persons with whom you interacted. Are the circumstances during which you engaged in word-of-mouth communications consistent with those described in the text? Explain.
- 9.13. Find ads that encourage consumers to engage in word-of-mouth communications.
- 9.14. Prepare a list of negative rumors that you (or your friends) have heard recently about a company or a product.
- 9.15. Locate an online company that recruits buzz agents and register as one. Keep a diary of all your contacts with the organization for about one month. Summarize the diary and discuss whether the company was right to make you a buzz agent and explain why or why not.

Key Terms

- adopter categories 252
- advergames 250
- blog 249
- brand community 249
- buzz agent 251
- celebrity actor 243
- celebrity endorsement 243
- celebrity spokesperson 243
- celebrity testimonial 243
- comparative influence 236
- consumer socialization 234
- culture 234

- differential decay 244
- early adopters 253
- early majority 253
- e-wom 248
- family 234
- formal source 235
- informal source 235
- innovators 253
- institutional advertising 241
- key informant 247
- Klout score 247
- laggards 254
- late majority 254
- membership group 236
- microblog 249
- normative influence 236
- opinion leadership 245
- reference groups 234
- risk aversion 253
- self-designating method 247
- sleeper effect 244
- social class 234
- social network 248
- sociometric method 247
- source credibility 235
- subculture 234
- symbolic group 236
- Twitter 249
- viral marketing (viral advertising) 250
- word-of-mouth 234

Case Four:

Keystone Light/MillerCoors

“Canhole”

Lead Agency: **Leo Burnett/Arc Worldwide**

Strategic Challenges

Summer is the season for beer: Billions of dollars are up for grabs; the competition for floor space, incremental displays, and “customer activation” is intense and hotly contested.

The big dogs rule: Miller Lite, Coors Light, Bud Light, Budweiser, and Corona rule the summer months, which makes it difficult for smaller, below-premium brands such as Keystone Light to get any attention from distributors or retailers. Typically, Keystone Light can only place statics stickers on in-store coolers to plead its case to shoppers.

Pricing challenges made it more difficult: Beer companies, including MillerCoors, have raised the price of the below-premium segment (closing the price gap) in an effort to get drinkers to trade up to the pricier premium brands—which is the companies’ priority and vital to overall performance. However, this pricing strategy couldn’t have happened at a worse time for Keystone Light. Its target consumers were being hit hard by the sagging economy and were looking for even more value while still trying to get out and have some summer fun with their buddies.

The overall challenge: In the sea of big-name brands during the summer, how does the company give a smaller, below-premium beer a reason to be featured at retail?

Objectives

1. **Stave off decline of the Keystone Light business in the convenience store channel** by stealing share, volume, and display opportunities from the company’s key competitor: Anheuser-Busch’s below-premium powerhouse, Natural Light.
2. **Increase overall Keystone Light brand engagement** to help establish a purpose and personality for Keystone Light’s new brand character (Keith Stone), in order to increase interaction, acceptance, and sharing by consumers.

Insights

The company’s target was a simple guy with simple needs, which was named “The Cruiser.” He doesn’t have a lot of money, so he’s learned to be resourceful and inventive with things he has on hand in order to have a good time.

For him, a great meal is a frozen burrito, a bag of Doritos, and a warm hot dog right off the roller. He enjoys the occasional fart joke and ribbing his buddy because his sister can kick his butt at Halo (with one hand tied behind her back). He’s comfortable with who he is and values friendship over all else. He has also built a fair number of beer pyramids in his day.

Once the company understood the Cruiser and how he behaves, it needed to know what he does during the summer. Using a combination of quantitative and qualitative research, the company

discovered that the Cruiser's summer is all about "Bro-ments." He gets together with more friends, more often, during the summer. The Cruiser values impromptu, memorable experiences that are the outcome of ingenuity and inventive social occasions. In other words, he likes spending time with his buddies, telling jokes, and not acting his age—all while drinking beer. This is basic male bonding stuff termed "Bro-ments."

The Big Idea

Bro-ments in a Box

Questions

1. In order to give the Cruiser an incentive that appealed to his fun-loving ingenuity and inventiveness, every time he bought a pack of Keystone Light, he got a completely self-contained Corn-hole game. The Cruiser had to punch out the perforated hole designed into the box and use his crushed empty cans of Keystone Light as "bags" during hours of summer party and sport Bro-ments with his buddies. The company named this fun activity "CANHOLE." How would this promotion help achieve any of the company's objectives?
2. How can Cruisers use Canhole to connect with others on the Internet and social networks? How can the company encourage the Cruisers to do so? How does Maslow's Hierarchy of needs applicable to this situation?
3. Apply the concept of product involvement to the Canhole promotion and the second objective.
4. Suggest "cross merchandising" opportunities for Canhole. That is, getting marketers of products that Cruisers might consume during Canhole games to participate in the promotion. Explain your choices.
5. List and discuss three likely personality traits of the Cruiser.
6. Develop a psychographic profile of the Cruiser.
7. Looking at the PRIZM groups' descriptions online, select three segments that are likely to include a large number of Cruisers. Explain your choices.

Source: Effie Worldwide, Effie Showcase Winners. Reprinted by permission. Keystone Light is a 2012 Silver Effie Winner. For information on Effie's programs for students, visit the Collegiate Effies at www.effie.org

10

The Family and Its Social Standing

Learning Objectives

- 1 To understand the family as a consumer socialization agent.
- 2 To understand family decision-making and its members' consumption-related roles.
- 3 To understand the role of the family life cycle in market segmentation and targeting.
- 4 To understand the consumption patterns of nontraditional families and non-family households.
- 5 To understand the impact of social stratification on consumer behavior.
- 6 To understand how to measure social class and segment consumers accordingly.
- 7 To understand the demographics, lifestyles, and consumption patterns of America's social classes.
- 8 To understand how to employ geo-demographics to locate target markets.

THIS CHAPTER describes two **reference groups** that have a powerful impact on consumer behavior: Family and social class. A **family** is defined as two or more persons related by blood, marriage, or adoption residing together. In Western societies, there are three types of families: Married couples, nuclear families, and extended families. A married couple and one or more children constitute a **nuclear family**. The nuclear family, together with at least one grandparent or other relation living within the household, is called an **extended family**.

The **family life cycle** is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a "typical" stage. The four ads in Figure 10.1 feature Toyota models catering to different types of families. The Toyota Auris hatchback model is a sporty car. It features a "diffuser," with reflectors on each side, which gives it a stylish look. The Yaris subcompact is promoted as a car on which one can get a "great deal." The Verso is a seven-seater family car featuring elegant style and comfort. The Avensis is available as a sedan or wagon and features a refined design and touch-screen multimedia.

Each car model appeals to a different stage of the family life cycle. The sporty Auris is for bachelors or newly married couples who have no children and want to enjoy their new life together. As evident in the ad for the Yaris, a child is on the way. The young couple probably feels anxious about their finances (maybe because the mother has quit her job) and are therefore seeking a car at a reasonable price. Next, the couple



(a) Bachelors or Honeymooners: Toyota Auris

Source: Andreas Åkerup, Saari Sweden



(b) Newlyweds: Toyota Yaris

Source: Andreas Åkerup, Saari Sweden



(c) Married with Small Children: Toyota Verso

Source: Andreas Åkerup, Saari Sweden



(d) Large Family: Toyota Avensis

Source: Andreas Åkerup, Saari Sweden

has two young kids and, presumably, more financial resources (e.g., the father had advanced in his career and the mother might have gone back to work) and are likely to purchase the Verso—a stylish family car. Moving forward, the kids are growing up and thus (as with all young kids) must be in front of a screen at all times. Assuming that the couple's disposable income went up (e.g., dual income), it's time for the Avensis, with its stylish design and built-in multimedia gear.

The first part of this chapter describes the influence of the family on its members' development as consumers, as well as how the family functions as a consumption unit and the dynamics of family decision-making. We explore

households that fit into the family life cycle, as well as atypical and non-family living situations.

Each household, whether family or non-family, belongs to a social class. **Social class** is the division of members of a society into a hierarchy of distinct status classes, in which members of a class have relatively the same status and members of the other classes have either more or less status. The second part of this chapter examines the demographics and consumption patterns of America's social classes. It describes how to measure social class and segment and target consumers according to social standing. The chapter concludes with examples of how social-class membership affects consumption habits, tastes, and values.

The Family as a Socialization Agent

Learning Objective

- To understand the family as a consumer socialization agent.

Socialization refers to the process of teaching people behave in a way that is acceptable to their society. In the context of marketing, the most important role of the family is the socialization of family members, ranging from young children to adults. This process includes imparting to children the basic values and modes of behavior consistent with their culture, including moral principles, interpersonal skills, dress and grooming standards, appropriate manners and speech, and the selection of suitable educational and occupational or career goals.

Parental socialization responsibilities have been expanding because it has become increasingly harder for young adults to find good jobs. Parents thus feel that their children must be ahead of others from a very young age—a competitive pressure that often results in demanding daily schedules for many children (e.g., daily preschool classes, after-school classes, play dates, weekend enrichment, and sports and arts programs). Some have argued that the barrage of structured activities and constant exposure to mass media and online social networks provide children with very little time to explore their own creativity.¹ Nevertheless, the socialization of young children provides marketers with opportunities to establish relationships between children and brands very early in the children's lives. Very often, such connections extend into a person's adolescence, teenage years, and adulthood. The ad for Listerine Smart Rinse in Figure 10.2 is an example of a marketer's initiative to establish a bond between a brand and very young children.

The aspect of childhood socialization that is particularly relevant to the study of consumer behavior is **consumer socialization**, which is defined as the process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers. Numerous studies have researched how children develop consumption skills. Many preadolescent children acquire their consumer behavior norms by observing their parents and older siblings, who function as role models and provide cues for learning consumption skills. Studies indicate that young children perceive their families as more reliable sources of information about consumption than advertising; however, peers have the most influence on teenagers' and adolescents' consumption.²

Research has also shown that younger children react positively to advertisements employing spokespersons featured in parental roles, whereas teens often like products specifically because their parents disapprove of their purchases.³ Figure 10.3 illustrates the sources that influence children's socialization over time and indicates that socialization is a two-way process. The two-directional arrows indicate that a young person is both socialized and influences those who are doing the socializing.

The **socialization agent** is the person or organization involved in the socialization process because of frequency of contact with the individual and control over the rewards and punishments given to the individual.⁴ Mothers are stronger consumer socialization agents than fathers because mothers are usually more involved with their children and often control their children's exposure to commercial messages. Additionally, mothers most often provide instruction in the skills needed to become consumers and regulate the amount of money children can spend and how they spend it.

The ad for Mott's juice in Figure 10.4 depicts a mother as a socialization agent who is teaching her children that juices with less sugar are healthier. Researchers identified distinct socialization styles among mothers, based on mothers' attitudes toward marketing, which are described in Table 10.1.⁵



FIGURE 10.2 Establishing a Relationship Between Children and a Brand

Source: LISTERINE® is a registered trademark of Johnson & Johnson. Used with permission.

FIGURE 10.3
Socialization Sources

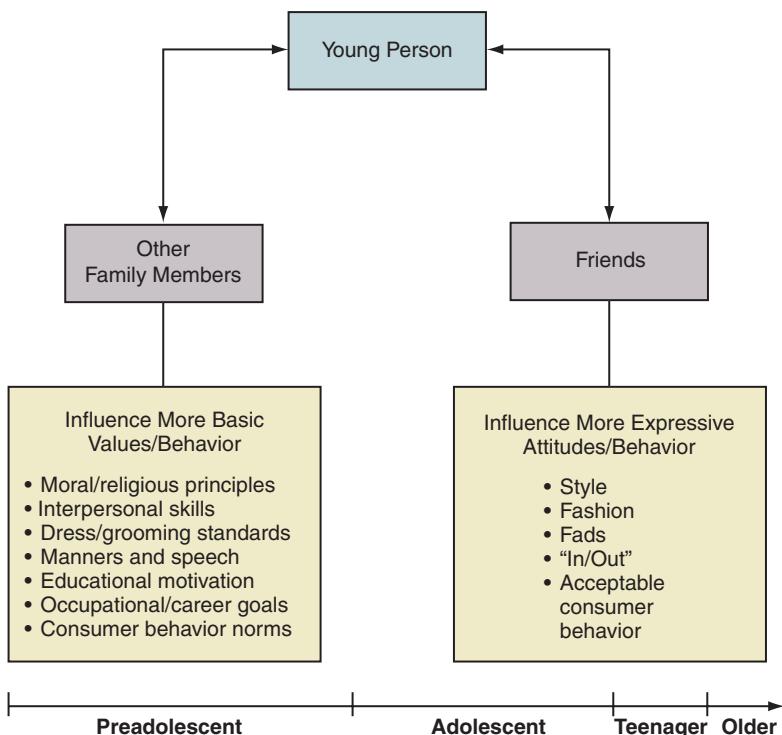


FIGURE 10.4
Socialization Agent

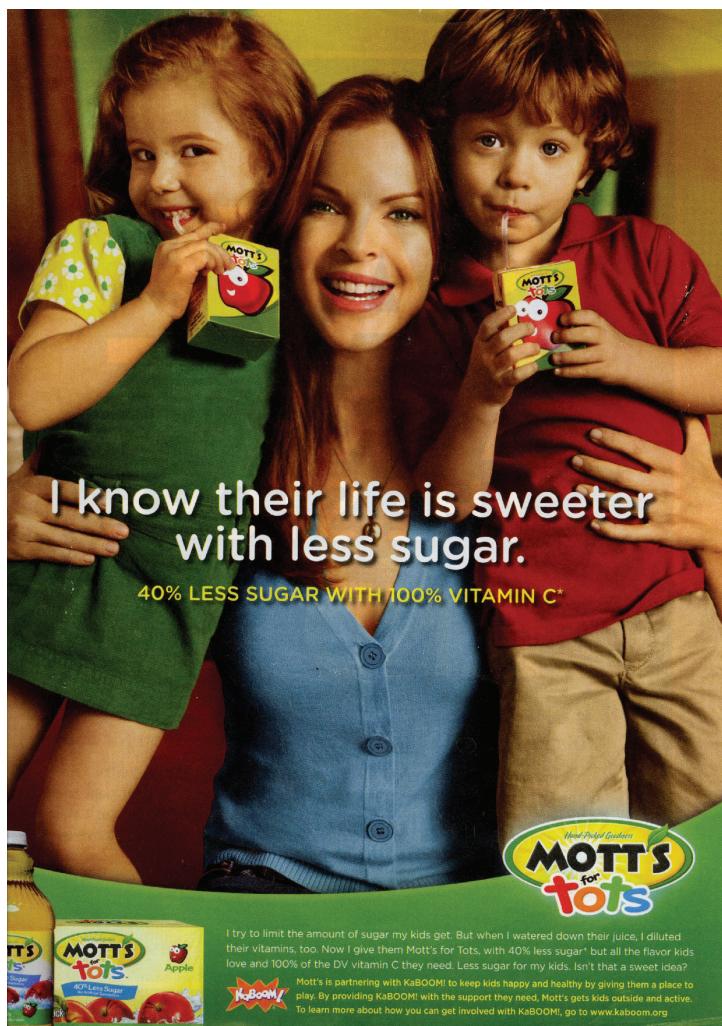


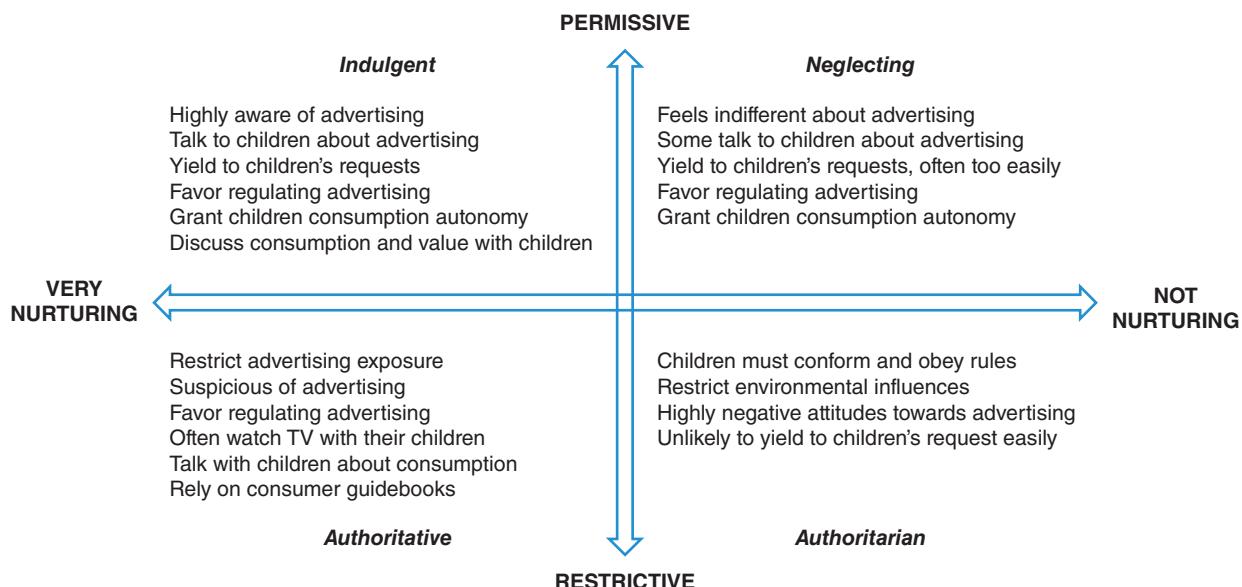
TABLE 10.1 Mothers' Socialization-Related Attitudes

MARKETING RECEPITIVE	MARKETING RESISTANT
The Balancer: Married and has a career. Multitasks and teaches her children how to become good consumers. Lets children learn from experience and make buying mistakes.	The Protector: Highest income and education among all the segments. Rational and teaches her children to shop and spend responsibly. Resents the influence of the media on her children.
The Nurturer: Focused on her family and often sacrifices her own desires to meet the wants of her children. Trusts well-known companies and brands.	The Struggler: Does not have the money to indulge her children's requests. Very price- and value-conscious shopper. Views her life negatively.
The Diva: Self-focused and seeks acceptance and attention from others; is a conspicuous consumer. Views her children as a part of her image, and often gives in to children's requests to make her life easier.	The Stoic: Culturally and socially isolated. Views herself as a caretaker and homemaker. Loves her children but feels emotionally distanced from them. Deliberates regarding purchases.

There is no universal model of how children develop their consumption skills; learn to understand the role of advertising in the formation of buying preferences; and master the relationship between monetary resources, value, and limits on buying. Next, we describe three aspects of consumer socialization.

Parental Styles and Consumer Socialization

Several decades ago, sociologists began to study the impact of parental styles on children's development, and later on marketers applied those findings to consumer socialization. Figure 10.5 features a classification of parental styles along two dimensions: *permissive* versus *restrictive* and *very nurturing* versus *not nurturing*. The table identifies four parental styles and lists their respective attitudes toward advertising, consumption, and yielding to children's buying requests. The four parental styles include: **indulgent parents**, who are very nurturing and highly permissive during consumer socialization; **neglecting parents**, who are very permissive, but provide their children with little or no nurturing during consumer socialization; **authoritative parents**, who are very nurturing and also very restrictive with respect to consumer socialization; and lastly, **authoritarian parents**, who are very restrictive and not nurturing during consumer socialization.

**FIGURE 10.5** Parental Styles and Consumer Socialization

Consumer Socialization Is Learning

Children learn the importance of possessions at an early age, as demonstrated by a child seeing a commercial for a doll or action figure on television, pointing to the screen, and shouting “I want that!” A study conducted with school-aged children in Minnesota found that materialism increases from middle childhood (ages 8–9) to early adolescence (ages 12–13), and then declines from early to late adolescence (ages 16–18). The research also found an inverse relationship between self-esteem and materialism in children and adolescents (i.e., children with high self-esteem are more likely to express lower levels of materialism, and vice versa).⁶ Furthermore, the study noted that rather than blaming the media for the materialism exhibited by children and adolescents, finding ways to increase their self-esteem is a more positive approach. Another study found that adolescents use ridicule as a mechanism to exchange information about what should and should not be consumed and valued; ridicule is also a form of ostracizing peers who shop unlike most do.⁷ A Canadian study of college students (with the majority being full-time students, and 85% living at home with parents) indicated that older college students were influenced by their parents, and less influenced by their peers and media.⁸ The study also found that older college students were more competent consumers than their younger counterparts.

The model in Table 10.2 details stages that children go through in learning to function as consumers, and identifies their sources of information at each stage.

Adult and Intergenerational Consumer Socialization

The socialization process is ongoing, beginning in early childhood and extending throughout a person’s life. After childhood, as teenagers and adolescents, young consumers continue learning about consumption and many become skeptical about some aspects of marketing. One study found that more socially affluent adolescents were less skeptical of advertising than their less affluent peers. Lower socioeconomic status adolescents, having less money than their wealthier peers, were more critical of advertising claims. Additionally, the study found that Internet usage was negatively related to skepticism, possibly because Internet surfers can skip ads and only visit websites that interest them.⁹

When newly married people establish their own households, adjusting to consuming as a couple is the continuation of socialization. Similarly, the adjustment of a soon-to-be-retired couple, perhaps moving to a warmer climate, is also part of ongoing socialization. Even a family that is welcoming a pet into its home faces the challenge of socializing the pet so that it fits into the family environment. Research found that pet owners treat their pets as full-fledged family members. For instance, 58% of those surveyed indicated that they have sent or received a holiday card from their dogs or cats, and 78% regularly talked in different voices (“I wuv you”) to their pets and referred to them as family members.¹⁰

TABLE 10.2 Children’s Development as Consumers

STAGE	MEDIAN AGE	DESCRIPTION
Shopping with parents and observing	12 to 15 months	Children notice all the items that are fun to eat and play with and begin to recall specific ones. They learn how shopping satisfies needs. Parents may buy some items to reward children for good behavior.
Making requests while shopping with parents	2 years	By age 2, children begin to connect advertising with items in the stores and delight parents with their cognitive development. They request items—mostly foods and toys—by pointing. Children also begin to pay more attention to advertising and some insist on watching more TV.
Selecting with permission while shopping with parents	3 1/2 years	Children are climbing off shopping carts and walking besides parents. They recognize most brands of cereal, snacks, ice cream and frozen deserts and know their locations. Many have favorite brands and even stores, and parents begin to select brands and items that their children prefer.
Independent purchases while shopping with parent	5 1/2 years	A child’s first independent purchase is likely to be in a supermarket, convenience or department store. Children begin to understand the limits of monetary resources and some may feel frustrated when denied items because they are too expensive or do not represent good value.
Shopping independently	8 years	Parents gradually, and often reluctantly, begin to allow children to go to stores alone. The first independent trip is likely to be to a convenience store. Children discover the wonders of shopping and having to decide among many choices.



Source: MADD

FIGURE 10.6 Intergenerational Socialization

Many product preferences and brand loyalties are transferred from one generation to another, sometimes across three or four generations.¹¹ For instance, in the U.S. brand preferences for products such as peanut butter, mayonnaise, ketchup, coffee, and canned soup are frequently passed on from one generation to another. In some families—like Asian households—grandparents not only play an important role in teaching younger members consumption-related skills, but also participate in all major consumption decisions. Very often, Asian grandparents live with their children and grandchildren. The ad in Figure 10.6 illustrates an “intergenerational transfer” of values regarding safe driving.

The Family's Supportive Roles

The family has several supportive functions that are part of the socialization process and consumer behavior. These include economic well-being, emotional support, and suitable family lifestyles.

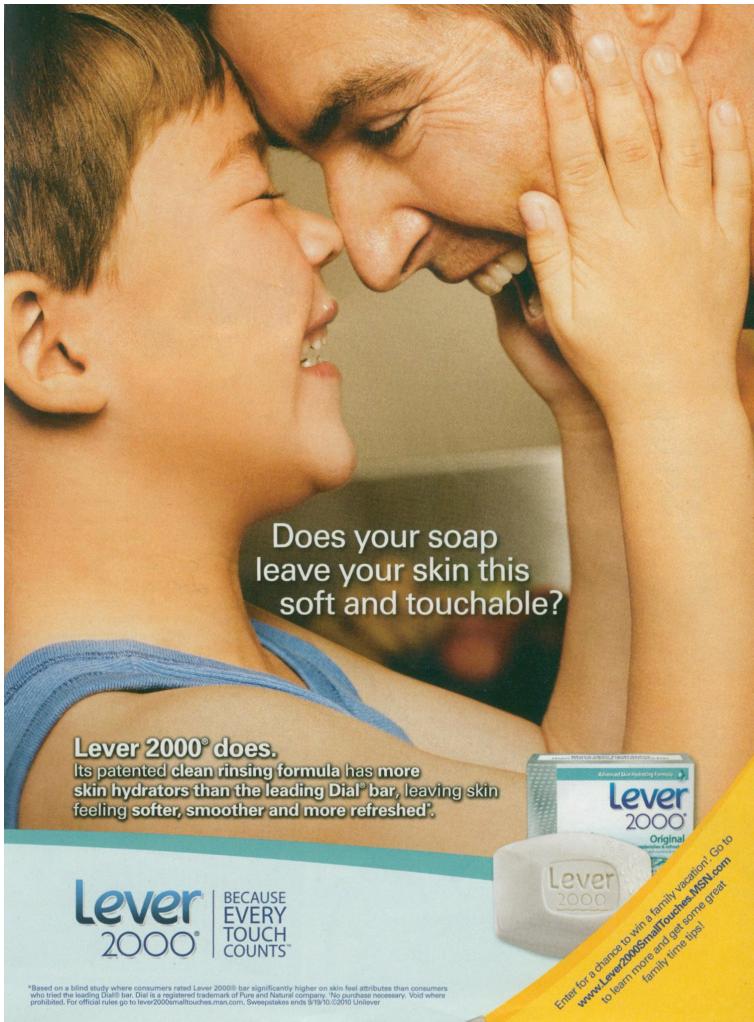
Economic Well-Being

The most important economic function of the family is to provide financial resources to its members and allocate its income in a way that supports all members adequately. The data in Table 10.3 show how an “average” U.S. family spent its money over one year. The largest expenditures were on housing, transportation, food at home, pension and social security, health care, food away from home, and entertainment.¹²

TABLE 10.3 How the “Average” Family Spends Its Money

EXPENDITURE CATEGORY	DOLLARS	PERCENT
Food at home	3,753	8.1
Food away from home	2,619	5.6
Alcoholic beverages	435	0.1
Housing	16,895	36.3
Apparel and services	1,725	3.7
Transportation	7,658	16.5
Health care	3,126	6.7
Entertainment	2,693	5.8
Reading	110	0.2
Tobacco products	380	0.7
Life and other personal insurance	309	0.8
Pensions and social security	5,471	11.7
Miscellaneous	1,320	2.8
Total of above	46,494	

Source: U.S. Census Bureau, “Average Annual Expenditures of All Consumer Units by Selected Major Types of Expenditures: 1990 to 2009,” Statistical Abstract of the United States: 2012, Table 684. <http://www.census.gov/compendia/statab/2012/1250684.pdt>. Accessed 6/20/2012



Emotional Support

A core function of the family is providing its members with love, affection, and intimacy. When most women had no jobs outside the home, children received most of their emotional support from their mothers. However, as more and more women joined the labor force—with some pursuing more demanding and lucrative careers than their husbands—men have played an increasingly important role in rearing children. If the family cannot provide adequate assistance when it is needed, it may turn to a counselor, psychologist, or other professionals. In most communities, there are educational and psychological centers designed to assist parents who want to help their children improve their learning and communication skills or better adjust to their environments. The Lever soap ad in Figure 10.7 shows how the family provides emotional support.

Suitable Family Lifestyles

What people view as a “suitable” lifestyle reflects their experiences while growing up. Their parents’ priorities regarding learning and education, recreational activities, hobbies, setting of career goals, media exposure, and shopping habits are all part of the lifestyle that children imitate, at least to some degree, when they set up their own households. Changing family lifestyles are greatly influencing consumption patterns. For example, the growth of the demand for convenience foods and rising popularity of fast and takeout foods are the result of career moms having little if any time for household chores. With both spouses working, many parents are increasingly aware of the importance of spending quality time with their children.

Source: Unilever

FIGURE 10.7 The Family Provides Emotional Support

Family Decision-Making and Consumption-Related Roles

Learning Objective

- 2 To understand family decision-making and its members' consumption-related roles.

Marketers recognize that families operate as units in terms of consumption behavior, and many researchers have studied the dynamics of family decision-making. Specifically, marketers focus on husband–wife decision-making, the relative influence each family member has regarding consumption, children’s role in family decision-making, and the multiple roles that family members may assume regarding the purchase, use, and maintenance of their homes, products and services.

Husband–Wife Decision-Making

Marketers have studied each spouse’s relative influence in consumption and identified four patterns of husband–wife decision-making:

1. **Husband-dominated decisions** are those where the husband’s influence is greater than the wife’s.
2. **Wife-dominated decisions** are those where the wife’s influence is greater than the husband’s.
3. **Joint decisions** are those where the husband’s and wife’s influences are equal.
4. **Autonomic decisions** are those where either the husband or the wife is the primary or only decision maker.

The relative influence of a husband and wife on a particular consumer decision depends mainly on the product or service category. For instance, during the 1950s, the purchase of a new automobile was strongly husband-dominated, whereas food and financial banking decisions were

often wife-dominated, but these patterns are no longer the case. Some studies indicate that women influenced 85% of all decisions regarding car purchases and bought about 45% of all vehicles sold in the U.S. independently. More than half of female car buyers sought advice from expert sources before buying a new car, spent more time in the purchasing process than men (17 weeks versus 15), and, on average, visited three dealerships, seeking both the best price and polite treatment.¹³

Carmakers and automobile dealers have studied the specific needs of women drivers. For example, GM pays particular attention to details in trim, fabric, colors, compartments, and shapes and positioning of controls. In addition, storage is a big deal to women buyers, whether it's room for groceries, handbags, kids' toys, foldable seats, or car booster seats. Many car manufacturers have considered women's heights in the design of seating and steering columns, as well as designing door handles that women drivers with long fingernails can grab easily. Apparently, both men and women like "aggressive and elegant" lines in the form of "smoothness from one end to the other with no rough edges and a tight, flush design." Like men, women want performance and design, but they also want more features. Examples of features designed with women in mind include inside door handles that are individually illuminated with dim lights, concave consoles with attractive buttons and digital information displays, and entertainment system screens that can be raised and lowered by the push of a button.¹⁴

Traditionally, women have controlled their families' day-to-day household spending, but men were in charge of major decisions on banking and financial planning. However, one study indicated that British women are now more likely than their husbands to choose banks and make provisions for future savings and spending. The study showed that 91% of households where women were in charge of financial planning had significant savings, but only 82% of households had such savings when men had that responsibility. This was especially true among younger couples; in households with males over the age of 45, men tended to be in charge of money matters. The study predicted that a majority of women of all ages would be in charge of most households' financial decision by 2020. Furthermore, among couples under the age of 45, women were more likely than men to choose the family's bank (52% of households), take control of making detailed future plans for savings (52%), and pay day-to-day bills and keep track of spending (54%). Apparently, women are better savers; the results showed that 37% of single men had no savings, compared to 30% of single women. Greater control of families' finances by women will increase households' savings, as women tend to have a longer-term orientation to saving and also be more cautious savers in selecting where to hold and invest savings. This might also mean that mortgage repayments and consumer spending could become less vulnerable to turmoils in employment or financial markets in the future.¹⁵

Husband–wife decision-making is related to cultural influence. Research comparing husband–wife decision-making in the People's Republic of China and in the United States revealed that, among Chinese couples, there were substantially fewer joint decisions and more husband-dominated decisions for many household purchases than among American spouses.¹⁶ However, when comparing urban and rural Chinese households, the research showed that in large cities, such as Beijing, married couples were more likely than rural couples to share equally in purchase decisions. Another study compared family decision-making among American and Singaporean families; that study discovered that joint decision-making was characteristic of American families, whereas Singaporean families' decisions were often husband dominant.¹⁷

Children's Influence on Family Decision-Making

Over the past several decades, children have played a more active role in what the family buys, as well as in the family decision-making process. Children's growing influence is the result of families having fewer children (which increases the influence of each child), the existence of more dual-income couples who can afford to permit their children to make a greater number of the choices, and encouragement by the media to allow children to "express themselves." In addition, single-parent households often push their children toward household participation and self-reliance. For example, kids in supermarkets make an average of 15 requests, of which about half are typically granted.¹⁸

One study, which included interviews with both parents and their children, focused on the influence of children during family decisions regarding vacations. The researchers pointed out that although children believed that they had a large degree of influence on vacation-related decisions, their parents viewed the children's influence as merely moderate.¹⁹ Another notable study investigated the tactics that children use when they want their parents to buy them something or to "get their way" during family decisions. The study identified the following tactics that children typically use:

1. **Pressure:** The child demands, threatens, and tries to intimidate the parents.
2. **Exchange:** The child promises something (e.g., to "be good" or clean his room) in exchange.

3. **Rational:** The child uses a logical arguments and factual evidence.
4. **Consultation:** The child seeks parents' involvement in the decision.
5. **Ingratiation:** The child tries to get the parent in a good mood first and then make the request.²⁰

One study identified a group termed “teen Internet mavens”—teenagers who spend considerable time on the Internet and are very proficient in searching for information and responding to requests from others. The study showed that the mavens believed that they were more influential in researching and evaluating family purchases than their parents, which the parents confirmed.²¹

Children Are Three Markets

An expert on marketing to children pointed out that children should be divided into three separate markets, as described in Table 10.4. Many marketers can apply this framework to targeting different segments of the children’s market. For example, when viewing children as influencers, marketers of food products and vacations should depict kids’ involvement in these decisions, but must do so in a subtle way and not feature children pressuring their parents to buy products. In addition, recognizing that children form brand preferences early, marketers should show how thankful kids are when their parents buy certain brands.

Measuring Family Decision-Making

Measuring family decision-making is complex, because family members may not agree with each other’s perspective about their relative influence during purchase decisions, which also precludes interviewing them together. Nevertheless, Table 10.5 features an instrument designed to measure family decision-making.

Family Members’ Roles

Table 10.6 shows another perspective on family decision-making which consists of identifying the roles that members play in buying decisions. For example, many parents are *gatekeepers*, who control the information that reaches the family’s children by using the parental control features available on TVs, computers, and other communication devices. As described earlier, *indulgent* and *authoritative* parents are attentive gatekeepers. When targeting these parents, electronics makers should emphasize their products’ sophisticated information-control features. Companies selling SUVs should recognize that children might be *influencers* in the family’s purchase of a new model, although they are neither the *deciders* nor *buyers* of family cars. Children from dual-income households are often the *deciders*, *buyers*, and *preparers* of foods, so marketers of cuisine goods must study the roles of children in this area of the family’s consumption. For example, children should be able to open packaging safely and easily, and understand measurement units and preparation instructions. Because children—in the role of *maintainers*—often perform housekeeping chores by themselves, makers of, say, vacuum cleaners should observe how children use their products and make sure that kids can do so safely.

TABLE 10.4 Children as Three Markets

ROLE	DESCRIPTION	EXAMPLES
Children as influencers	Children make requests when accompanying parents on shopping trips and also at home.	Items for themselves (toys, electronics, clothing). Items for homes (furniture, food and beverage preferences). Services for the entire family (vacations, restaurants).
Children as a primary market	Children who shop independently while shopping with their parents or buy things with their own money.	The most commonly purchased products are snacks/sweets, toys, games, clothes, movies, sport events, concerts and video games.
Children as future consumers	Children start contemplating future purchases: “When I grow up I will buy myself . . .”	The future consumers are fully aware of brands, and marketers should focus on building relationships with them.

TABLE 10.5 Measure of Family Decision-Making Regarding Vacations

1. About your family and household:

Two spouses _____

One spouse or parent _____ Mother _____ Father _____

Number of children 12 years old or younger _____

Do any other adults live in your household? Please specify _____

2. How does your family make vacation-related decisions? The questionnaire below lists the typical decisions that must be made and we ask you to indicate how much influence each member(s) of your family has regarding each one. For example, if the wife is the most influential party in deciding on how to travel to the vacation's destination (e.g., fly or drive), please put a checkmark in the column entitled "wife" and the row entitled "most influential" next to "how to get to the destination" (listed in the first column on the left). Leave any boxes that are not applicable blank (e.g., the household includes no teenagers).

DECISIONS	DEGREE OF INFLUENCE	HUSBAND	WIFE	CHILDREN 12 YEARS OLD OR YOUNGER	TEENAGERS
Whether to go on vacation or not	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
How much to spend on the vacation	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
When to go on vacation	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
Type of vacation (e.g., Disney, national parks, biking, camping)	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
Destination(s)	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
How to get to the destination (e.g., drive or fly)	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				

TABLE 10.6 Family Members' Consumption-Related Roles

ROLE	DESCRIPTION
Influencers	Family member(s) who provide information to other members about a product or service.
Gatekeepers	Family member(s) who control the flow of information about products and services into the family.
Deciders	Family member(s) with the power to decide which product to buy and where.
Buyers	Family member(s) who make the actual purchase of a particular product or service
Preparers	Family member(s) who transform the product into a form suitable for consumption by other family members.
Users	Family member(s) who use the service or consume the product.
Maintainers	Family member(s) who service or repair the product so that it continues to function well.
Disposers	Family member(s) who initiate or carry out the disposition of a product or the discontinuation of the service.

The Family Life Cycle

Learning Objective

- 3 To understand the role of the family life cycle in market segmentation and targeting.

The **family life cycle** represents the life stages of a typical family. It is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a “typical” stage. The ages of the parents and the relative amount of disposable income are inferred from the family’s stage in the cycle. As illustrated in this chapter’s opening, Toyota’s car models were designed with the family life cycle in mind. Although it is no longer typical of American families, because of the emergence of non-family households and families that cannot be placed into a “typical” phase, the family life cycle remains a widely used form of segmentation, and is also used to analyze the consumption of households that do not fit neatly into it.

The family life cycle starts with bachelorhood and then moves on to marriage (and the creation of the family unit). Marriage usually leads to the growth of the family when children arrive, and later on to family contraction, as grown children leave the household. The cycle ends with the dissolution of the family unit due to the death of one spouse. The stages of the family life cycle are featured in the following sections.

Bachelorhood

The **bachelorhood** stage refers to young single men and women, mostly college educated, who have incomes that allow them to leave home and establish their own households. Increasingly, though, even employed college graduates continue to live at home and save toward setting up their own homes. Single persons spend considerable amounts on clothing, cars, and travel and entertainment. Marketers should differentiate between singles who live at home (with their parents) and those who have left it. The ads in Figures 10.8 and 10.9 target single and affluent women, who can afford expensive furniture and vacations.

Honeymooners

The **honeymooners** stage refers to young and newly married couples. Educated, engaged couples have a combined discretionary income. If both establish career paths, their incomes grow steadily. A spouse going back to graduate school usually calls for curtailing spending and a more moderate lifestyle. People with considerable discretionary incomes are prime targeting prospects. Most couples overspend on their weddings (see the ad in Figure 10.10). Afterward, they are in the market for home furnishings, travel, and financial planning services. Because many young husbands and wives both work, these couples often have a combined income that permits them to purchase more indulgent possessions, as well as save and invest money.



Source: Ligne Roset

FIGURE 10.8 Targeting Women in the Bachelorhood Stage: High-Priced Furniture

FIGURE 10.9

Targeting Women in the Bachelorhood Stage: Exclusive Vacations

An advertisement for RockResorts. The top half shows a scenic view of snow-covered mountains and a valley. The text "BE { HOLD" is displayed in a large serif font, with curly braces around the letter 'E'. Below it is a smaller line of text: "Embrace the true spirit of a destination, and it will reveal its secrets to you. RockResorts®, where true luxury is understanding what makes a destination special unto itself." The bottom half shows a person cross-country skiing on a snowy path. At the bottom, there is a dark blue banner with white text: "ENJOY A FREE NIGHT ON US. | SpringBreakOnUs.com or call 877-623-ROCK (7625)". Below the banner, the RockResorts logo is shown with a vertical line separating it from the list of destinations: "ROCKRESORTS® | VAIL - BEAVER CREEK - BRECKENRIDGE - JACKSON HOLE SANTA FE - DOMINICAN REPUBLIC - JAMAICA - ST. LUCIA". At the very bottom, a small note says: "Travel must be booked by 4/30/11. Length-of-stay and other restrictions apply. Visit website for full details."

Source: RockResorts, LLC.

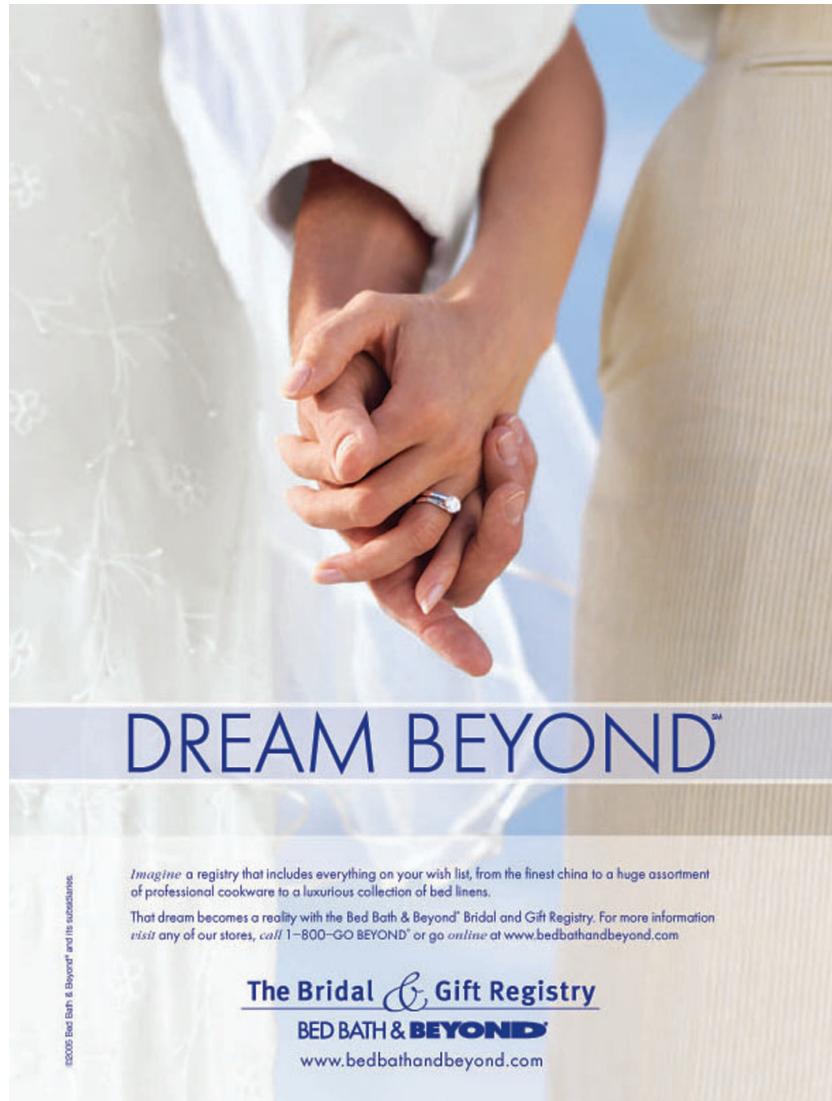


FIGURE 10.10 Targeting Honeymooners

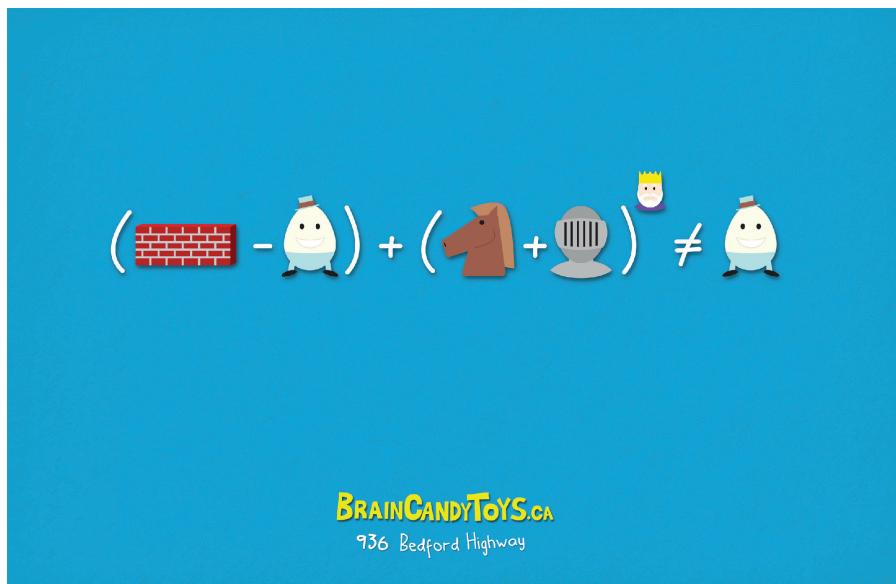
Honeymooners have considerable start-up expenses when establishing a new home. They must find a place to live, buy furniture, and decorate and set up their households. They are the prime targets of marketers in many sectors, and of advisory magazines (e.g., *Homes and Gardens*), as well as decorators, designers, architects, and financial planners.

Parenthood

The **parenthood** stage designates married couples with at least one child living at home. This is the longest stage of the family life cycle. The ad for toys that help children's cognitive development in Figure 10.11 targets young parents (the ads in Figures 10.4 and 10.7 do the same).

Parenthood (also known as the "full-nest" stage) usually extends over more than a twenty-year period. Because of its long duration, this stage can be divided into shorter phases. The *preschool phase*, *elementary school phase*, *high school phase*, and *college phase*. Throughout these parenthood phases, the interrelationships of family members and the structure of the family gradually change. Furthermore, the financial resources of the family change significantly, as one (or both) parents progress in their careers and as child rearing and educational responsibilities gradually increase and then decrease as children become self-supporting.

Many magazines target parents and children of different ages, either together or separately. For example, there are many special-interest publications, such as *Humpty Dumpty*, designed for the young child who is just learning to read; *Scholastic Magazine*, for the elementary school pupil; *Boy's*



Source: Ads created by Revolve, CA for Brain Candy Toys, CA

FIGURE 10.11 Targeting Young Parents

Life, for young boys; and American Girl, Seventeen, and Glamour for teen and young adult girls interested in fashion. In addition, a relatively new magazine, Cookie, is targeting the parents in the more than 22 million U.S. homes with annual incomes in excess of \$75,000 and children under 10 years of age.²²

Post-Parenthood

The **post-parenthood** stage refers to older married couples with no children living at home. Because parenthood extends over many years, the start of this stage (also known as “empty nest”) is traumatic for some parents and liberating for others. For many parents, this stage represents the opportunity to do all the things they could not do or afford while their children lived home or went to college.

During this stage, most married couples are financially secure and have a lot of leisure time. They travel more frequently, take extended vacations, and are likely to purchase a second home in a warmer climate. They have higher disposable incomes because of savings and investments, and they have fewer expenses (no mortgage or college tuition bills). They look forward to being involved grandparents. Therefore, families in the post-parenthood stage are an important market for luxury goods, new automobiles, expensive furniture, and vacations to faraway places. Chapter 12 discusses postretirement consumer behavior.

Dissolution

The **dissolution** stage refers to the family with one surviving spouse. If the surviving spouse is in good health, is working or has adequate savings, and has supportive family and friends, the adjustment is easier. The surviving spouse (women live longer than men) often tends to follow a more economical lifestyle. Many surviving spouses seek each other out for companionship; others enter into second (or third and even fourth) marriages (Chapter 12 describes the characteristics of older consumers).

Summary of the Family Life Cycle

The traditional family life cycle concept details the types of products and services that a household or family might be most interested in at each stage. In addition, it is also possible to trace how the family life cycle concept affects a single product or service over time. As an example, a qualitative study conducted in Denmark indicates that family life cycle stage influences the experiences that consumers seek during their vacations. For example, less “traditional” vacations when single, such as backpacking through Europe, and more “traditional” vacations when married with a young child, such as a week at a Caribbean island hotel.²³

Nontraditional Families and Non-Family Households

Learning Objective

- 4** To understand the consumption patterns of nontraditional families and non-family households.

When targeting segments that do not represent “typical” families or households, marketers must distinguish between two groups:

1. **Nontraditional families**, defined as families that do not readily fit into the family life cycle.
2. **Non-family households**, defined as living situations that are not legally defined as families (e.g., couples who live together but are not married).

The most common nontraditional family forms and non-family households are also described in Table 10.7. At one time, these forms of families and households were relatively rare and marketers ignored them. However, what is considered a “typical” family or household has changed considerably over time. For instance, traditional families represented 81% of all U.S. households in 1970, but only 66% percent in 2010. The number of households consisting of married couples with children under 18 decreased from 40% in 1970 to about 20% in 2010, and the number of “not married, no children” households (i.e., non-family households) rose from almost 19% in 1970 to 34% in 2010.²⁴ During this same time frame, the percentage of family households without a spouse present rose from 11% to almost 18%, and the number of people living alone grew from 17% in 1970 to almost 27% in 2010. Also, whereas in 1970, 65% of men and 60% of women age 18 and older were married, by 2010 these figures had declined to 53% of men and 50% of women.²⁵

Figure 10.12 illustrates the significance of non-family household in the United States. As people get older, many more non-family households emerge, and, because of increased life expectancy, this segment has been growing and marketers must not ignore it. Figure 10.13 shows that, across age groups, there are significantly more women than men living in non-family households, and this ratio becomes even more pronounced as people age.²⁶

Consumer Behavior of Nontraditional Families and Households

Several studies have focused on nontraditional families and non-family households. One study discovered that married couples make more purchase decisions separately, whereas cohabitating couples make their decisions together.²⁷ When households undergo status changes (such as divorce, temporary retirement or job loss, a new person joining the household, or the death of a family

TABLE 10.7 Descriptions of Nontraditional Households

NONTRADITIONAL FAMILIES

Childless couples	Many couples, especially those who delayed marrying in order to advance their careers at a young age, choose not to have children.
Couples who marry in their late 30s and later	Many career-oriented men and women may live together for years and, even if they get married eventually, are likely to have no more than one child.
Divorced single parents	More single-parent families because of high divorce rates.
“Nesters”—Children returning to their parents’ homes	Young single-adult children who return home to avoid the expenses of living alone while establishing their careers. Divorced daughters or sons, sometimes with their children, return home to their parents. Frail elderly parents who move in with children. Newlyweds living with in-laws in order to save money before setting up their own households

NON-FAMILY HOUSEHOLDS

Unmarried couples	People who choose to live together with or without children.
Single parents	Women (mostly) or man who choose to adopt children or have their own and raise them without the other biological parent.
Gay couples (married or not)	Several states allow gay marriages and many other recognize domestic partnerships. Many gay couples adopt or have their own children with heterosexuals, who may or may not be involved in rearing the children.

Source: Compiled from data at: U.S. Census Bureau, Census 2010 Summary File 1 counts shown in American Fact Finder. http://www.coms.us.gov/prod/cen2010/briefs/c2010_b14/ Accessed 6/21/12.

member), their consumption patterns and preferences change. Sometimes, these households represent lucrative target markets. For example, divorce often requires that one (or both) of the former spouses find a new residence, buy new furniture, and perhaps find a job. Thus, divorced people are likely to contact real estate agents, visit furniture stores, and, sometimes, contact headhunters or seek professional career guidance. In addition, the residences and consumption patterns of newly divorced parents must accommodate the needs of visiting children, whose influence regarding buying may change following a divorce. One study pointed out that children in newly formed single-parent households have greater influence in the choice of the large items and holiday vacations than children from intact families.²⁸

Advertising to Nontraditional Households

Targeting consumers like the ones featured in Table 10.7 represents a marketing dilemma. On the one hand, marketers of many products must now acknowledge the existence of segments that consist of nontraditional households. On the other hand, some members of traditional families might react negatively to portrayals of nontraditional households, because of religion and beliefs as to what is or is not “right.” Marketers must come up with ads that appeal to both types of households without offending either one. For example, if advertisements for baby food portray only children being reared by young parents, unmarried, single, and older parents might not find them persuasive. However, some young parents rearing children might find ads showing single or divorced parents offensive. Therefore, ads for baby food should focus on the children’s happiness, health, and warm relationship with those rearing them and leave the “definition” of the households shown up to the viewers.

An ad that shows two young professional women talking over a beer with the tagline “he likes my kid and he drinks brand X,” implies, of course, that the woman speaking is either divorced or has had a child out of wedlock. Although many young and “with it” people are likely to find this ad clever, it might offend more traditional individuals. Over the years, more and more ads have shown

FIGURE 10.12

Number of Family and Non-Family Households by Age (in millions)

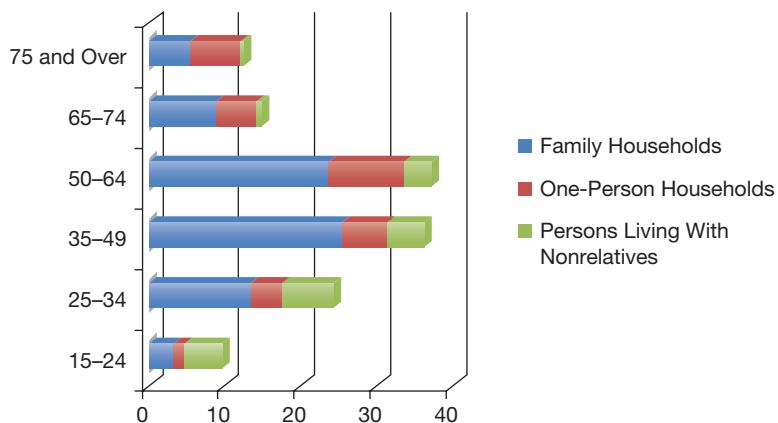
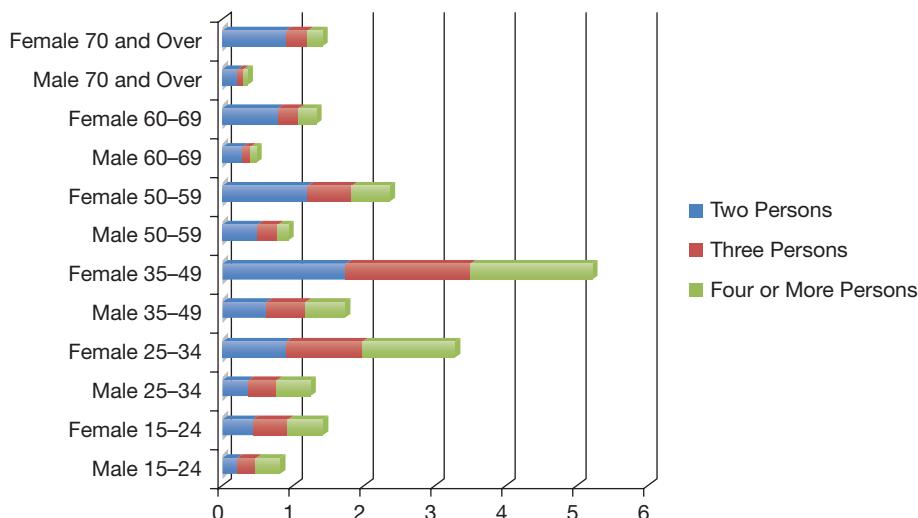


FIGURE 10.13

Number of Non-Family Households: No Spouse Present by Gender, Age, and Household Size (in millions)

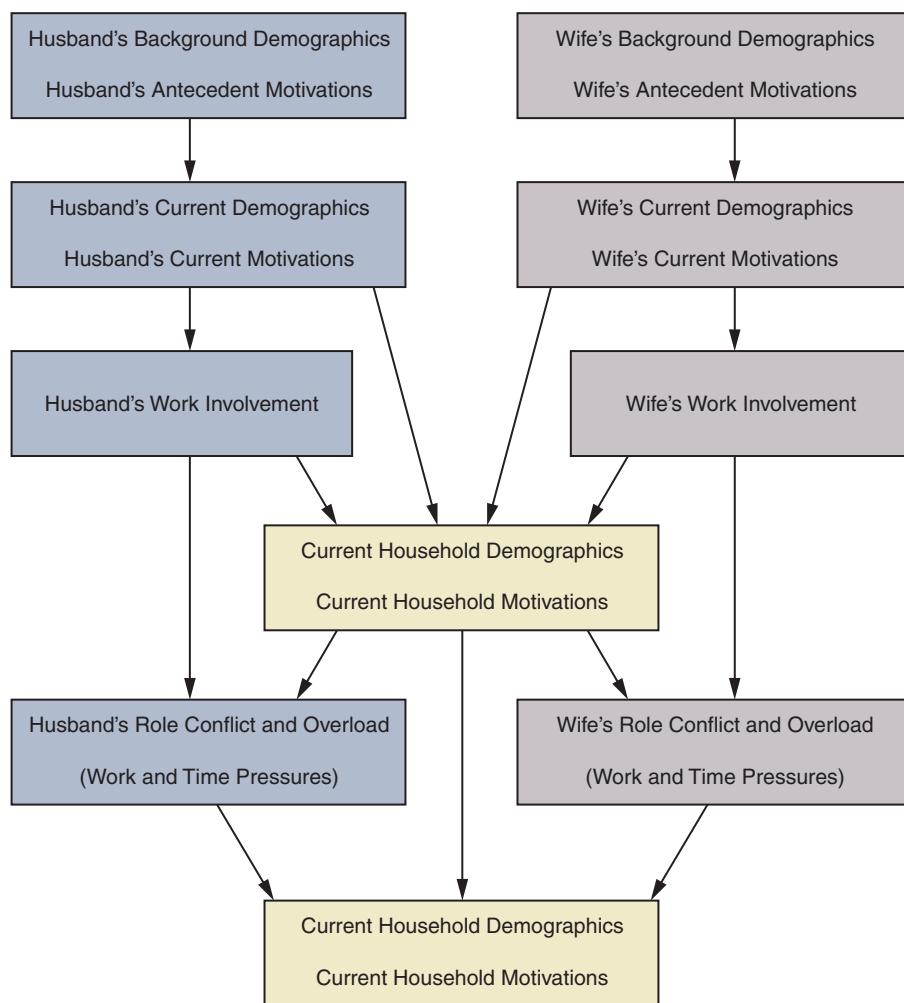


divorced people, single parents, and unmarried and gay couples. On several occasions, conservative groups have publicly criticized such ads and even boycotted the products advertised. Although marketers can no longer ignore lucrative market segments that some might find objectionable, they must design ads that are persuasive but unlikely to be controversial.

Dual Spousal Work Involvement Household Classification System

Figure 10.14 shows a classification system named “dual spousal work involvement,” which consists of eight types of households based on combinations of occupations and “career-related motivations.” The eight groups shown differ in consumption patterns. For example, dual low-occupation and non-working wife and low-occupation husband households consumed a lot of fast and convenience foods but very few healthy and nutritious items. In contrast, dual, very high-occupation career couples consumed many healthful items and few convenience foods.²⁹

FIGURE 10.14
Dual Spousal Work Involvement



Social Standing and Consumer Behavior

Learning Objective

- 5 To understand the impact of social stratification on consumer behavior.

Social class is the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status. Some form of class structure (or social stratification) has existed in all societies throughout history. In contemporary societies, people who are better educated or have prestigious occupations have more status relative to other members of the same society. Belonging to a given social class also reflects the differences in the values, attitudes, and behaviors (including consumer

behavior) among members of the different social classes. Social class is a continuum along which society's members—usually as households—are placed into one stratum; that is, “assigned” to a social class according to their relative prestige within that society.

Social Class and Social Status

Social class stems from **social status**, which is the degree of prestige the members of one social class have in comparison with members of other social classes. Status is composed of several factors, including *wealth* (amount of economic assets), *power* (the degree of influence over others), and the amount of *esteem* one receives from others.

According to social comparison theory, individuals compare their own material possessions with those owned by others in order to determine their relative social standing. This is especially apparent in a materialistic society, where status is often associated with consumers' purchasing power. Thus, people with more purchasing power (and more possessions) have more status and those with less money have less status. The more expensive and exclusive one's possessions are, the more status one has. In addition, two other demographics that determine social standing are occupational status and educational attainment.

Social Class Is Hierarchical and Often Used to Segment Consumers

Social-class categories are ranked in a hierarchy, ranging from low to high status. Members of a specific social class perceive members of other social classes as having either more or less status than they do. When it comes to consumption, people look for cues indicating that others are either equal to them (about the same social class), superior to them (higher social class), or inferior to them (lower social class). Marketers often use social class to segment consumers, because members of the same social class share values, attitudes, and priorities regarding all the aspects of their lives, including consumer behavior.

Social-class hierarchies are reflected in consumption patterns. Consumers purchase certain products because these products are favored by members of either their own or a higher social class (e.g., a high-priced Swiss wristwatch), but avoid products that they perceive as “lower-class” (e.g., a “no-name” brand of sneaker or off-the-rack suits). Relationships between product usage and social-class membership exist in all Western societies. For example, Germans perceive instant coffee as an upscale product, whereas French consumers view it as a downscale product.³⁰ Many studies discovered that social class often determined consumer attitudes toward adopting certain products or not, and strongly influenced their purchases of product types, services, and brands.

Measuring Social Class

Learning Objective

- 6 To understand how to measure social class and segment consumers accordingly.

The demographic factors that determine a person's social class include income (usually household income), wealth (savings and liquid assets), source of income or wealth (inherited or self-made), occupation, and educational attainment (number of years of formal education or the highest degree attained). Social class can be measured subjectively or objectively.

Subjective versus Objective Measures

Subjective measures consist of asking people to estimate their own social class. A typical subjective measure consists of the following question:

“Which of the following four categories best describes your social class: Lower class, lower-middle class, upper-middle class, or upper class?”

<i>Lower class</i>	[]
<i>Lower-middle class</i>	[]
<i>Upper-middle class</i>	[]
<i>Upper class</i>	[]
<i>Do not know/no answer</i>	[]

When researchers use subjective measures of social class, many people identify themselves, often incorrectly, as belonging to the middle class. In fact, most people, both in the United States and other countries and cultures, tend to classify themselves in the middle strata. For example, every year in Japan, a “Life of the Nation” survey asks citizens to place themselves into one of five social-class categories: upper, upper-middle, middle-middle, lower-middle, and lower class. Whereas in the late 1950s more than 70% of respondents placed themselves in one of the three middle-class categories, this percentage has increased, and in more recent surveys about 90% categorized themselves as middle class.³¹

Many researchers maintain that responses to subjective measures represent the participants’ *self-perceptions* and sense of belonging or *identification* with others, rather than comparisons with others belonging to different social groups. Thus, subjective measures actually reflect one’s **social-class consciousness**, defined as a person’s level of identification with a given social class.

Objective measures consist of demographic variables and asking respondents factual questions about themselves, their families, or their places of residence. Objective measures of social class include one or more of the following variables: Occupation, amount of income, education, and other related factors (e.g., source of income). These data are often incorporated into geo-demographic clustering, where Zip Code and residence/neighborhood information are employed to locate consumers with certain incomes, levels of education, and other socio-demographic items (see Chapter 2).

Marketers and providers of geo-demographic data rely heavily on socioeconomic data from the U.S. Census Bureau. Social class consists of a person’s education, occupation, and income, which are closely correlated variables in almost all households. In measuring a household’s social standing, the occupation and education measured are those of the “head of household,” as designated by the household’s members. After we examine each of the three demographics separately, we discuss several social class indices that combine them.

Occupation

People’s occupations reflect their social standing relative to other members of the same society. It is often considered to be the best gauge of social class and status, as is illustrated by the often-asked question “What do you do for a living?” We use the responses to this question to “size up” people upon meeting them for the first time and form our initial impressions. Occupational prestige reflects a society’s priorities and morals. For example, within the Judeo-Christian tradition, human life is paramount; hence, in the Western world, medicine and nursing are prestigious occupations. In contrast, the communist system held collectivism in high regard; individualism was considered weak and undesirable. As a result, in the Soviet Union (which finally collapsed in 1992), the medical profession was not a prestigious occupation, and medical standards and facilities were far inferior to Western ones. Under communism, very large, uniform, unattractive, blocky, and mostly gray structures were expressions of the “collective will,” and their engineers and builders were highly respected. Hence, under communism, it was easy to become a physician, but only a select few were admitted to engineering schools. In the Western world, it is very difficult to be admitted to medical school and become a physician, because we have great respect for life and health and want to ensure that those who treat us medically are truly skilled and thoroughly educated.

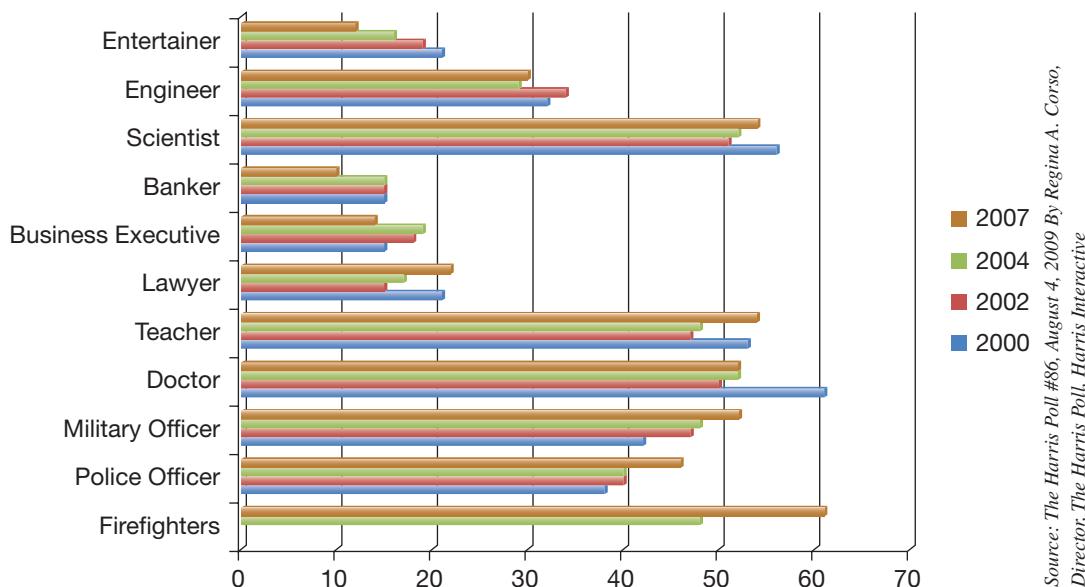
Unlike income or educational attainment, occupational prestige cannot be determined objectively (or numerically). Instead, occupational rankings are based on public opinion as measured by administering surveys to large national samples (sized between 1,000 and 3,000 people). One method of calculating job prestige—named the *ladder of social ranking*—consists of giving respondents index cards with about 100 or so jobs listed on them and asking them to arrange the cards from the most to the least prestigious. Another method consists of questioning respondents directly. For example, the results of the Harris Poll (featured in Figure 10.13) are based on responses to the following question: “I am going to read off a number of different occupations. For each, would you tell me if you feel it is an occupation of very great prestige, considerable prestige, some prestige, or hardly any prestige at all?”*

An **occupational prestige ranking** represents society’s collective beliefs regarding the occupation’s social worth and desirability, as stemming from the knowledge required to attain it (i.e., educational level) and the material rewards that occupants receive (i.e., income). Interestingly, prestige rankings reflect society’s historical events and changing economics, as illustrated by the Harris Poll surveys of occupational prestige (2007 is the latest survey available), which are featured in Figure 10.15. As shown, the prestige of firefighters and police and military officers has increased steadily after the 9/11 terrorist attacks and the subsequent engagement of the American military in operations overseas. The prestige of business-related executives has been low, probably because of the insider-trading and accounting scandals of the past decade. Many surveys have

* The Harris Poll #86, August 4, 2009 By Regina A. Corso, Director, The Harris Poll, Harris Interactive

FIGURE 10.15

Occupational Prestige Ranking:
Percentage Responding that
Occupation Has “Very Great
Prestige”



Source: The Harris Poll #86, August 4, 2009. By Regina A. Corso, Director, The Harris Poll, Harris Interactive

shown that the occupational prestige of bankers and stockbrokers continued to plummet following the financial blowup of 2008 and the stagnant economy that followed. The prestige of doctors has steadily increased, despite the continuing debate over medical costs and the emergence of health insurance coverage as the most prominent social problem in the United States. In the Harris Poll study, occupations that more than one-quarter of respondents indicated had “hardly any prestige at all” included stockbrokers, union leaders, real estate brokers, and entertainers.

Another way to gauge an occupational prestige is the degree of ethics and honesty associated with it. As principles for our behavior, ethics and honesty are the most important behavioral guidelines within our culture. The Golden Rule, originating in biblical times and mandating that you “treat others as you would like others to treat you;”; George Washington’s statement that “I cannot tell a lie”; and President Lincoln’s fame as “Honest Abe” have been part of every child’s education in the U.S., and personal honesty is regarded as a virtue. The Gallup Poll has continuously measured Americans’ perceptions of the honesty and ethics associated with popular occupations by using the following question: *“Please tell me how you would rate the honesty and ethical standards of people in these fields—very high, high, average, low, or very low?”*** The professions perceived as *most* honest and ethical (by more than 50% of respondents) are featured in Figure 10.16A, and the ones viewed as the *least* honest and ethical (by 40% or more of respondents) are listed in Figure 10.16B.

Education

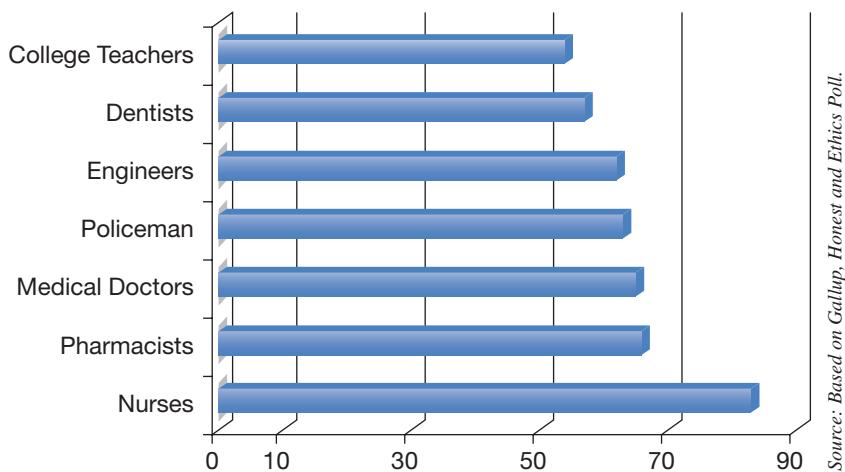
The more education people have, the more likely it is that they are well paid, have prestigious occupations, and therefore belong to higher social classes than the less educated. According to the latest estimates from the U.S. Census Bureau, there are now 114 million households in the United States, with an average of 2.59 persons per household. Figure 10.17 illustrates the correlation between educational attainment and the amount of household income.³² The “pies” represent different educational attainment levels and the incomes associated with them. As education increases, so does income. For example, the size of the “slice” representing incomes between \$25,000 and \$34,999 is significantly larger among high school graduates (Figure 10.17D), as compared with those who went to high school but did not graduate (Figure 10.17C). The “slice” representing the \$100,000 and over income group occupies about 45% in the “pie” of the “bachelor’s degree and higher” group (Figure 10.17G), which illustrates that college education makes people more affluent.

Social-class membership is often mirrored in one’s education. For example, students at the most selective universities in the country are often the sons and daughters of alumni and upper-class Americans, whereas lower-class children are often encouraged to “get a good job.” In a series of articles on social class, a 50-year-old man, whose father was a factory worker, was quoted: “The whole concept of life was that you should get a good job in the factory . . . if I’d said I wanted to go to college, it would have been like saying I wanted to grow gills and breathe underwater.”³³ Almost

* Gallup, Honest and Ethics Poll

FIGURE 10.16A

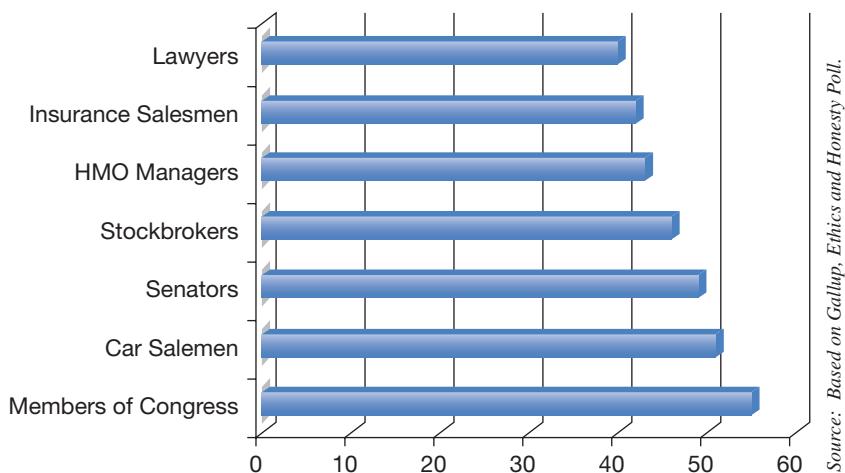
High Ethics and Honesty: Percentage Responding “High” or “Very High” Honesty



Source: Based on Gallup, Honest and Ethics Poll.

FIGURE 10.16B

Low Ethics and Honesty: Percentage Responding “Low” or “Very Low” Honesty



Source: Based on Gallup, Ethics and Honesty Poll.

one in three Americans in their mid-twenties today is a college dropout (compared to one in five in the late 1960s), and most of those are members of poor and working-class families. In contrast, the children of the middle and upper classes generally graduate from college “because they can hardly imagine doing otherwise.”³⁴

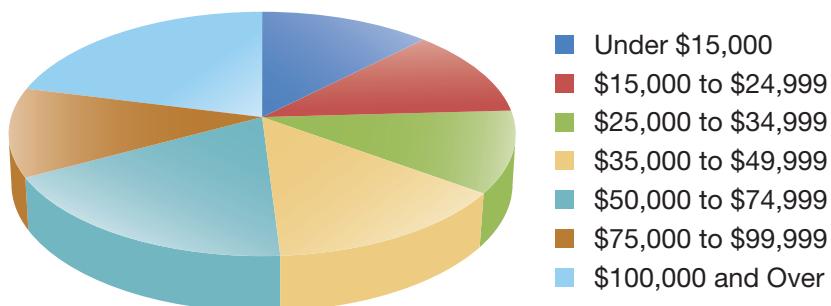
Income

Individual or family income is frequently used to measure social standing. When using income as a measure, it is important to study the *source* of income, as well as its amount. It is also important to distinguish between *income* and *wealth*. Wealth is based on savings, may include inheritance, and is often the outcome of having network and alliances, some of which expand over generations. Income often represents only the ability to spend more, whereas net worth (i.e., wealth) can be used to create more financial resources. The distribution of net worth in the United States has become markedly unbalanced over the past few decades. In the year 2001, the richest 1% of households possessed almost 34% of all net worth; the bottom 90% of all households accounted for only 28.5% of all net worth. Since then, the rich have gotten richer, and the poor have gotten poorer.³⁵

Although income is a commonly used estimate of social-class standing, many consumer researchers maintain that it is not a good measure. Some point out that a blue-collar electrician and a white-collar administrative assistant may both earn \$87,000 a year, but will spend their incomes differently because of the difference between their educations and occupations. The same is true in the case of a prominent physician and a successful plumbing contractor, each earning \$200,000. The amount of income represents the *ability* to spend money, but *how* the money is spent is determined by peoples’ priorities, which are reflections of their education, occupation, and social contacts.

FIGURE 10.17A

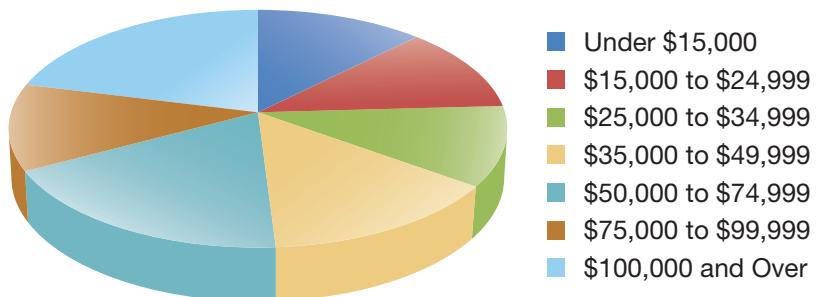
Twenty-Five or Older Americans' Incomes (Median \$50,971)



- Under \$15,000
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 and Over

FIGURE 10.17B

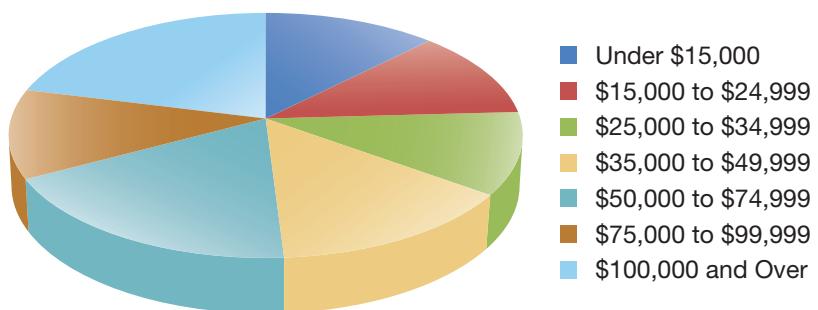
Incomes of 25 or Older with Less than Ninth-Grade Education (Median \$21,635)



- Under \$15,000
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 and Over

FIGURE 10.17C

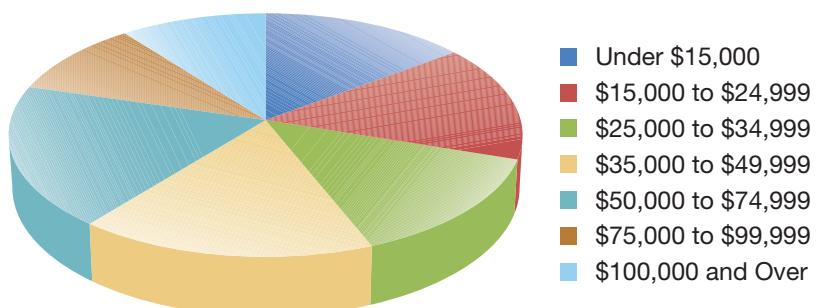
Incomes of 25 or Older with Some High School Education (Median \$25,604)



- Under \$15,000
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 and Over

FIGURE 10.17D

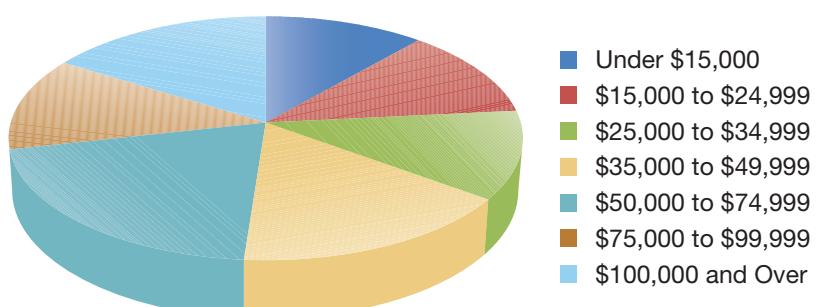
Incomes of 25 or Older High School Graduates (Median \$39,647)



- Under \$15,000
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 and Over

FIGURE 10.17E

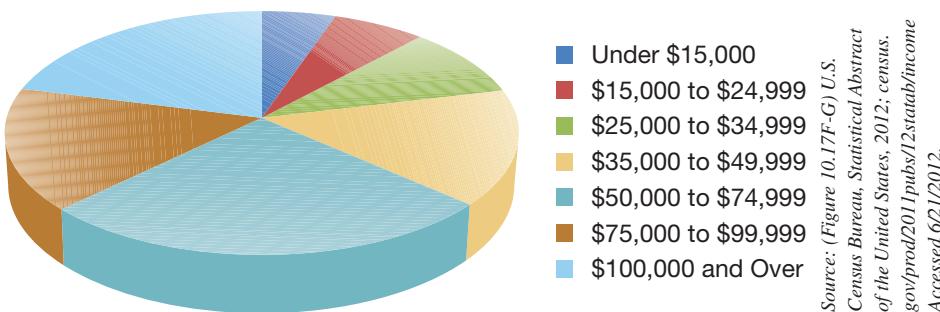
Incomes of 25 or Older with Some College But without Degree Education (Median \$44,301)



Source: (Figure 10.17A-E) U.S. Census Bureau, Statistical Abstract of the United States, 2012, <a href="http://census.gov/prod/2011pubs/12statat/income Accessed 6/21/2012.

FIGURE 10.17F

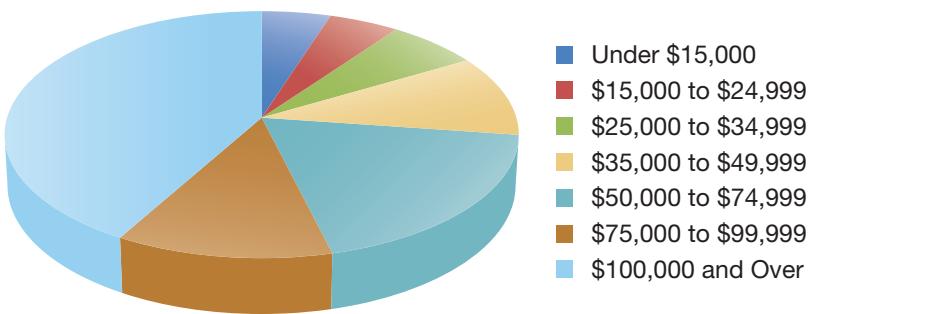
Incomes of 25 or Older with Associate College Degree (Median \$67,728)



Source: (Figure 10.17F-G) U.S. Census Bureau, *Statistical Abstract of the United States*, 2012; census.gov/popest/2011pubs/12state/income Accessed 6/21/2012.

FIGURE 10.17G

Incomes of 25 or Older with Bachelor's Degree or Higher (Median \$82,722)



Magazines are an excellent medium because they reach selective consumer segments in terms of income, education, and occupation. For example, marketers who target upper-middle-class consumers should consider placing ads in Wine and Food magazine because most of its readers are young, educated, and hold managerial positions.³⁶

Multivariable Measures

A **multivariable index** consists of more than one demographic variable and combines several socioeconomic factors to determine social-class standing. Many believe that these indices reflect the complexity of social class better than single-variable indexes. For instance, a research study that explored consumers' perceptions of mail and phone order shopping—using a composite of income, occupational status, and education—discovered that the consumers with higher social standing preferred buying by phone or mail over in-store shopping.³⁷ The same research also found that down-scale consumers preferred in-store shopping to buying from catalogues or by phone. Thus, retailers such as Kmart and Walmart that target working-class consumers should use direct-marketing and catalogs cautiously. In contrast, retailers catering to upscale consumers, such as Neiman Marcus and Saks Fifth Avenue, have been very successful in using catalogs to sell even extraordinarily expensive goods to affluent consumers.

The most widely used multivariable measures are:

1. **Index of Status Characteristics (Warner's ISC)** is a weighted measure of the following socioeconomic variables: Occupation, source of income (not amount of income), house type, and dwelling area (quality of neighborhood).³⁸
2. **Socioeconomic Status Score (SES)** was developed by the U.S. Bureau of the Census, and combines three socioeconomic variables: Occupation, family income, and educational attainment.³⁹

Social Classes' Characteristics and Consumer Behavior

Learning Objective

- 7 To understand the demographics, lifestyles, and consumption patterns of America's social classes.

There is no uniform definition as to how many distinct classes depict the class structure of the U.S. population. Most early studies divided Americans into five or six social-class groups. Other researchers have found nine-, four-, three-, and even two-class schemas suitable. The choice of how many separate classes to use depends on the amount of detail that the researcher believes is necessary to adequately explain the attitudes or behavior under study.

Lifestyles, consumption patterns, leisure activities, hobbies, media exposure, and many other factors are homogeneous within and heterogeneous among social classes. Table 10.8 presents an

overview of the American population as divided into seven social classes, and Figure 10.18 shows the distribution of America's population by social class.

Upward Mobility

Social-class membership in the United States is not as fixed as it is in many other countries and cultures (e.g., the UK and India). Americans have traditionally believed in **upward mobility**, defined as the opportunity to move from a lower social class to a higher one, because of the wide availability of educational resources (e.g., expensive top schools, but also inexpensive state and city universities providing high-quality education) and the opportunities produced by the free enterprise, capitalistic economy. Indeed, the classic Horatio Alger tale of a penniless young orphan who manages to achieve great success in business and in life is the central theme in many American novels and movies.

TABLE 10.8 Social-Class Profiles of the United States

THE UPPER-UPPER CLASS—INHERITED WEALTH AND PRIVILEGE

- Also known as “upper crust,” “WASPS,” or “blue bloods”
- Less than 1% of the population together with the Nouveau Rich
- Inherited privilege, wealth, and trust funds
- Status and wealth are passed on from generation to generation (homes, trust funds)
- Multigenerational wealth and leadership positions (e.g., presidents, senators, judges)
- Serve as trustees and on boards of directors for universities, hospitals, charities
- Control and own significant portions of corporate America
- Heads of major financial institutions; owners of long-established firms
- Attended exclusive boarding schools and Ivy League universities
- Belong to exclusive clubs, “summer” together, marry people “like themselves”
- Accustomed to wealth, so do not spend money conspicuously
- Consider “toys” bought to display wealth publicly (e.g., yachts) to be vulgar
- Hobbies: Shooting, sailing, parasailing, golf, horseback riding

THE NOUVEAU RICH—MONEY IS KING

- Also known as the “lower-uppers,” “super rich,” or “capitalist class”
- Less than 1% of the population together with the Upper-Upper
- Have millions and often billions of dollars but seldom inherited wealth
- Some have little or no college education (e.g., celebrities)
- Some are entrepreneurs (often in the technology sector) who attended top universities
- Often isolated from others because of bodyguards and large entourages
- Often featured in tabloids, gossip columns, and public scandals
- Strive to join the Upper-Uppers (e.g., by marriage), mostly unsuccessfully
- Highly conspicuous consumption—the more vulgar, the better
- Prime target for “hot” (and mostly short-lived) fashion and interior design trends
- Employ large staffs—chefs, nutritionists, maids, nannies, personal assistants

THE UPPER-MIDDLE CLASS—ACHIEVING PROFESSIONALS

- Key features are high educational attainment and professional achievement
- Approximately 15% of the population
- Career-oriented, highly educated professionals whose work is largely self-directed
- Corporate managers, business owners, doctors, lawyers, professors
- College graduates, many with advanced degrees
- Active in professional networks, community, and social activities
- Trendsetters in health, fitness, and environmental causes
- Have a keen interest in obtaining the “better things in life”
- Homes, cars, and travel symbolize their achievements
- Consumption is often conspicuous, but not vulgar
- Some are very child oriented

(Continued)

TABLE 10.8 Social-Class Profiles of the United States (continued)**THE LOWER-MIDDLE CLASS—FAITHFUL FOLLOWERS**

- Semi-professionals and craftspeople with an average standard of living
- About 30% of the population
- Primarily nonmanagerial white-collar workers and highly paid blue-collar workers
- Most have some college education and are white-collar
- Strive to achieve respectability and be good citizens
- Raise their children to be good and honest adults
- Value religion and are involved in its social activities
- Value and price conscious and avoid fads and “hot” styles

THE UPPER-LOWER CLASS—SECURITY-MINDED

- Also known as the “working class,” solidly blue collar, no college education
- About 30% of the population
- High school education
- Clerical and mostly blue-collar workers whose work is highly routinized
- Adequate standard of living dependent on the number of income earners
- Strive for security (often gained from union membership)
- View work as a means to “buy” enjoyment
- Want children to behave properly
- High wage earners in this group may spend impulsively
- Interested in items that enhance their leisure time (e.g., TV sets, hunting equipment)
- Males typically have a strongly “macho” self-image
- Males are sports fans, heavy smokers, beer drinkers

THE WORKING POOR—THE INSECURE

- Also known as the “lower class”
- About 13% of the population
- Service, clerical, and some blue-collar workers
- Low on the social ladder
- High economic insecurity and risk of poverty
- Some high school education

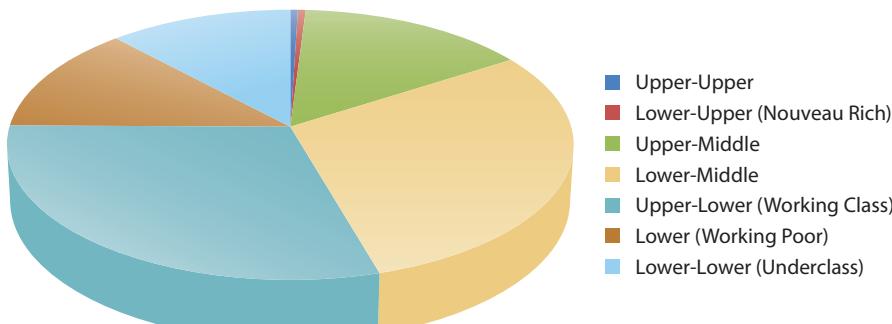
THE UNDERCLASS—ROCK BOTTOM

- Also known as the “lower-lower class”
- About 12% of the population
- Limited or no participation in the labor force; uneducated, unskilled laborers
- No political or social power and unable to improve their communities
- Reliant on the government, often unemployed and without health insurance
- Children are often treated poorly
- Live a day-to-day existence

Source: Based on MRI Spring 2012, www.fwmedia.com, accessed July 16, 2012

FIGURE 10.18

The Distribution of Social Classes in the United States



Because upward mobility has been attainable in American society, the higher social classes have been reference groups for ambitious men and women of lower social status. Examples are the new management trainee who strives to dress like the boss, the middle manager who aspires to belong to an exclusive country club, or the graduate of a community college who gives up necessities in order to save money to send her son to Yale.

Marketers recognize that many people aspire to have the same lifestyles and possessions as the members of higher social classes. Therefore, they frequently depict products and symbols associated with higher classes when advertising to the middle or even lower class. For example, Ralph Lauren's flagship store in New York City, on Madison Avenue, is located in the Rhinelander Mansion—built in the French Renaissance style more than a century ago—and is decorated with dark, fine antique furnishing and dark carpets, resembling generations-old wealth. The Polo logo also references the upper class, because many members of this select group own polo ponies and belong to clubs that sponsor polo matches. Many of Lauren's clothing items carry crests resembling insignia designating European nobility.

About a century ago, a sociologist conceptualized the **trickle-down effect**. Originally applied to fashion, the concept stated that members of lower classes adopt the fashions of the upper class and maintain them even after the upper class has abandoned these fashions. Upper class persons abandon fashions adopted by "everyone" because they no longer reflect their exclusivity. To "restore" their exclusivity, members of the upper class adopt new fashions, which are subsequently copied by the lower classes, and the cycle is repeated. The trickle-down concept is also congruent with the model of adopter categories (see Chapter 9). Invariably, as more people adopt a fashion or product, its price declines because more providers emerge. For instance, plastic surgery was once affordable only for movie stars and other very wealthy consumers. Today, even members of lower social classes can easily find a plastic surgeon whose services they can afford.

Affluent Consumers

Affluent households have large disposable incomes and are a lucrative target market for luxury cruises, foreign sports cars, ski resorts, second homes, fine jewelry, and art, among many other goods. Overall, the affluent are healthier, have higher life expectancies, and are more likely to become marketers' "customers for life" than the less wealthy.⁴⁰ However, some studies indicate that children of the affluent often have problems with substance abuse, anxiety, and depression, which are caused by excessive pressures to achieve and isolation from parents (both physically and emotionally).⁴¹

Americans' wealth grew dramatically during the 1990s, partially due to the longest bull stock market in U.S. history. From 2002 to 2004, the number of *high net worth individuals* (HNWIs) in North America, defined as individuals with a minimum net worth of \$1 million, grew by 9.7% to 2.7 million. Between 2006 and 2007, this number grew from 2.9 million to more than 3 million, a gain of 3.7%.⁴² Indeed, although North America has only 6% of the world adult population, it accounts for 34% of the world's household wealth.⁴³

For more than 30 years, Ipsos Mendelsohn (a marketing research firm) has annually studied the **affluent market**, defined as households with annual incomes of \$100,000 or more. The survey divided the affluent market into three segments:

1. **Least affluent:** Households with annual incomes of \$100,000 to \$149,000 (12% of American households, \$1.7 trillion combined income).
2. **Middle affluent:** Households with annual incomes from \$150,000 to \$249,000 (6% of all households, \$1.3 trillion combined income).
3. **Most affluent:** Household with annual incomes of \$250,000 or more (2% of all households, \$1.6 trillion estimated household income).

Although affluent households represent only 20% of total U.S. households, they account for more than half of the combined income of all the households in the United States. The average household income for the affluent is \$195,600, with average household liquid assets of \$500,900.⁴⁴ By some estimates, 9 million American households have a net worth of at least \$1 million. The IPSOS/Mendelsohn Affluent Survey distinguishes between *affluence* and *wealth*; it defines wealthy household as having liquid assets of at least \$1 million (e.g., cash or cash equivalents, such as CDs, mutual funds, stocks, bonds). According to this definition, out of the 23.3 million affluent households, about 3 million households are considered wealthy. In addition, more than 1 million households have both more than \$1 million in wealth and annual household incomes of at least \$250,000.⁴⁵

The media habits of the affluent differ from those of the nonaffluent.⁴⁶ The members of households earning more than \$100,000 a year watch less TV, read more newspapers and magazines, and listen to the radio more than less affluent persons. Table 10.9 lists magazines that cater to affluent consumers.⁴⁷

Affluent consumers are not uniform; they can be divided according to their consumption habits and lifestyles. The “upper deck” consumers are the top 10% of the United States population in terms of annual income, and consist of several segments (see Table 10.10). Marketers can employ this segmentation in many ways. For instance, consumers belonging to the “no strings attached” segment are more interested in going to live theater performances; members of the “nanny’s in charge” segment would rather attend a country music performance; and members of the “good life” segment are particularly interested in bird-watching.⁴⁸

Middle-Class Consumers

There is no standard definition of “middle class” and business people and sociologists often define it somewhat differently. Many sociologists divide the middle class into two strata: The “upper or professional middle class”, which includes highly educated, salaried professionals and managers (about

TABLE 10.9 Magazines That Cater to Households with Annual Incomes of \$100,000 or More

MAGAZINE	READERSHIP (000)	MEDIAN AGE	MEDIAN HOUSEHOLD INCOME (00)	MEDIAN NET WORTH (00)
Allure	1,267	39.7	142.7	641.7
Architectural Digest	1,389	52.4	152.5	869.0
Barron's	414	53.7	163.3	1,015.0
Bicycling	685	44.0	148.6	636.4
Cigar Aficionado	276	48.8	168.5	613.0
Cosmopolitan	3,179	32.6	142.0	565.8
Essence	1,087	44.9	135.5	470.9
Men's Health	3,179	41.8	152.0	483.4
National Geographic	6,281	50.5	146.1	680.8
People	8,328	46.7	144.7	574.8
Robb Report	175	50.7	187.4	1,077.5
Rolling Stone	1,557	39.5	150.5	543.8
Scientific American	1,002	48.8	158.4	697.9
Time Magazine	4,904	51.5	149.3	850.1
Vanity Fair	1,602	48.0	155.8	768.8
Vogue	2,211	42.7	147.7	690.4

Source: Based on 2011 Survey Ipsos Mendelsohn.

TABLE 10.10 The Upper Deck Market Segments

NAME	SIZE	DESCRIPTION
Well-feathered nests	37.3% of Upper Deck	Households that have at least one high-income earner and children present
No strings attached	35.1% of Upper Deck	Households that have at least one high-income earner and no children
Nanny's in charge	8.3% of Upper Deck	Households that have two or more earners, none earning high incomes, and children present
Two careers	9.4% of Upper Deck	Households that have two or more earners, neither earning high incomes, and no children present
The good life	10.0% of Upper Deck	Households that have a high degree of affluence with no person employed or with the head of household not employed

15 to 20% of all Americans); and the “lower middle class”, consisting mostly of semi-professionals, skilled craftspersons, and lower-level management (about one-third of the population). Sociologists describe middle-class persons as having comfortable living standards, economic security, and the expertise they need to maintain their lifestyles. To many, college education is a key indicator of middle-class status. Others focus on the nature of the occupations that are most commonly found among members of the middle class, which enable members to be independent, intrinsically motivated, non-conformist, and innovative.

Some define the middle class as 50% of the combined incomes of all American households, which amounts to about 57 million households earning between \$25,000 and \$85,000.⁴⁹ In contrast, some polls suggest that 90% or more of Americans consider themselves to be “middle class,” “upper-middle class,” or “working class.”⁵⁰ Marketers generally consider middle class as households ranging from lower-middle to middle-middle class. Many researchers maintain that America’s middle social class has been shrinking. They argue that some members of the middle class are moving upstream to the ranks of the upper-middle class, whereas others are losing ground and slipping backward to the working class.⁵¹

Procter and Gamble—the maker of virtually all brands of personal care and home maintenance products (globally)—defined middle class as the core of its business and as households with annual incomes between \$50,000 and \$140,000 (amounting to 40% of American households). As the stagnant economy, initiated by the financial crisis in fall 2008, has dragged on, the purchasing power of these households has steadily declined, and P & G discovered that its core customers were no longer willing to pay more for iconic, premium-priced brands (e.g., Pampers and Tide). In response, the company introduced lower-priced alternatives, such as Gain dish soap that goes for about half of what its Dawn Hand Renewal dish soap costs.⁵²

Downscale Consumers

Working-class or blue-collar people—typically defined as households earning less than \$40,000 annually—control somewhere near 30% of the total income in the United States and are an important market segment. Some studies have pointed out that these consumers are often more brand loyal than other groups because they cannot afford mistakes caused by switching to unfamiliar brands. Dowscale consumers often spend higher percentages of their incomes on food than do middle-class shoppers.

Marketing to the working class can be tricky. For example, a study conducted in the UK showed that brands catering to blue-collar households often introduced “upmarket” makeovers, because research indicated that “working class” represents something to escape from, and to some is even a pejorative term. The study also showed that Pizza Express was among the most popular brands among the working class, presumably because its members are less likely to go to table-service restaurants.⁵³ To many working-class consumers, food represents an area of “indulgence,” which may have undesirable outcomes. One British writer, reflecting on the growth of super-sized fast-food offerings in the United Kingdom, noted that “[i]t isn’t the wealthy middle classes . . . that are generally obese—it’s the under-class . . . with little budget [or] knowledge of diet . . . that is suffering.”⁵⁴ Indeed, studies in the UK (and in the United States) confirmed that obesity among children from lower classes is significantly more common than among wealthier kids.⁵⁵

Clothing, Fashion, and Shopping

A Greek philosopher once said, “Know, first, who you are; and then adorn yourself accordingly.”⁵⁶ What is considered fashionable, tasteful, or elegant varies across social strata. For example, some working-class consumers often wear T-shirts, caps, and clothing that carry logos, trademarks, or names of celebrities or music group. In contrast, upscale consumers prefer clothing without conspicuous labels and in subtle colors and practical styles (e.g., L. L. Bean or Brooks Brothers).

America’s upper social class has often been identified with the “preppy look” and often emulated by lower classes. Preppies (both males and females) prefer practical, comfortable, and timeless rather than trendy clothing. There are few designer labels and even fewer trends. Machine-washable khaki shorts and unisex dressing are very popular because khaki is to preppies what denim is to the lower classes: An everyday staple. Visors are a favorite for women—they keep the sun out of your eyes

without messing up your hair, and they're excellent for tennis. Clothing embroidered with animals or sea creatures are always popular, like bathing trunks embroidered with crabs, as are shirts embroidered with club logos. Any excuse to wear themed clothing is embraced, and wearing red, white, and blue on the Fourth of July is expected at the holiday's parties. Polo shirts are an exception to the no-obvious-designer-labels rule; in fact, preps were wearing Polo long before it became a designer label. The preppy style originated among members of the upper class also known as WASPs (White Anglo-Saxon Protestant). WASPs are often irritated by shopping guides urging people—men in particular—to buy expensive designer clothes in order to “look like a WASP,” such as ads for expensive, designer-label white buck shoes. Most preps have a pair of such shoes that, most likely, they purchased from Johnston & Murphy (for \$130) years ago. Most importantly, preppies wear white bucks only for special occasions like weddings or cocktail parties, but not for running errands on a Saturday afternoon.⁵⁷

A brand's social-class symbolism is a tricky issue. Although never publicly confirmed, some journalists have periodically reported that companies such as Timberland and L. L. Bean—perceived as the archetypal choices of upper-class Caucasians—were irritated after their products (particularly men's shoes) became popular among young members of minority groups residing in inner cities. Apparently, these marketers felt that such “undesirable” customers might blemish the images of their products. Ironically, some fashions originated among adolescents and teens residing in low-income neighborhoods. For example, several years ago, after observing lower-class kids, several designers began marketing pairs of men's shorts—one longer than the other—to be worn simultaneously, with one on top of the other; this new fashion was very successful. When shopping, consumers avoid stores that appeal to social classes significantly different from their own, but savvy marketers can cater to multiple social classes. For example, The Gap stores offer quality clothing to middle-class consumers. The Gap also introduced Old Navy clothing stores to sell good-value clothing to working-class families who usually purchased their casual and active wear clothing from general merchandise retailers such as Kmart, Walmart, or Target. The Gap also owns Banana Republic, originally a small retailer of safari-themed clothing that is now positioned as an upscale store.

Saving, Spending, and Credit Card Usage

The management of financial resources is closely related to social-class standing. Upper-class consumers are “future oriented” and confident of their financial acumen; they invest in insurance, stocks, and real estate. In comparison, lower-class consumers are generally concerned with “immediate gratification;” when they do save, they are primarily interested in safety and security. When it comes to bank credit card usage, members of the lower social classes use their bank credit cards for installment purchases, whereas members of the upper social classes pay their credit card bills in full each month. That is, lower-class purchasers use their credit cards to “buy now and pay later” for things they might not otherwise be able to afford, whereas upper-class purchasers use their credit cards as a convenient substitute for cash.

An Australian study focused on the differences in financial management and a “sense of empowerment” between working-class and young professionals (25–30 years of age). The study discovered that young professionals perceived themselves to be empowered in the sense that they could achieve whatever they set their minds to, and they were disciplined and results oriented. In contrast, working-class participants perceived themselves as being average and expressed frustration (e.g., “I can never finish things”) and uncertainty about the future.⁵⁸

Communications

When it comes to describing daily life, members of the lower class often portray it in personal and concrete terms, whereas members of the middle-class use different language, and upper-class members use their own lexicon. For instance, in the U.S. the following responses to the question “*Where do you usually purchase gas?*” illustrate such differences:

Upper-middle-class answer: “*At Exxon or Sunoco.*”

Lower-middle-class answer: “*At the station on Seventh Street and Post Avenue.*”

Lower-class answer: “*At Charlie's.*”

Sociologically, linguistics indicates that middle-class consumers have a broader or more general view of the world, whereas lower-class consumers have a narrow and personal perspective and see the world only through their immediate experiences. There are also regional differences in terminology. For instance, the children's game of hopscotch (where players toss a small object into the numbered spaces of a pattern of rectangles outlined on the ground and then hop or jump through the spaces to retrieve it) is called "potsy" in Manhattan, but "sky blue" in Chicago.

Exposure to mass media differs by social class. In watching TV, the members of higher social classes prefer current events and drama, whereas lower-class individuals prefer soap operas, quiz shows, and situation comedies. Higher-class consumers read more magazines and newspapers than do their lower-class counterparts. Lower-class consumers have greater exposure to publications that dramatize romance and the lifestyles of movie and television celebrities. For example, magazines such as *True Story* appeal heavily to blue-collar or working-class women, who enjoy reading about the problems, fame, and fortunes of others. Middle-class consumers read fact-based and informative magazines and newspapers, and watch more movies and late-night programs, than lower-class persons.⁵⁹

Downward Mobility

Commonly, in America, each generation lived better than its predecessor. However, there are now signs that some **downward mobility**, defined as moving down, rather than up the social ladder, is taking place. In fact, many predict that today's youngest generation—the Eco Boomers—will experience lower living standards than their parents.

Specifically, researchers have found that the odds that young men's incomes will reach middle-class levels by the time they reach their thirtieth birthday have been slowly declining, regardless of ethnicity, education, or parents' income.⁶⁰ For example, while household income grew by \$1,869 from 1969–1979, by \$2,855 from 1979–1989, and by \$3,888 from 1989–2000, from 2000–2007 the change in household income was a *negative* \$324.⁶¹

Additionally, income inequality has been rising to levels not seen since the 1880s—known as the “Gilded Age”—and the gap between the rich and the poor has widened considerably since 1970. Although the income of households in the top fifth grew 70% between 1979 and 2000, the real income of households in the bottom fifth rose only 6.4%. Although most Americans find little wrong with income inequality as long as plenty of social mobility still exists, there are signs that social mobility is also failing. Some data show that 42% of the individuals born into the poorest fifth remained at the bottom and that another 24% moved from the bottom only slightly, to the next-to-bottom group. Only 10% of adult men born into the bottom quarter ever made it to the top quarter.⁶²

Geo-Demography and Social Class

Learning Objective

- 8** To understand how to employ geo-demographics to locate target markets.

Marketers use geo-demography to identify the geographic locations of consumers belonging to various social classes. The rationale for using geo-demographics is that “birds of a feather flock together”; that is, families with similar socioeconomic status reside in the same neighborhoods or communities. **Geo-demographic segments** are groups of households that have been identified, classified, and described according to Zip Codes and data from the U.S. Census and state and local governments.

The most sophisticated geo-demographic segmentation is Nielsen's **PRIZM®** (www.MyBestSegments.com), which combines socioeconomic and demographic factors—education, income, occupation, family life cycle, ethnicity, housing, and urbanization—with consumer buying and media exposure data, and which marketers use to locate concentrations of consumers with similar lifestyles and buying behaviors. This framework designates every household in the United States as belonging to one of 66 segments (see Table 2.3). Figure 10.19A depicts how some of the 66 segments are classified according to urban density and wealth. PRIZM® also classifies all U.S. households into eleven “life stages,” which are featured in Figure 10.19B.

Many marketers have studied the product usage, media exposure, and other consumption factors of the PRIZM® segments that are likely to purchase their products and services. For example, investment services should identify the financial websites that “Affluentials” visit frequently and observe what kind of investment opportunities these consumers find attractive. Marketers of very expensive vacations and conspicuous luxury goods should study the spending habits of “Young Accumulators.” However, these marketers should not target the “Accumulated Wealth” segment, because its members have “old money” and shy away from buying conspicuous luxury goods, which they regard as being “in poor taste” “and showing off” one’s money.

FIGURE 10.19A

PRIZM Fourteen Wealth Groups

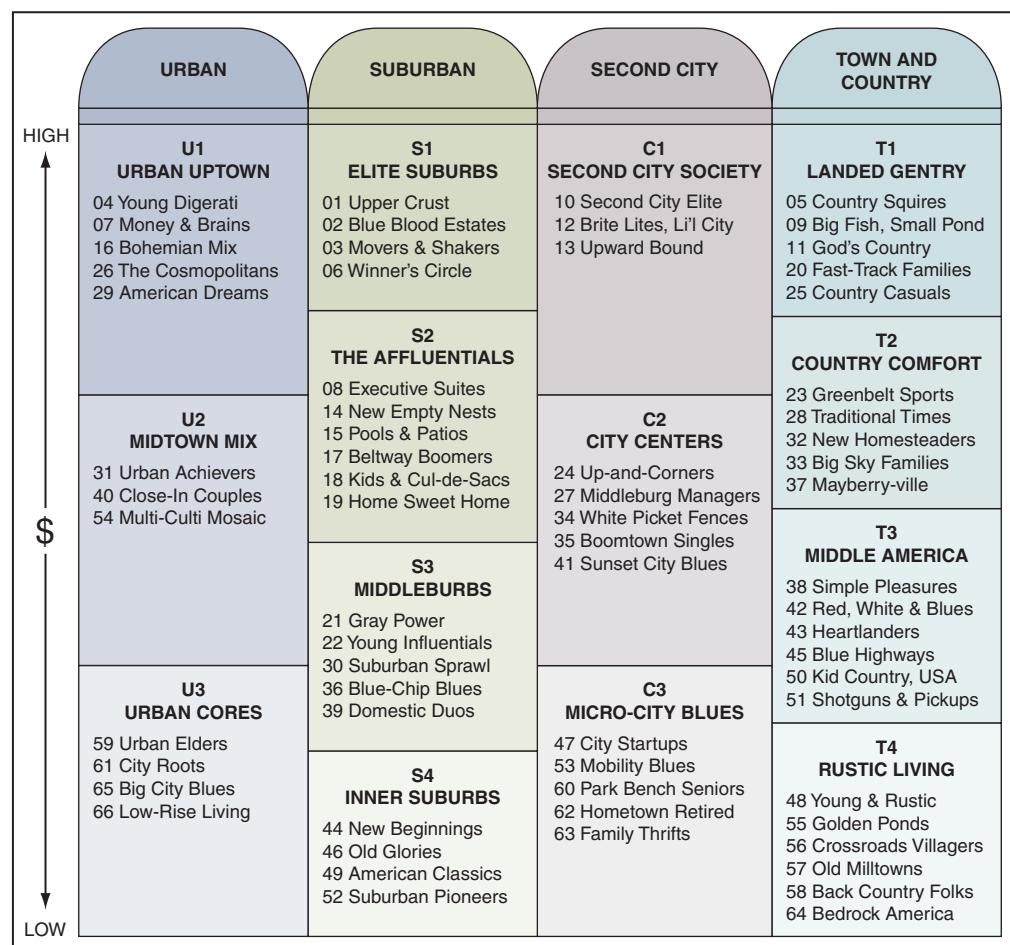
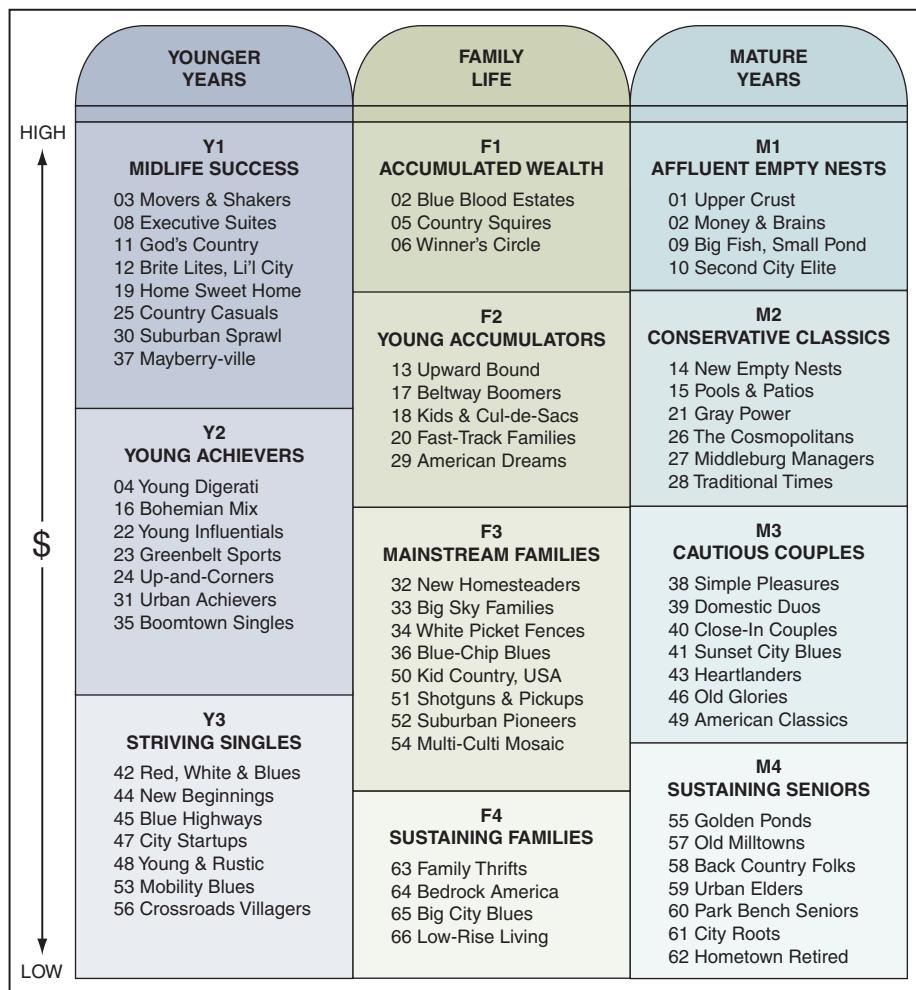


FIGURE 10.19B

PRIZM Eleven Life Stages


Source: Copyrighted information of The Nielsen Company, licensed for use herein.

Summary

Learning Objective 1: To understand the family as a consumer socialization agent.

The family is the primary reference group for many attitudes and behaviors. The family is also the prime target market for most products and product categories. As the most basic membership group, a family is defined as two or more persons related by blood, marriage, or adoption who reside together. Socialization is the process of making people behave in a way that is acceptable to their society. In the context of marketing, the most important role of the family is the socialization of family members, ranging from young children to adults. This process includes imparting to young children the basic values and modes of behavior consistent with their culture, including moral principles, interpersonal skills, acceptable dress and grooming standards, appropriate manners and speech, and the selection of suitable educational and occupational or career goals.

Learning Objective 2: To understand family decision-making and its members' consumption-related roles.

Marketers recognize that families operate as units in terms of consumption behavior, and many researchers have studied the dynamics of family decision-making. Specifically, marketers focus on husband–wife decision-making; the relative influence each

family member has regarding consumption; children's role in family decision-making; and the multiple roles family members can assume in buying, using, and maintaining their possessions. Most consumer studies classify family consumption decisions as husband-dominated, wife-dominated, joint, or autonomic decisions. The relative influence of a husband and wife on a particular consumer decision depends mainly on the product or service category. Over the past several decades, there has been a trend toward children playing a more active role in what the family buys, as well as in the family decision-making process. Measuring family decision-making is complex, because marketing research questionnaires are designed to be administered to only one respondent at a time. Also, family members may not all agree with each other's perspective regarding the degree of relative influence during a purchase decision, which precludes interviewing all members together.

Learning Objective 3: To understand the role of the family life cycle in market segmentation and targeting.

The family life cycle represents the life stages of a typical family. It is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of

household, and then classifies the family into a “typical” stage. The ages of the parents and the relative amount of disposable income are inferred from the family’s stage in the cycle. The family life cycle starts with bachelorhood and then moves on to marriage (and creation of the family unit). Marriage usually leads to a growing family (with the birth of children) and later to family contraction (as grown children leave the household). The cycle ends with the dissolution of the family unit (due to the death of one spouse).

Learning Objective 4: To understand the consumption patterns of nontraditional families and non-family households.

There are living arrangements that are not “typical.” Families that do not readily fit into the family life cycle include childless couples, people who marry late in life, young people who continue to live with their parents or return after having moved out, and divorced couples. Living situations that are not legally defined as families (e.g., couples who live together but are not married) include unmarried couples, single parents, and gay spouses. The number of non-family households has been on a rather steep rise, which represents a marketing dilemma: Marketers of many products must now acknowledge the existence of nontraditional household segments, but must do so without offending members of traditional families who might react negatively to portrayals of nontraditional households, because of religion and beliefs as to what is or is not “right.”

Learning Objective 5: To understand the impact of social stratification on consumer behavior.

Social stratification (or social class) is the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status. Some form of class structure (or social stratification) has existed in all societies throughout history. In contemporary societies, people who are better educated or have prestigious occupations have more status relative to other members of the same society. Belonging to a given social class is also reflected in differences in the values, attitudes, and behaviors (including consumer behavior) among members of different social classes. Social class is a continuum along which society’s members—usually as households—are placed into one stratum; that is, “assigned” to a social class according to their relative prestige within that society.

Learning Objective 6: To understand how to measure social class and segment consumers accordingly.

The measurement of social class is concerned with classifying individuals into social-class groupings. These groupings are of particular value to marketers, who use social classification as an effective way to identify and segment target markets. There are two basic methods for measuring social class: Subjective measurement

and objective measurement. Subjective measures rely on an individual’s self-perception, whereas objective measures use specific socioeconomic measures, either alone (as a single-variable index) or in combination with others (as a composite-variable index). Composite-variable indexes, such as the Index of Status Characteristics and the Socioeconomic Status Score, combine a number of socioeconomic factors to form one overall measure of social-class standing.

Learning Objective 7: To understand the demographics, lifestyles, and consumption patterns of America’s social classes.

Lifestyles, consumption patterns, leisure activities, hobbies, media exposure, and scores of other factors are homogeneous within and heterogeneous among social classes. There is no uniform definition or even general agreement as to how many distinct classes depict the class structure of the U.S. population accurately. Most early studies divided Americans into five or six social-class groups; other researchers have found nine-, four-, three-, and even two-class schemas suitable. The choice of how many separate classes there are depends on the amount of detail that the researcher believes is necessary to adequately explain the attitudes or behavior under study. We identified seven social classes:

1. Upper-Upper class— inherited wealth and privilege;
2. Nouveau Rich—new money;
3. Upper-Middle class—high educational attainment and prestige;
4. Lower-Middle class—semi-professional, non-managerial employees and skilled crafts people, whose lifestyle is considered average;
5. Upper-Lower class—solidly blue collar, with highly routinized jobs and steady incomes;
6. Working Poor—low on the social ladder and economically insecure); and
7. Underclass—mostly unemployed and dependent on the government).

Learning Objective 8: To understand how to employ geo-demographics to locate target markets.

Marketers use geo-demography to identify the geographic locations of consumers belonging to different social classes. The rationale for using geo-demographics is that families with similar socioeconomic status reside in the same neighborhoods or communities, as illustrated by the saying that “birds of a feather flock together.” Geo-demographic segments are groups of households that have been identified, classified, and described according to Zip Codes and data from the U.S. Census and state and local governments. The most sophisticated geo-demographic segmentation is Nielsen’s PRIZM®.

Review and Discussion Questions

- 10.1.** As individuals reach the age of retirement, they become more dependent on services. These services can be provided by both private and public sectors. Identify which services are required, and how involved the government should be in providing these services.
- 10.2.** For many years, the key subjective measurement of social class has been particular items of value, such as the type of car, brand of clothing, and technology that an individual has access to. Looking at recent advancements in technology and consumer buying power, is this still one of the measures used today?
- 10.3.** Which of the five stages of the family life cycle constitutes the *most* lucrative segment for each of the following products and services: (a) TV cable subscriptions, (b) Club Med vacation, (c) Domino's Pizza, (d) iPods, (e) mutual funds, and (f) the fastest Internet access available in one's location? Explain your answers.
- 10.4.** Why do marketing researchers use objective, rather than subjective, measures of social class?
- 10.5.** A composite-variable index is used to better understand social class. Please explain and evaluate each element of the index. The three key elements are:
- a. Occupation
 - b. Education
 - c. Income

Hands-on Assignments

- 10.9.** In this chapter, we have considered how parents and siblings play a role in the consumer socialization of their children and young brothers and sisters, and how adults continue to be socialized throughout their lives. However, we have not considered how children (especially teens and young adults) influence the socialization of their parents. Make a list of ten ways in which you have contributed to or influenced the ongoing socialization of your parents.
- 10.10.** Discuss and evaluate the social changes in the last 100 years. Consider global events such as the two world wars, the global recessions of the 1930s and 2008, technology advancements, and changes in work-life balance. What has influenced changes in society over time, and how has family as a social institution influenced this change? Please provide examples.
- 10.11.** Discuss what is meant by the term "social status," and explore the features you can identify in an individual's social group. Do you feel you belong to a social group?

Key Terms

- affluent market 284
- authoritarian parents 262
- authoritative parents 262
- autonomic decisions 265
- bachelorhood 269
- consumer socialization 260
- dissolution 272
- downward mobility 288
- extended family 258
- family 258
- family life cycle 258
- geo-demographic segments 289
- honeymooners 269
- husband-dominated decisions 265
- index of status characteristics (Warner's ISC) 281
- indulgent parents 262
- joint decisions 265
- least affluent 284
- middle affluent 284
- most affluent 284
- multivariable index 281
- neglecting parents 262
- non-family households 273
- nontraditional families 273
- nuclear family 258
- objective measures 277
- occupational prestige ranking 277
- parenthood 271
- post-parenthood 272
- PRIZM 289
- reference group 258
- social class 259
- social status 276
- social-class consciousness 277
- socialization 260
- socialization agent 260
- socioeconomic status score (SES) 281
- subjective measures 276
- trickle-down effect 284
- upward mobility 282
- wife-dominated decisions 265

11

Culture's Influence on Consumer Behavior

Learning Objectives

- 1 To understand culture's role, dynamics, evolution, and impact on consumers' priorities and behaviors.
- 2 To understand language, symbols, and rituals as expressions of a learned culture.
- 3 To understand how to measure the influence of culture on consumer behavior.
- 4 To understand Americans' core values and how to apply them to persuasive communications.
- 5 To understand green marketing and ecologically responsible consumption.

CULTURE is the collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society. Cultural values express the collective principles, standards, and priorities of a community. Most of the promotional messages across the world reflect, to some degree, the target audiences' cultural values. For instance, Americans value personal achievement and success and like to demonstrate their accomplishments by showing off prosperity and material possessions. The Dodge ad in Figure 11.1 recognizes this desire. By telling consumers that they will make a "bold statement" to other drivers by driving a Dodge, the ad reflects and reinforces the eagerness to show off one's wealth. Americans also greatly value efficiency and progress, especially when it comes to technological innovations. Dell's ad in Figure 11.2 promotes an Ultrabook, which is small and thin, yet strong, powerful, and durable. The ad's tagline—"Everything. And More."—appeals to Americans' beliefs that technological advances provide them with more productive ways to work and manage their lives. As illustrated later in this chapter, achievement, success, efficiency, and progress are Americans' enduring, pervasive, and consumption-related priorities and are core values, which often determine what we buy and also explain why.

This chapter describes the societal role and dynamics of culture, explains how cultural values satisfy needs, and investigates how they are learned, expressed, and measured. Lastly, we discuss ten American core values, which we illustrate with ads and promotional themes, and conclude with a discussion of green marketing.



Source: Courtesy of Chrysler Group LLC.

FIGURE 11.1 An Appeal Based on Personal Achievement and Prestige

Dell recommends Windows® 7.

DELL
The power to do more

**Everything.
And More.**

Introducing the new Dell™ XPS™ 13 Ultrabook™

Starting at
\$999.99*

Deceptively Small
Fit a 13.3" screen in a form similar to an 11" laptop, so you can be productive anywhere.

Surprisingly Powerful
An advanced Dell™ Intel® Core™ i5 processor in a compact package starting at 2.99lbs*.

Built Strong
Machined aluminum and Corning® Gorilla® Glass make the XPS incredibly durable.

skype Premium

Learn more at Dell.com/XPS13 or 1-800-247-4799

*ORDER/PRICING AVAILABILITY: Prices don't include tax, fees, shipping. Prices, products and offers subject to change. Availability of electronics and accessories products varies and quantities may be limited. Free shipping applies to contiguous U.S. addresses. *WEIGHT: Starting at 2.99 lbs. *CPU: Intel® Core™ i5 processor. © 2013 Dell Inc. All rights reserved. Dell is a registered trademark of Dell Inc. Other trademarks and/or service marks used herein may be trademarks and/or service marks of their respective owners. Intel and the Intel Inside Logo are registered trademarks of Intel Corporation in the U.S. and/or other countries. Atom, Intel Core, Intel Inside, Intel Logo, Intel WiFi, Intel WiMax, Intel vPro Inside, Pentium, Premium Inside, Ultra Inside, Xeon, and Xeon Inside are trademarks of Intel Corporation in the U.S. and/or other countries.

intel Inside
CORE i5

Source: Copyright © 2013 Dell, Inc. Used with permission.

FIGURE 11.2 An Appeal Based on Progress, Efficiency, and Practicality

Culture's Role and Dynamics

Learning Objective

- 1 To understand culture's role, dynamics, evolution, and impact on consumers' priorities and behaviors.

We often refer to culture as an “invisible hand” that guides the actions of people of a particular society. When consumer researchers ask people why they do certain things, they frequently answer, “Because it’s the right thing to do”—a response reflecting the ingrained influence of culture on our behavior. We can truly understand and appreciate the influence of our culture only after visiting other countries and observing the local values and behaviors. For instance, after visiting restaurants in France or Italy, many Americans may realize that they eat too much food and snack too often. Furthermore, if we travel within the United States, we will also observe differences in the norms and preferences of subcultures. For instance, whereas consumers living in the Northeastern section of the United States have historically preferred ketchup on their hamburgers, consumers living in other sections have liked mustard, or a mixture of mustard and ketchup (see Chapter 12).

Some researchers conceptualized different “levels” of cultural norms:

1. ***The supranational*** level reflects the underlying dimensions of culture that affect multiple societies (i.e., subcultural cross-national or cross-cultural boundaries). For instance, it might reflect regional character (e.g., people living in several nations in a particular region of South America), or racial and religious similarities or differences, or shared or different languages.
2. ***The national*** level reflects shared core values, customs, and personalities that represent the core of the “national character” of a particular country.
3. ***The group*** level reflects the subdivisions of a country or society, such as subcultures, and the influences of various reference groups.¹

On the supranational level of culture, which crosses national boundaries, researchers have developed a lifestyle matrix for four segments of global youth aged 14 to 24:

1. ***In-crowd:*** It’s all about privilege and reinforcement; members of this group seek approval from others and prefer classic brands like Nike and Abercrombie & Fitch to uphold tradition.
2. ***Pop Mavericks:*** Word-of-mouth spreads rapidly, and passion, individuality, and instant gratification are important; members prefer brands that they can personalize—brands like Diesel and Adidas.
3. ***Networked Intelligentsia:*** They are the hub of online social networks, and it’s all about revolution, creativity, and deconstruction; members prefer cult brands, like Vespa (in America) and Vans, which add to their sense of obscurity.
4. ***Thrill Renegades:*** It’s all about infamy, adrenaline, and anarchy (and pretending that law and order do not exist).²

Culture's Continuous Evolution

Marketers must always monitor cultural changes to discover new opportunities and abandon markets that have “dried up” because of cultural changes. To this end, marketers should periodically reconsider *why* consumers are doing what they do, *who* are the purchasers and the users of their offerings, *when* they do their shopping, *how* and *where* they can be reached by the media, and *what* new product and service needs are emerging. For example, cultural changes in America have increasingly recognized the expanded career options open to women. Today, most women work outside the home, and frequently in careers that were once exclusively male oriented. Later in this chapter, we explain why achievement and personal success are two of America’s core values and how marketers can use them in advertising. Although traditionally associated with men, especially male business executives, achievement has become important for women as well, as they increasingly enroll in undergraduate and graduate business (and other college) programs and often attain top-level business positions. Also, many women are now in professions previously dominated by males (e.g., medicine, engineering, science). Therefore, many ads that target women now depict appeals that emphasize achievement and success, whereas some years ago the same kinds of promotions appealed to women’s roles as mothers and housewives.

A longitudinal study examined how women have been depicted in advertising over the years, and discovered that changing gender roles were manifested in promotional messages. Specifically, there

has been a fourfold increase in the number of women as the “figure” (i.e., the focal point of the print advertisement) compared to men, and a substantial increase in the number of ads portraying women as business professionals.³

Cultural Beliefs Reflect Consumers' Needs

Culture expresses and satisfies the needs of societies. It offers order, direction, and guidance for problem solving by providing “tried-and-true” methods of satisfying physiological, personal, and social needs. For example, culture provides standards about when to eat (“not between meals”); where to eat (“most likely, the restaurant is busy because the food is good”); what is appropriate to eat for breakfast (pancakes), lunch (a sandwich), dinner (“something hot and good and healthy”), and snacks (“something with quick energy, but not too many calories”); and what to serve to guests at a dinner party (“a formal sit-down meal”), at a picnic (barbecued “franks and burgers”), or at a wedding (champagne). Culture also determines whether a product is a necessity or discretionary luxury. For example, whereas mobile phones (initially introduced as car phones) were once expensive and uncommon, today they are a necessity because fewer and fewer people have landlines and payphones are largely extinct.

Culture also dictates which clothes are suitable for different occasions (such as what to wear around the house, and what to wear to school, to work, to church, at a fast-food restaurant, or to a movie theater). In recent years, dress codes have changed drastically and Americans have been dressing casually for occasions that once required more formal attire. For example, in large cities, only a handful of restaurants and clubs still require men to wear jackets and ties. With the relaxed dress code in the corporate work environment, fewer men are wearing dress shirts, ties, and business suits, and fewer women are wearing dresses, suits, and pantyhose. Instead, employees wear casual slacks, sports shirts and blouses, and even neat jeans and polo shirts.

Some customs, however, are unlikely to change. For example, soft-drink companies would prefer that consumers receive their morning “jolts” of caffeine from one of their products, instead of coffee. Because most Americans do not consider soda a suitable breakfast beverage, soft-drink companies have faced a dual challenge: “overcoming” culture, as well as the competition among breakfast drinks. Teas, soft drinks, and even caffeinated water have challenged coffee as the traditional source of morning caffeine—mostly unsuccessfully. Indeed, coffee is entrenched in our culture not only as a breakfast beverage, but also as the core of the “coffee break.” Wisely, coffee marketers have not relied on their cultural advantage, but have been preempting their competitors by introducing assortments of gourmet and flavored coffees and also by aggressively targeting young adults with such exotics as espresso, cappuccino, and café mocha.

When a specific standard no longer satisfies the members of a society or reflects its needs, it is modified or replaced. For example, once it was unheard of for restaurant servers to pose questions of a personal nature. Now, we commonly answer servers’ questions about our food allergies and other medical, food-related limitations. At times, society’s collective interest contradicts an emerging custom. For instance, because most young Americans are now electronically connected all the time and at almost any place, distracted driving because of texting or calling on mobile phones is causing more car accidents. The two ads shown in Figure 11.3 are part of a government initiative to discourage distracted driving.

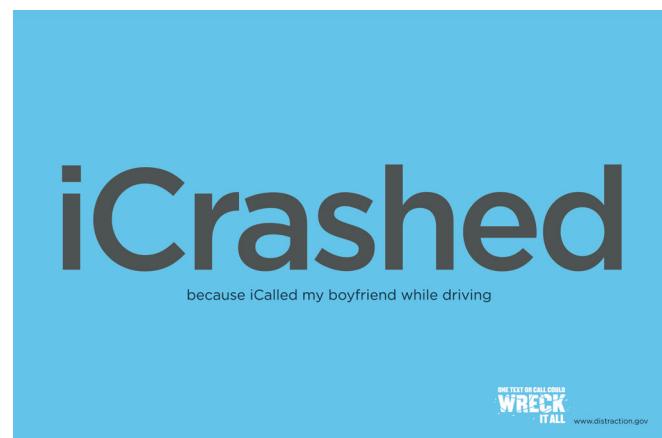
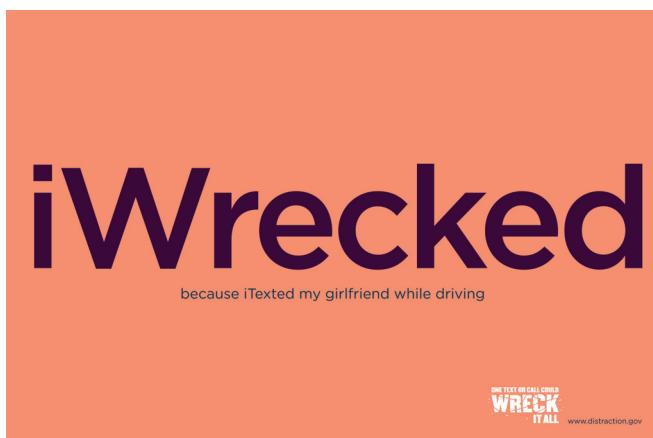


FIGURE 11.3 Discouraging Distracted Driving

Learning Cultural Values

Learning Objective

- 2 To understand language, symbols, and rituals as expressions of a learned culture.

To be considered a cultural value, a belief or custom must be shared by a significant portion of the society, because culture is essentially a series of norms that guide personal and group conduct and link individuals into a largely cohesive group. Generally, members of a society share their values and customs through a common language, although some cultures include more than one language.

Forms of Learning

We learn cultural norms and customs mostly from family and peers, and begin to understand at a very young age that some behaviors are appropriate and others are not. Anthropologists have identified three forms of cultural learning. **Formal learning** takes place when parents, older siblings, and other family members teach younger members “how to behave.” **Informal learning** takes place when children imitate the behaviors of selected others, such as family, friends, or TV and movie heroes and characters. **Technical learning** happens when teachers instruct children, in educational environments, about what should be done, how it should be done, and why it should be done, in social as well as personal settings. Our ethical values (e.g., the importance of kindness, honesty, and responsibility) are also formed during childhood as we learn them from parents, teachers, and other significant adults.⁴

Enculturation and Acculturation

Anthropologists distinguish between the learning of one’s own (or native) culture and the learning of new cultures. **Enculturation** is learning one’s own culture. **Acculturation** is learning new or foreign cultures. In Chapter 13, we demonstrate that acculturation is important for marketers that sell products in multinational markets. When selling products overseas, marketers must study the culture(s) of their potential customers so as to determine whether their products will be acceptable and how to communicate the characteristics of their products effectively and persuade consumers to buy them.

Sometimes, consumers can be “foreigners” in their own countries. For example, one study traced a group of provincial women in Thailand as they enrolled at a university in Bangkok (Thailand’s capital city). As their first semester began, the women quickly formed their own group; they kept to themselves and did not mix with students from Bangkok or participate in the city’s social scene. Ironically, the longer the provincial women lived in Bangkok, the more they resisted adopting Bangkok’s culture and strongly expressed their provincial values.⁵

Key components of one’s enculturation are the family and the process of **consumer socialization** (see Chapter 10). This process consists of teaching children and young adults consumption-related values and skills, such as the meaning of money and value, how to judge product quality, styles and preferences, product usage, and the meaning and objectives of promotional messages.⁶ In addition to the family unit, educational and religious institutions also convey cultural values to younger members. Educational institutions impart the knowledge of arts, sciences, civics, and professional and specialized skills. Religious institutions provide spiritual and moral guidance and values, which often have a substantial impact on behavior.

Marketing Influences on Cultural Learning

The contents of media, advertising, and marketing reflect cultural values and convey them to all members of society very effectively. Given Americans’ extensive exposure to print, broadcast, and online media, promotional messages are powerful vehicles for imparting cultural values. Every day, at almost any time, we are exposed to hundreds of promotional cues and messages, many of which we hear and see more than once. The repetition of marketing messages both conveys and reinforces cultural beliefs and values. For example, in the highly competitive environment of cellular communications, providers have aggressively promoted such features as low rates of dropped calls, high extent of coverage, and flexible pricing plans. After years of seeing such ads, wireless phone users learned to expect extensive benefits from cellular gadgets, and their expectation levels have been going up steadily—further reinforced by the frequent introductions of more sophisticated mobile communications.

In advertisements, cultural values are not only depicted in the advertising copy, but are also coded in the visual imagery, colors, movements, music, and other nonverbal elements of an advertisement.⁷

Many products became American icons and tangible expressions of the nation's cultural values. For example, the ever-popular baseball cap provides wearers with a cultural identity. Baseball caps function as trophies (as proof of participation in sports or travel to particular destinations), and many brands serve as self-proclaimed labels of belonging to a cultural category (e.g., Harley-Davidson owner) or even means of self-expression (e.g., highly customized Harley Davidson motorcycles). The statuses of Coca-Cola and Disney as the most recognized commercial American icons are illustrated by the millions of people wearing their logos (and their counterfeits) in virtually every location on our planet.

Marketers also transmit a lot of information that enables consumers to express shared cultural values. For example, advertising in sophisticated magazines such as *Vogue*, *Bon Appetit*, and *Architectural Digest* instructs readers how to dress, how to decorate their homes, and what foods and wines to serve guests. Online, people form virtual communities that are focused on products and enable consumers to exchange and learn product-related customs. Social media is rapidly becoming a key factor in conveying and sharing cultural values. People follow tweets of influential people and peers and write in blogs that are focused on their activities, interests, and opinions. As a result, for example, more people may get involved in civic groups and humanitarian causes. Their actions, respectively, express the importance of personal achievement and success and humanitarianism, which are two of our core values (discussed later in this chapter).

Language and Symbols

Cultural values are reflected in the languages, symbols, communications, and artifacts of a society. A **symbol** is anything that represents something else, and symbols can be either verbal or nonverbal. Words are verbal symbols, so the text of any ad is a composition of symbols. Nonverbal symbols, such as figures, colors, shapes, and even textures, are cultural cues that appear within advertisements, trademarks, packaging, and product designs. Many symbols have linguistic as well as psychological meanings. For example, the word "hurricane" is defined as a particular type of severe weather condition, but often stirs feelings of danger and thoughts of finding protection and safety. Similarly, the word "Cadillac" has symbolic meaning: To some it suggests a fine luxury automobile; to others it implies wealth and status (e.g., the phrase "the Cadillac of refrigerators" indicates that a refrigerator is the best in its product category).

Symbols can have contradictory meanings. For example, the advertiser that uses a trademark depicting an old craftsman to symbolize careful workmanship may instead be communicating an image of outmoded methods and lack of style. Marketers who use slang in advertisements directed at teenagers must do so with great care; slang that is misused or outdated will symbolically date the marketer's firm and product, and may also be offensive to some.

Prices and channels of distribution are symbols and reflect cultural meanings of products. For instance, the stores where clothes are sold (and also the prices of the items) symbolize their quality. In fact, all the elements of the marketing mix—the product, its promotion, price, and the stores at which it is available—are symbols that communicate the item's quality, value, and image.

Rituals

In addition to language and symbols, cultures include ritualized behaviors. A **ritual** is a type of symbolic activity consisting of a series of steps occurring in a fixed sequence and repeated periodically.⁸ Rituals can be public, elaborate, or ceremonial (e.g., weddings), or mundane routines (e.g., daily grooming). Typically, ritualized behavior is formal and often scripted (e.g., a religious service or proper conduct in a court of law), and occurs repeatedly (e.g., singing the national anthem before the start of a sports event).

Many rituals include artifacts, and some products are marketed specifically for certain rituals. For instance, turkey, stuffing, and cranberries are part of the ritual of Thanksgiving Day. Rituals such as graduations, weekly card games, or visits to beauty salons include artifacts. Table 11.1 lists culturally appropriate artifacts for various occasions.

Ritualistic behavior is an action or series of steps that have become a ritual. For example, golfers who take a few practice swings before actually hitting the ball display a ritualistic behavior. Personal-care activities are often ritualized; Table 11.2 describes the daily ritual of a woman's facial care.

TABLE 11.1 Selected Rituals and Associated Artifacts

RITUAL	ARTIFACTS
Wedding	White gown (something old, something new, something borrowed, something blue)
Birth of child	U.S. savings bond, silver baby spoon
Birthday	Card, present, cake with candles
Fiftieth wedding anniversary	Catered party, card and gift, display of photos of the couple's life together
Graduation	Pen, U.S. savings bond, card, wristwatch
Valentine's Day	Candy, card, flowers
New Year's Eve	Champagne, party, elegant formal dress
Thanksgiving	A turkey dinner served to family and friends
Going to the gym	Towel, exercise clothes, water, iPod
Sunday football	Beer, potato chips, pretzels
Super Bowl party	Same as Sunday football (but more)
Starting a new job	Get a haircut and buy new clothes
Getting a job promotion	Taken out to lunch by coworkers and receive token gift
Retirement	Company party, a watch, and a plaque
Death	Send a card, send flowers, donate money to charity in honor of the deceased

TABLE 11.2 Facial Beauty Ritual of a Young Advertising Executive

1. I pull my hair back with a headband.
2. I take off my makeup with L'Oréal makeup remover.
3. Next, I gently rub a Q-tip with some moisturizer around my eyes to make sure all of my eye makeup is removed.
4. I wash my face with Noxzema facial wash.
5. I apply Clinique Dramatically Different Lotion to my face and neck.
6. If I have a blemish, I dry it out with Clearasil Treatment.
7. Once a week, using a wet and warm cloth, I apply Clinique Clarifying Lotion 2 to my face and neck to remove dead skin cells.
8. Every three months, I get a professional salon facial to clean my pores deeply.

Measuring Cultural Values

Learning Objective

- 3 To understand how to measure the influence of culture on consumer behavior.

Culture reflects a society's values, customs, and rituals, which in turn reflect how we live and communicate. The most widely used measurements of cultural values are content analysis, consumer field observation, and value measurement instruments.

Content Analysis

Content analysis, as the name implies, focuses on the content of societies' verbal, written, and pictorial communications, including promotional messages. Content analysis can be applied to marketing, gender and age issues, sociology and political science, psychological studies, and many other fields. Among other concepts, content analysis can:

1. Identify the intentions, focus, or communication trends of an individual, group, or institutions.
2. Describe attitudinal and behavioral responses to communications.
3. Determine psychological or emotional state of persons or groups.⁹

Content analysis can determine what social and cultural changes have occurred in a specific society or compare different cultures. Content analysis of more than 250 ads appearing in 8 issues of Seventeen Magazine—4 Japanese issues and 4 American issues—found that teenage girls are portrayed quite differently. Portrayals of American teen girls often reflected images of independence and determination, whereas those of Japanese teen girls portrayed happy, playful, childlike girlish images.¹⁰ Another content analysis study compared American and Chinese television commercials targeted to children and revealed that 82% of the Chinese ads aimed at children were for food products, whereas 56% of the ads directed at American children were for toys.¹¹

Field Observation

When examining a specific society, anthropologists frequently study cultures through **field observation**, which consists of observing the daily behavior of selected members of a society. Based on their observations, researchers draw conclusions about the values, beliefs, and customs of the society under investigation. For example, if researchers were interested in how women select jeans, they might position trained observers in department and clothing stores and note how many and which types of jeans buyers pick up, look at, and try on.

Field observation:

1. Takes place within a natural environment.
2. Generally, the subjects are not aware that they are being watched.
3. Focuses on observation of behavior.

Because the emphasis is on a natural environment and observable behavior, field observation of buying and consumption activities occurs in stores, and, less frequently, during in-home product usage.

In some cases, researchers become **participant-observers**; that is, they become active members of the environment that they are studying and engage in the same behaviors, rituals, and customs that they study. For example, if researchers were interested in examining how consumers select a washing machine, they might take a sales position in an appliance store and observe and interact with the customers. Researchers who specialize in field observation often videotape subjects at work, at home, in their cars, and in public places. For instance, if researchers ask teenagers directly why they are buying certain T-shirts, teenagers might give answers that they believe will make them look sensible to the researchers. Instead, watching teenagers as they shop and listening to their conversations with other shoppers or salespersons might reveal more about the kids' motivations for buying. As a classic example, when Nissan was designing its Infiniti automobiles in the 1990s, two individuals, posing as students, rented rooms in the suburban homes of two families in the Los Angeles area and observed the car-related behaviors and preferences of "typical" Americans, without the families' awareness. Among other findings, they discovered that the Japanese notion of luxury was very different from the American notion; whereas the Japanese crave simplicity, Americans crave visible opulence.¹²

In addition to fieldwork, marketers have used **depth interviews** and **focus groups** (see Chapter 16) to study social and cultural changes. In focus group discussions, consumers are apt to reveal attitudes and behaviors that signal shifts in values that may affect, for example, the acceptance of new products and services. Focus groups have been used to generate ideas for persuasive strategies designed to reinforce customer loyalty and retention. Studies showed that established customers, especially for services (such as investment and banking), expected marketers to acknowledge their loyalty by providing them with more personalized services. Subsequently, several companies instituted loyalty (or frequency) programs tailored to customers' specific needs.

Researchers exploring the symbolic meanings of foods conducted 30 in-depth interviews (lasting 1.5 to 2.5 hours) of females and males within the (very wide) age range of 22 to 71 years old. They found that, in the context of cultural settings, there are seven types of foods: *Symbolic* foods (e.g., homemade and comfort foods); *individual* foods (e.g., healthy foods); *social* foods (e.g., foods typically shared with family and others); *cultural* foods (e.g., foods eaten during sexual encounters and believed to enhance libido); *ritualistic* foods (e.g., foods associated with nostalgic events); *context* foods (e.g., date and coffee-break foods); and *experience* foods (e.g., unfamiliar foods from other cultures).¹³

Value Measurements

Anthropologists have traditionally observed the behavior of members of a specific society and inferred the underlying values of the society from the behaviors observed. However, there are also structured,

self-administered questionnaires that measure individuals' cultural values, such as the Rokeach Value Survey, the Values and Lifestyles **VALS** (discussed in Chapter 2) measure, and Gordon's survey of personal and interpersonal values.

Rokeach Values Survey

The **Rokeach Value Survey** is a self-administered, two-part values inventory:

1. Eighteen **terminal values** that reflect goals and desirable states of existence and are defined as *ends* (e.g., happiness, pleasure, freedom, self-respect).
2. Eighteen **instrumental values**, defined as the *means* to achieve the ends (e.g., ambitious, honest, polite, responsible).

Respondents are asked how important each value is to them as "a guiding principle" in their lives.

Within each set of values, there are also two subsets: Some terminal values focus on *personal* aspects (e.g., a comfortable or exciting life, happiness, inner harmony) and the others on *interpersonal* ones (e.g., a world of peace and beauty, national security). The instrumental values are composed of *competence* (e.g., ambitious, intellectual, responsible) and *moral* values (e.g., forgiving, helpful, polite).

According to the Rokeach typology, in terms of cultural orientation, individuals can belong to one of four types. Table 11.3 describes the characteristics of each type and also lists applicable, illustrative promotional themes.

As an example, let's assume that a study employed the Rokeach Value Survey to categorize a given population. The members of one segment uncovered were mostly concerned with "world peace," followed by "inner harmony" and "true friendship." Members of this segment were involved in domestic-oriented activities (such as gardening, reading, and going out with the family to visit relatives); they were less materialistic, nonhedonistic, and reluctant to try new products. In contrast, the members of another segment were self-centered and concerned with values such as "self-respect," "a comfortable life," "pleasure," "exciting life," "accomplishment," and "social recognition." They were least concerned with values related to the family and other people, such as friendship, love, and equality. Because they were self-centered, achievement-oriented, and pleasure seekers, they preferred provocative and highly fashionable clothes, enjoyed adventurous lifestyles, and were willing to try new products.

Gordon's Surveys of Personal and Interpersonal Values

Gordon's Survey of Personal and Interpersonal Values measures values that determine how people cope with their daily lives.¹⁴ There are two surveys—one for **personal values** and one for **interpersonal values**—that are partially described in Table 11.4, together with the illustrative characteristics that exemplify each value. As expected, Gordon's values are strongly reflected in Americans' core values, which are discussed next.

TABLE 11.3 The Rokeach Typology and Illustrative Promotional Themes

	TERMINAL VALUES: Goals and desired states of existence		
	PERSONAL VALUES: Personal focus	SOCIAL VALUES: Interpersonal focus	
INSTRUMENTAL VALUES: Preferable behaviors and means for achieving terminal values.	COMPETENCE VALUES: Being ambitious, capable, and responsible. When violated, the person feels ashamed and inadequate.	Promotional messages should reflect consumers' sense of accomplishment, self-respect, and striving for a comfortable life and independence.	Rather than depicting merely concern, messages should show helping others and the role of one's skills in doing so.
	MORAL VALUES: Being cheerful, helpful, and honest. When violated, the person feels guilty.	Promotions should stress concern for societal issues and intense conviction to advance such causes.	The majority of Americans. Promotions should stress conformity, caring for others, and social consciousness.

TABLE 11.4 Marketing-Applicable Values from Gordon's Inventory

PERSONAL VALUES	INTERPERSONAL VALUES
ACHIEVEMENT Enjoying challenge, growth, and accomplishment. Knowing what one wants to accomplish and doing so in an outstanding manner.	LEADERSHIP Being in charge and having authority and power. Not having to follow orders. Leading groups. Having others work under one's direction.
GOAL ORIENTATION Prefer having well-defined objectives and completing tasks. Knowing exactly what one is aiming for.	RECOGNITION Being looked up to, considered important, and admired. Having people make favorable remarks. Being noticed.
VARIETY Disliking routines and preferring new experiences. Visiting new places. Trying new and different things. Being able to have a variety of experiences and travel a lot.	CONFORMITY Doing the correct thing and following regulation. Doing what's accepted and proper. Conforming strictly to rules and moral standards.

American Core Cultural Values

Learning Objective

- 4** To understand Americans' core values and how to apply them to persuasive communications.

In this section, we identify several **American core values** that both affect and reflect the character of American society. Designating American core values is difficult. First, the United States is a diverse country, consisting of many subcultures whose members interpret and respond differently to the same set of values and beliefs (see Chapter 12). Second, America is a dynamic society that has undergone rapid changes throughout its relatively short history, as illustrated by the technological developments that have altered every aspect of our lives during the past twenty years. Finally, there are some contradictory values in American society. For instance, as a society, Americans embrace the freedom of choice, but among peers, many Americans tend to conform (in dress, in furnishings, and in fads) to the rest of society. In the context of consumer behavior, Americans like to have a wide choice of products and prefer those that uniquely express their personal lifestyles, but also often conform to peer pressures in their consumption behavior.

We used the following criteria to select and designate core values:

1. The value must be pervasive. That is, a significant portion of the American people must have accepted the value and used it to guide their attitudes and actions.
2. The value must be enduring. That is, it must have influenced Americans' actions over an extended period (as distinguished from fads and short-lived fashions).
3. The value must be related to consumption behavior. That is, it must provide insights that help us understand Americans' consumption habits.

The core values identified include achievement and success, time and activity, efficiency and practicality, progress, materialism (comfort and pleasure), individualism and conformity, freedom of choice, humanitarianism, youthfulness, and fitness and health.

Achievement and Success

Americans maintain that challenges and competition drive people to excel. For example, young children are encouraged to excel in their studies and sports and surpass others. Free enterprise is the core of the U.S. economic system, and has made Americans more productive and allowed them to enjoy better lifestyles than most other nations. Personal achievement is a fundamental American value, with historical roots in the Protestant work ethic, which considers hard work as wholesome, spiritually rewarding, and an appropriate end in itself. Historically, our society's focus on achievement has significantly affected American society's technical development and economic growth.¹⁵ Individuals who consider a "sense of accomplishment" an important personal value are high achievers and strive for success. The Everlast ad in Figure 11.4 depicts striving for achievement. It encourages bike riders to train harder and states that Everlast's power packs enable them to recover faster from strenuous training. The ad shows a silhouette of a single biker riding vigorously against a dramatic sunset. The entire image is focused on the individual rider and his quest for achievement and fulfillment.

**TRAIN HARDER.
RECOVER FASTER.**

Everlast advanced nutritional supplements for active lifestyles

In order to get faster and ride farther your body needs to recover. Give your body the advantage with Great Tasting Zero Calorie Recovery from Everlast. This superb formula helps reduce lactic acid buildup*, replenishes electrolytes*, speeds post workout recovery* and helps reduce post workout muscle breakdown*. Everlast Recovery is packaged in convenient pre-measured stick packs that are ready to use in your water bottle and after your ride. For your free sample visit us at www.everlastsportsnutrition.com/recovery.

*These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure or prevent disease. Visit us at www.everlastsportsnutrition.com

Source: Everlast Worldwide, Inc.

FIGURE 11.4 Portrayal of Achievement

money” and “time waits for no one”) and many visitors from other countries often comment on how many times Americans look at their watches and how concerned they are about deadlines and promptness. We hold time in high regard because we can accomplish more and be more productive if we use time wisely, keep busy, and do not waste time. Americans dislike “wasting time” and are discouraged from “sitting around doing nothing,” but like to plan and follow schedules and, at times, seem to be controlled by timetables. We often speak about *being* on time, *saving* time, *using* time wisely, and *not wasting* time.

Americans value being active and involved in society, and keeping busy in one’s daily life is considered necessary. “Don’t just stand there, do something” is an expression that we commonly use and clearly shows the American preference for action over inaction. Leisure activities occupy a relatively small portion of Americans’ lives, and their number of nonwork days—holidays, time off, and vacations—is at least one-third less than Europeans’. Because we value leisure time less than, say, the Italians and French, but value time spent at work more, we often define ourselves by our professions, as evident in the question “What do you do for a living?” that we generally ask almost immediately after meeting strangers.

The premium placed on time has had both positive and negative effects on American society. For example, the quest for saving time has driven the development and growth of fast foods, the widespread and often too enthusiastic consumption of which has resulted in poorer health for many Americans and increased medical costs for all. Because Americans are preoccupied with time, they believe it is in short supply and want things to happen quickly (they hate waiting in line or for deliveries to arrive). Many ads portray products that assist consumers in managing their rushed lives. The ad for Campbell’s Chunky Soup in Figure 11.5 emphasizes saving time and tells consumers that they can prepare the soup quickly and simultaneously receive value for their money.

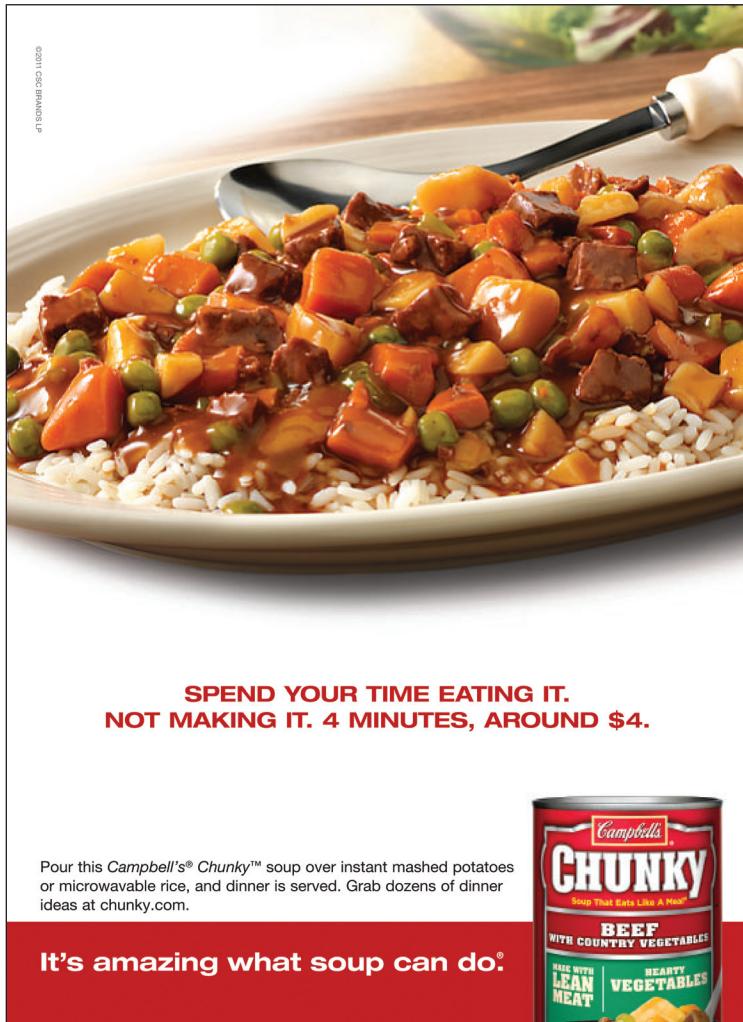
Research has discovered that individuals who scored higher on “sense of accomplishment” use the Internet widely for learning or gathering information, making reservations or researching travel, doing work/business tasks, buying goods or services, looking up stock quotes, and participating in online auctions by buying or selling products. Conversely, Internet activities not associated with a high “sense of accomplishment” included surfing the Web, communicating with others in chat rooms, and gathering product or retail store information.¹⁶

Success is closely related to achievement, but the two are not identical. Specifically, achievement is its own direct reward (it implicitly satisfies the individual achiever), whereas success includes an extrinsic reward (such as luxury possessions, financial compensation, and high status). A study that examined the choices of majors among incoming students discovered that, for men, the most important factor was the field’s potential for advancement and high salaries, whereas for women the most influential factor was aptitude and interest in the subject.¹⁷

Both achievement and success influence consumption and often provide justification for the acquisition of goods and services. For example, “You owe it to yourself,” “You worked for it,” and “You deserve it” are popular themes used by advertisers to coax consumers into purchasing their products, because marketers know that achievement-oriented people often enjoy conspicuous consumption, which enables them to display symbols of their personal accomplishments (e.g., a Rolex wristwatch).

Time and Activity

Americans consider time valuable (i.e., “time is



Source: Campbell Soup Company

FIGURE 11.5 An Appeal Focused on Saving Time and Receiving Value

Efficiency and Practicality

Americans consider themselves highly efficient and pragmatic. Many business executives pay little attention to theoretical scenarios; instead, they often employ trial-and-error, a pragmatic approach that consists of trying several potential solutions to a given problem individually and selecting the most effective one. This pragmatic orientation has led Americans to develop more inventions than any other nations. In addition, Americans hold “practical” disciplines—such as management, economics, law, and medicine—in higher regard than philosophy, anthropology, the arts, and teaching, among many others.

Americans’ practical orientation is reflected in their language: “Will the venture be profitable?” “Will it pay its own way?” “What’s in it for me?” Rather than being emotional and thinking in subjective terms, Americans pride themselves on judging things on their own merits. Americans readily adopt practical products that enable them to be more efficient. For example, many manufacturers, in different product categories, offer arrays of interchangeable components, so consumers can design customized wall units (e.g., IKEA), computers, sunglasses, and many other items at reasonable prices. The ads for 3-In-One Oil in Figure 11.6 portray an efficient product that consumers can use in several ways.

Progress

Americans view change as desirable because it symbolizes development (personal as well as societal), improvement, and growth. Traditional cultures often consider change disruptive, try to avoid it, and value stability and continuity. For example, in the United States, one’s wealth is generally more



FIGURE 11.6 An Appeal Focused on the Product's Efficiency

Source: (Left & Right) 3-IN-ONE® is a registered trademark of WD-40 Company

important than one's heritage, whereas in many European societies the opposite is true. Together with the notion that saving time, pragmatism, and hard work lead to achievement, innovation, and growth, Americans believe that change (almost) always brings about a better future. Because they hold progress in high regard, Americans react favorably to messages that mention or promise progress. In our consumption-oriented society, new products or services designed to fulfill previously unsatisfied needs or satisfy needs more effectively, represent progress. Therefore, we often buy products advertised as "new," "improved," "better," "longer-lasting," "quicker," "smoother and closer," "increased strength," and "smarter."

Materialism (Comfort and Pleasure)

Americans' desire for material goods goes back a long way. In an Atlantic Monthly essay in 1924, entitled "Things Are in the Saddle," Samuel Strauss coined the term "consumptionism," which he defined as "the science of compelling men to use more and more things."¹⁸ Strauss felt that this was changing the nature of America by "bringing it about that the American citizen's first importance to his country is no longer that of citizen, but that of consumer."¹⁸ For most Americans, from a very young age, material comfort and possessions signify attainment of "the good life"—a life that may include a new car, a dishwasher, an air conditioner, a hot tub, and an almost infinite variety of other convenience-oriented and pleasure-providing goods and services. Americans often compare themselves to others in terms of the value of their possessions and tend to believe that they are happier than those who have less. Nevertheless, as many popular songs point out, the ownership of material goods does not always lead to happiness. For instance, many very affluent people have failed marriages and dysfunctional children as a direct result of being extraordinarily wealthy. Still, the expression "He who dies with the most toys wins" is widely used, and not always ironically.

Stereotypically, people from other nations view Americans as too materialistic, a notion that most Americans shrug off based on their belief that material objects are desirable and just rewards for their hard work, as well as symbols of their achievement. However, most of us do accumulate more possessions than the members of other societies, and, to some extent, obtaining, maintaining, and protecting our possessions comes before developing and enjoying relationships. Our **materialism** is often expressed in preferring "bigger quantities of things" or "more of something." Recently, however, there has been a noticeable shift away from the "more is better" viewpoint to a "better is better" vision—one that stresses better quality and better design. Some refer to this trend as "the design economy"; that is, an economy based on the interaction of four elements: Sustained prosperity, ongoing technology, a culture open to change, and marketing expertise.¹⁹ The activity of shopping has played an increasingly important role in our lives and many now refer to our "shopping culture" and "consumer culture." A widely quoted essay even suggested that: "Shopping is what we do to create value in our lives."²⁰ Still further, because online shopping is always available (as opposed to physical stores that are not always open), we now spend more time than ever before on viewing and comparing products, and, presumably, buy more objects that we do not *truly* need.

* Samuel Strauss "Things Are in the Saddle," Atlantic Monthly 1924



FIGURE 11.7 An Appeal Focused on Comfort and Pleasure

ent with individualism. The essence of the marketing concept lies in understanding consumers' needs and making only those products that customers truly believe will satisfy their needs. For instance, writing is an individualistic pursuit that often requires encouragement. The ads in Figure 11.8 imply that writing with the Cross Morph pen inspires and explores one's imagination.

Individualism and conformity exist side by side. Although Americans deeply embrace freedom of choice and individualism, they nevertheless accept the reality of conformity. The individualism-conformity paradox is also manifested in our product choices. On the one hand, standardized products, which have been made possible by mass production, reflect uniformity. On the other hand, online shopping increasingly enables people to purchase customized personal items (e.g., sneakers, sunglasses, clothing) easily (and often inexpensively) and readily express their individualism.

The acceptance of casual dressing in the workplace is an interesting example of the "ping-pong" relationship between seeking individualism and accepting conformity. Male and female executives alike are abandoning decades-old workplace dress codes and wearing casual slacks, sport shirts, and blazers to work rather than traditional business attire. Increasingly, businesspeople (including some lawyers and even accountants) have sought more comfortable work clothes and became more confident in their ability to choose casual yet appropriate clothing. As time went by, in many companies, blue blazers and gray slacks for men, and similar-style clothing for females, became the new "business uniform" and a norm to conform to.

Freedom of Choice

Freedom as an American core value stems from the nation's fundamental principles: Freedom of speech, press, assembly, and religion. Americans prefer and even expect to be able to choose from a wide range of alternatives in all aspects of their lives, as illustrated by the large number of competitive

Chocolate is one of the world's oldest and most exotic products. It is associated with love, luxury, and—because of its scientifically documented impact on brain activity—feeling happy and satisfied. The ad for DOVE® Chocolate in Figure 11.7 encourages consumers to feel pleased, enjoy a special moment, and even "be a star."

Individualism and Conformity

Americans value "being themselves." Self-reliance, self-interest, self-confidence, self-esteem, and self-fulfillment are popular expressions of individualism in our language. Striving for individualism is the rejection of dependency; that is, it is better to rely on oneself than on others. Indeed, the opposite of individualism is "collectivism," which implies that "being in a group" is a basic human endeavor, so that humans' self-concept involves group membership*; collectivism is also strongly associated with communism—a failed and largely distinct economic system.²¹ American "rugged individualism" stems from the belief in self-reliance and competition, which consists of outperforming others in order to meet one's individual needs and fulfill one's goals. Rugged individuals consider solo performance superior to teamwork, and maintain that tasks should be accomplished alone and victory should be earned alone.²² The objective of advertising appeals to individualism is to persuade consumers to buy products and services that reflect and emphasize their individual identities. For example, advertisements for high-style clothing and cosmetics promise consumers that these products will enhance their exclusive and distinctive characteristics and set them apart from others.

Conceptually, the marketing concept is congruent with individualism. The essence of the marketing concept lies in understanding consumers' needs and making only those products that customers truly believe will satisfy their needs. For instance, writing is an individualistic pursuit that often requires encouragement. The ads in Figure 11.8 imply that writing with the Cross Morph pen inspires and explores one's imagination.

*Source: N. Schwartz "Individualism and Collectivism" *Journal of Consumer Psychology* 14:4 (2006) 324.

Here's to Ideas

CROSS.

SMOOTHLY SHIFT YOUR IMAGINATION INTO HIGH GEAR

INTRODUCING C-SERIES

Grip the new smooth touch finish, open the throttle and lay down the ideas. This capless, gel ink pen and available fountain pen will enable you to handle any situation.

Engineering Drawing Created with C-Series

Source: A.T. Cross

Here's to Ideas

CROSS.

ONE PEN. *FOUR* TIMES THE INSPIRATION.

INTRODUCING TECH4

Get sleek styling in a versatile multi-function writer that transitions seamlessly from pencil, to red, black, or blue ink. One pen. Four new ways to bring your thoughts to life.

Drawn with Tech4

Inspiration starts at cross.com

Eraser pops up when pen is selected.

Drawn with Tech4

Source: Reprinted with Permission, A.T. Cross Company

FIGURE 11.8 Appeals Focused on Imagination and Inspiration

brands and product variations on the shelves of supermarkets, specialty stores, drugstores, and other outlets. Apparently, such varieties are uncommon outside of the United States. One of the authors, who resides in midtown Manhattan—an area where tourists are always present—has seen, on numerous occasions, tourists pointing excitedly at (and even taking pictures of) the scores of shampoos, soaps, shaving creams, and other personal-care products displayed in drugstores. For many products, American consumers can select from a wide variety of sizes, colors, flavors, features, styles, and even special ingredients. The HP ad in Figure 11.9 illustrates Americans’ quest for choices when buying a PC.

Humanitarianism

Americans are often generous and willing (and even eager) to help those in need. They support many humane and charitable causes, and often sympathize with the underdog who must overcome adversity to get ahead. They also tend to be charitable and willing to aid people who are less fortunate than they are. Illustrations of attitudes about charitable giving appear in Table 11.5.²³

Another study investigated the motivations of alumni who donated money to intercollegiate athletic programs and identified four distinct benefits that donors received from their monetary pledges:

1. **Belongingness**—being associated with and loyal to the institution, helping to build a successful athletic program and continue tradition
2. **Trusting**—confidence in the institution’s leadership and vision
3. **Social-practical motivation**—exploring social and professional contacts, receiving priority seating at sports events and tax deductions
4. **Prestige**—pride in supporting a prestigious institution and sports teams.²⁴

Based on knowledge of these motivations, universities and colleges can segment potential donors according to the benefits they seek and create persuasive messages directed at the different motivations for donating money.



FIGURE 11.9 Freedom of Choice: “Whatever finger wants, finger gets”

Americans’ humanitarianism has also affected their consumption and investments. For example, some refuse to invest in companies that use child labor (in foreign countries), harm the environment, or make weapons, and investments in socially conscious mutual funds are now commonplace. One study showed that, during Christmas shopping, the number of consumers indicating that they intend to purchase from retailers “that support a cause” has been steadily increasing.²⁵ Another form of humanitarianism is American’s notion of collective responsibility and respect, which involves stepping forward when confronted with actions that hurt others. The ad in Figure 11.10 encourages abused women—the underdog (i.e., the person who has little chance of winning)—to take action and report the abuse immediately.

Youthfulness

Americans are preoccupied with youthfulness. The emphasis on youthfulness contrasts sharply with traditional European and Asian societies, where older people are looked up to for their wisdom and the experience that comes with age. Nevertheless, youthfulness should not be confused with youth: Youth designates an age cohort. Americans are preoccupied with looking and acting young, regardless of their chronological age. For Americans, youthfulness is a state of mind and a state of being, sometimes expressed as being “young at heart,” “young in spirit,” or “young in appearance.”

Many advertising messages create a sense of urgency about retaining one’s youth and avoiding aging. Hand-cream ads talk about “young hands”; skin-treatment ads state, “I dreaded turning 30”; fragrance and makeup ads stress looking “sexy and young” or “denying your age”; detergent ads ask readers, “Can you match their hands with their ages?” Countless advertising themes promise consumers youthfulness and reflect the high premium Americans place on appearing and acting young.

Fitness and Health

Being fit and healthy is an important core value and very evident in many aspects of American life. Witness the large number of health clubs and chains of fitness-related services, including yoga and similar forms of body-and-mind conditioning; a seemingly endless array of innovative fitness equipment (often featured in long TV infomercials); fitness centers and activities in some companies; biking and running lanes in many cities; the increasing availability of organic, low-fat, and no-fat foods and foods with less sodium and sugar; the large number of fitness magazines; the large array of vitamins and other supplements, backed by aggressive advertising; the variety of diet programs and “gurus” and exercise equipment designed specifically for reducing weight; portable

TABLE 11.5 Attitudes Toward Donating Money to Charities

1. Willing to help others who are in need and less fortunate.
2. Those who are not in need should be charitable toward those who are.
3. People in need should receive support from others.
4. Money donated to charities goes to good uses and helps those in need.
5. Charitable organizations have been effective in assisting those who are needy.
6. Charitable organizations perform a useful function.

Source: Inspired by Deborah J. Webb, et.al. “Development of and Validation of Scales to Measure Attitudes Influencing Monetary Donations to Charitable Organizations,” *Journal of the Academy of Marketing Science*, 28 (Spring 2000): 299–309.

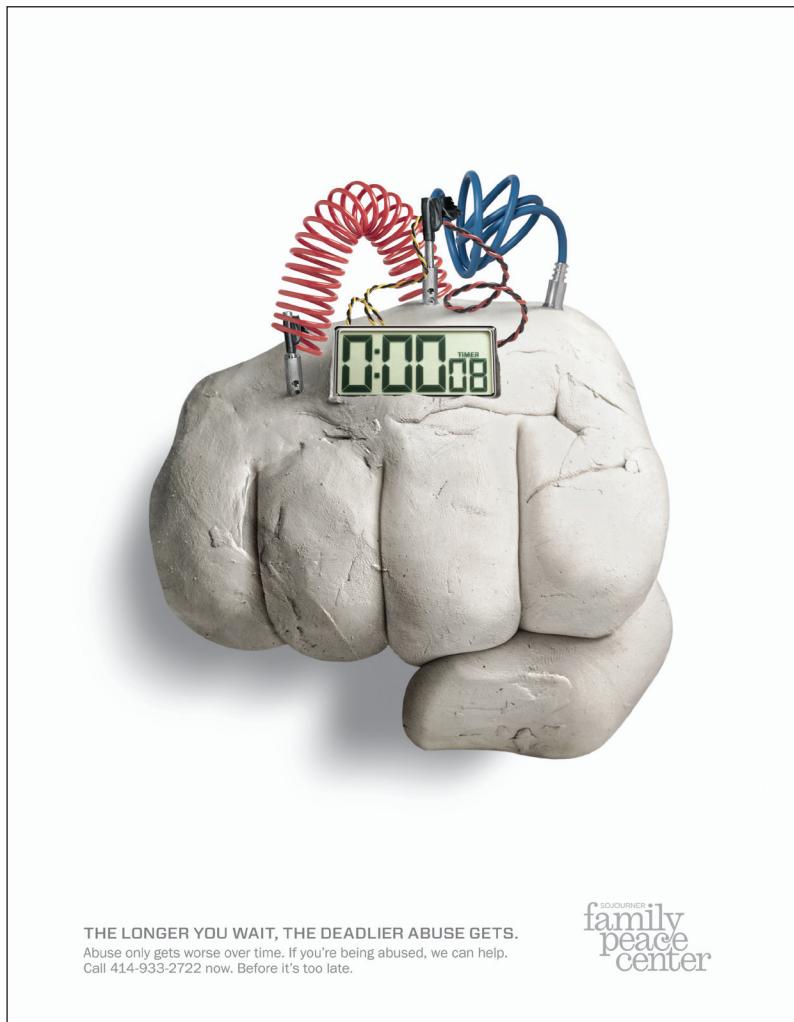


FIGURE 11.10 An Appeal Focused on Humanitarianism: Helping the Underdog

monitors of heart rate, body fat, and the number of calories used during physical activities; the increasing popularity of “active” and “adventure” vacations (e.g., backroads.com); and reductions in health insurance costs to nonsmokers and people who enroll in wellness programs. These are only an exemplary few of the products and services available because of Americans’ preoccupation with fitness and health.

Health and fitness are now reflected in our jargon, with such phrases as: “You are what you eat,” “Fitness is a way of life,” “well-balanced diet,” “fitness culture,” “wellness programs,” and “No pain, no gain.” Other, less popular slogans include: “Move it or lose it,” “Why put off feeling good?” “Too fit to quit,” “Commit to be fit,” “Don’t be a brat, burn that fat,” and “Rest a while then run a mile.”

Many studies have investigated the reasons behind the growing importance of fitness and health in America. One study suggested that Americans believe they have lost the ability to control their environment and, as a result, feel anxious and insecure and also experience self-doubt. People who feel that they lack external self-control turn inward; they feel that if they can’t control the world, they can at least control and change their own bodies through exercise.²⁶

Many Americans have adopted healthier lifestyles and buy healthier foods at least some of the time.²⁷ Virtually all food companies have modified at least some of their products to cater to health-conscious consumers. Frozen dinners have become more nutritious and some “junk foods” have become less unhealthy. Makers of high-calorie and low-nutrition snack foods have introduced “light,” “fat-free,” “low-sodium,” “no-cholesterol,” “no-preservatives,” and “no trans fat” versions of their offerings. One study sponsored by Progressive Grocer, a leading food retailing publication, suggested that “the most lucrative consumer trend in the next five to ten years” is going to be “health and wellness,” and that consumers who currently make their grocery shopping decisions based on price,

taste, and convenience will upgrade “health benefits to a No. 1 or No. 2 priority.”²⁸ Consumers have also become concerned with more hygienic home maintenance products, such as antimicrobial home-cleaning solutions.²⁹

Websites are the most popular sources of health and fitness information. There are countless websites devoted to fitness and health, offering workout tips, nutritional information, and fitness-related products and services, among many others. In addition, most of the websites set up by companies that market consumer goods provide health and fitness information associated with their products (e.g., sellers of cleaning products offering advice on more sanitary house-keeping and marketers of sunglasses advising consumers how to protect their eyes from the sun even when not wearing glasses). A website that monitors online surfing reported that, in a given period, most Internet users have looked online for information on health topics, with increased interest in diet, fitness, drugs, health insurance, experimental treatments, and particular doctors and hospitals.³⁰

In spite of the explosive growth of the fitness and wellness industry and the scores of healthier foods introduced, about two-thirds of Americans are overweight, and, as reported by the Centers for Disease Control and Prevention (CDC), 36% of American adults are obese (as defined clinically), as are 17% of children ages 2 to 19. At this rate, 44% of all Americans will be obese within the next 15 years or so; obesity-related medical costs, which presently amount to \$150 billion, will double or even triple.³¹ (A discussion of marketers’ impact on obesity rates appears in Chapter 15.) As expected, losing weight and eating healthier have been at the top of Americans’ New Year’s resolutions for decades (usually followed by getting out of debt and saving more money).³² Campbell’s Healthy Request soup—featured in Figure 11.11—is one of the thousands of products introduced in response to Americans’ health concerns.



FIGURE 11.11 An Appeal Focused on Fitness and Health

Green Marketing

Learning Objective

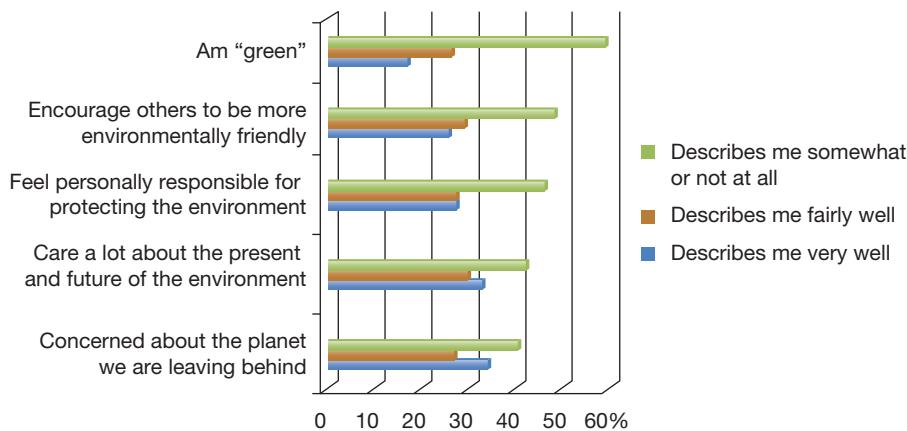
- 5 To understand green marketing and ecologically responsible consumption.

Green marketing is producing and promoting reusable and eco-friendly products. Over the past twenty years or so, virtually all companies have adopted at least some environmentally friendly practices in response to the global awareness of climate change and its potentially dire consequences for our planet and its inhabitants. For instance, because emissions from cars are a prominent contributor to environmental deterioration, automobile makers now produce more environmentally sound cars. Most advertisers inform consumers that they use renewable, clean, and sustainable energy and recycled and nonpolluting materials.

Ecologically Responsible Consumption

Many Americans consider buying environmentally sound products to be part of their duties as consumers and a societal and cultural priority. Although many consumers claim to be “green” and support ecological causes, studies indicate that such attitudes do not always result in pro-environmental behavior. That is, there is a discrepancy between what people say and what they do.³³ Furthermore, consumers’ eco-consciousness is fickle, and the sales of such products as recycled toilet paper, organic foods, and hybrid cars sharply decline during economic recessions.³⁴ Somewhat surprisingly, a Harris Poll indicated that “green” attitudes and behaviors declined over a three-year period. The poll’s key findings are featured in Figures 11.12 and 11.13.³⁵

FIGURE 11.12 Americans’ “Green” Attitudes



Source: Based on Maryam Banikarim, “*Seeing Shades in Green Consumers*,” ADWEEK, April 19, 2010.

FIGURE 11.13 Americans’ “Green” Behaviors



Source: Data from Maryam Banikarim, “*Seeing Shades in Green Consumers*,” ADWEEK, April 19, 2010.

Several studies have focused on consumers' likelihood to buy environmentally safe products. One study examined consumers' willingness to purchase such goods in the context of their desires to buy quality products at reasonable prices, and developed a scale measuring consumers' attitudes toward green products and the firms making them (see Table 11.6).³⁶ Another study found that most consumers did not know which lifestyle changes were the best means to reduce global warming.³⁷ Research has also discovered that consumers find environmental labels difficult to understand and that this issue increases their price sensitivity regarding green ecologically sound products.³⁸ Yet another study indicated that even consumers with pro-environmental beliefs have difficulty correctly identifying green products (other than cleaning items) and do not find green marketing engaging.³⁹ Together, these studies indicate that marketers must improve their promotion of green products. Segmenting green consumers is covered in Chapter 2.

Table 11.7 summarizes Americans' core value and illustrates them with promotional themes.

TABLE 11.6 A Scale Measuring Consumers' Attitudes Toward Green Products

- I believe there are a lot of exaggerations about companies taking environmental risks nowadays.
- I believe the government is doing all that is possible to safeguard the environment.
- I believe that we should not slow down industry progress because of concern for the environment.
- I believe environmental safety is the responsibility of the government, not individual citizens.
- I believe that government legislation adequately regulates environmental protection.
- I believe a well-known brand is always a safe product to buy.
- I believe that the quality of environmentally safe products is not as good as other products.
- I believe that the price of environmentally safe products is usually more expensive than other products.
- I believe Australian companies are generally doing a good job in helping to protect the environment.
- I believe companies should place higher priority on reducing pollution than on increasing their own profitability.
- I believe companies should place higher priority on reducing pollution than on increasing profitability even if jobs are at risk.

Source: Maryam Banikarim, "Seeing Shades in Green Consumers," ADWEEK, April 19, 2010.

TABLE 11.7 Americans' Core Cultural Values and Illustrative Promotional Themes

CORE VALUE	DEFINITION	ILLUSTRATIVE PROMOTIONAL THEMES
Achievement and Success	Hard work and excelling in other aspects of life lead to success.	"Fact: Our car members experience more" "You're worth it" "For people who are in the best shape they've ever been in, but still aren't satisfied"
Time and Activity	Being active and busy in one's job and life and expanding one's horizons.	"A new challenge daily—Wow, I'm so fortunate" "Prepare today, to lead for a lifetime"
Efficiency and Practicality	Saving time and effort and finding pragmatic products and solutions. Less theory, more practice.	"The taste you want, the energy you need" "So easy, even an adult can open our container"
Progress	Seeking and adopting new processes that replace less advanced ones.	"One-step process to a better complexion" "Only 4 minutes to a great family meal"
Materialism (Comfort and Pleasure)	Accumulating possessions that enable a more comfortable and pleasurable life.	"Bring the family together: Create a great backyard" "Not rich? Start saving tomorrow"
Individualism and Conformity	<i>Individualism:</i> Be yourself and marching to the "beat of your own drum," as opposed to adhering to group norms and being the same as others. <i>Conformity:</i> Desire to fit in.	<i>Individualism:</i> "You answered to your own drum in college, now how about a challenging position for your career?" <i>Conformity:</i> "Drive carefully" "Respect others" "Be included: Vote this November"

(continued)

TABLE 11.7 Americans' Core Cultural Values and Illustrative Promotional Themes (continued)

CORE VALUE	DEFINITION	ILLUSTRATIVE PROMOTIONAL THEMES
Freedom of Choice	Having freedom of choice and expression.	"Almost more colors than hairs on your head" "America is about choice"
Humanitarianism	Helping the less fortunate and people in need.	"No kid should go hungry" "We combat natural disasters with human kindness"
Youthfulness	Looking youthful and remaining "young at heart" despite aging chronologically.	"Never look your age again" "Be Young. It's a state of open-mindedness"
Fitness and Health	Caring about one's health and ability to be physically active.	"Relax—It's the good fat" "Create your perfect body"
Ecological Responsibility	Caring about the environment and buying "green" products.	Toyota Prius hybrid car; Clorox Green Works cleaner; scores of products from Arm & Hammer, Palmolive, and most other firms

Summary

Learning Objective 1: To understand culture's role, dynamics, evolution, and impact on consumers' priorities and behaviors.

Culture is the collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society. Cultural values express the collective principles, standards, and priorities of a community. Most of the promotional messages across the world reflect, to some degree, the cultural values of the target audiences. Cultures always evolve, so marketers must monitor the sociocultural environment so as to market existing products more effectively and develop new products that are congruent with changing cultural trends. Understanding cultural changes is not an easy task, because many factors produce cultural changes within a given society, including new technologies, population shifts, resource shortages, and customs from other cultures.

Learning Objective 2: To understand language, symbols, and rituals as expressions of a learned culture.

To be considered a cultural value, a belief or custom must be shared by a significant portion of the society, because culture is essentially a series of norms that guide personal and group conduct and link together individuals into a largely cohesive group. Generally, society's members share their values and customs through a common language, although some cultures include more than one language. We learn cultural norms and customs mostly from family and peers, and begin at a very young age to understand that some behaviors are appropriate and others are not. Anthropologists have identified three forms of cultural learning: Formal learning, informal learning, and technical learning. Our ethical values are also formed during childhood, as we learn them from parents, teachers, and other significant adults. Anthropologists distinguish between enculturation (learning one's own culture) and acculturation (learning a new or foreign cultures). The contents of media,

advertising, and marketing reflect cultural values and convey them to all members of society very effectively. Given Americans' extensive exposure to print, broadcast, and online media, as well as the easily ingested and entertaining presentation formats of their contents, media and advertising are powerful vehicles for imparting cultural values.

Cultural values are reflected in societies' languages, symbols, communications, and artifacts. A symbol is anything that represents something else; symbols can be either verbal or nonverbal. Words are verbal symbols and the text of any ad is a composition of symbols. In addition to language and symbols, cultures include ritualized behaviors. A ritual is a type of symbolic activity consisting of a series of steps (multiple behaviors) occurring in a fixed sequence and repeated periodically.

Learning Objective 3: To understand how to measure the influence of culture on consumer behavior.

The most widely used measurements of cultural values are content analysis, consumer field observation, and value measurement instruments. Content analysis focuses on the content of societies' verbal, written, and pictorial communications, including promotional messages. When examining a specific society, anthropologists frequently study cultures through field observation, which consists of observing the daily behavior of selected members of a society. Based on their observations, researchers draw conclusions about the values, beliefs, and customs of the society under investigation. There are also structured, self-administered questionnaires that measure individuals' cultural values, such as the Rokeach Value Survey, the Values and Lifestyles instrument, and Gordon's Survey of Personal and Interpersonal Values.

Learning Objective 4: To understand Americans' core values and how to apply them to persuasive communications.

We identified eleven American core values that both affect and reflect the character of American society, using the criteria of pervasiveness, endurance, and consumption relatedness. The core values identified include achievement and success, time and activity, efficiency and practicality, progress, materialism (comfort and pleasure), individualism and conformity, freedom of choice, humanitarianism, youthfulness, fitness and health, and ecological responsibility. These values are often reflected in advertisements and are applicable to developing marketing strategies.

Learning Objective 5: To understand green marketing and ecologically responsible consumption.

Green marketing is producing and promoting reusable and eco-friendly products. Virtually all companies have adopted at least some environmentally friendly practices in response to the global awareness of climate change and its potentially dire consequences for our planet and its inhabitants. Many Americans now consider buying environmentally sound products to be part of their duties as consumers and a societal and cultural priority. Studies focused on consumers have found that favorable attitudes toward environmentally safe products do not always lead to purchase of such items. Researchers also discovered that consumers cannot easily understand many eco-labels and do not know which lifestyle changes can help the environment.

Review and Discussion Questions

- 11.1.** In what ways do the three forms of cultural learning differ from one another? How can each be used effectively in marketing and advertisements?
- 11.2.** Distinguish between terminal and instrumental values and their subsets. What does this classification identify? According to the Rokeach typology, in terms of cultural orientation, individuals can belong to one of four types. Make a list of them, with a section for the subsets, and analyze their characteristics.
- 11.3.** The Citrus Growers of America is designing an advertising campaign aimed at getting consumers to switch to orange and grapefruit juices instead of soft drinks, as a “sugar jolt” in the late afternoon. Describe how the organization can use the Rokeach and the Gordon measures in planning its campaign.
- 11.4.** For each of the following products and activities:
- List two relevant core values and explain your choices.
 - Describe how each value either encourages or discourages buying the product or engaging in the activity.
- 11.5.** Why is the Internet a relevant source of health and fitness information for people, and how can it be used for marketing purposes in this area?
- 11.6.** Do the intended consumers react differently to green products depending on their countries of origin? If so, why?
- The products and activities are:
1. Donating blood
 2. Visiting tanning salons
 3. Buying an e-reader
 4. Buying a GPS device
 5. Drinking diet beverages
 6. Travelling overseas
 7. Using sun protection products regularly
 8. Buying a convection oven
 9. Buying a pair of sneakers online
 10. Following the latest fashions

Hands-on Assignments

- 11.7.** Identify a singer or singing group whose music you like and discuss the symbolic function of the clothes that person (or group) wears.
- 11.8.** Rituals and routines are highly subjective and culture-specific. For example, an Asian breakfast can be different from a Western one in terms of food selection, time of day, and favored locations. With the help of online research, try to identify the major differences in the two by preparing a list of the respective features and offer a suitable explanation. What values do the features transmit?
- 11.9.** a. Summarize an episode of a TV or online series that you watch regularly. Describe how the episode transmitted cultural beliefs, values, and customs.
- b. Select three commercials that were broadcast during the episode and describe how each reflects a cultural value(s).
- 11.10.** An advertisement has to be quite specific in order to adequately target the interests of a populace. In many Asian countries language is the first variable of choice, and the specific language used in an ad can help to identify its intended customers. Select and study five different audio-visual advertisements of cars in South-East Asia. Try to identify the core values portrayed, and note how the ads are similar to or different from those of another country.
- 11.11.** Find five ads promoting green products or activities and explain whether you believe each one is effective or not.

Key Terms

- acculturation 298
- American core values 303
- consumer socialization 298
- content analysis 300
- culture 294
- depth interview 301
- enculturation 298
- field observation 301
- focus group 301
- formal learning 298
- Gordon Survey of Personal and Interpersonal Values 302
- green marketing 312
- informal learning 298
- instrumental values 302
- interpersonal values 302
- materialism 306
- participant-observers 301
- personal values 302
- ritual 299
- ritualistic behavior 299
- Rokeach Value Survey 302
- symbol 299
- technical learning 298
- terminal values 302
- VALS 302

12

Subcultures and Consumer Behavior

Learning Objectives

- 1 To understand the subcultures within the United States and their relationships to American culture.
- 2 To understand the influence of nationality and ethnicity subcultures on consumer behavior.
- 3 To understand the impact of religious affiliations on consumer behavior.
- 4 To understand the influence of regional characteristics on consumer behavior.
- 5 To understand age and generational influences on consumer behavior.
- 6 To understand the influence of gender on consumer behavior.

ASUBCULTURE is a group that shares certain beliefs, values, and customs and exists within a larger society. A subculture can stem from a person's ethnicity, religion, geographic location, age, or gender. Older consumers—who represent a subculture based on age—are a lucrative market segment because the American population is aging faster than the birth rate and life expectancy has been rising. Savvy companies have been adapting their products to the specific needs of older persons. For example, Kohler—a marketer of bathroom and kitchen products—introduced Elevance, a line of products designed to provide greater safety and independence (Figure 12.1). The Elevance Rising Wall Bath features an extra-wide opening, chair-height seat, integrated grab bar, and easy-to-lift rising wall. To enter the bathtub, the person sits on a comfortable seat, turns on the water, slides legs into the tub, and easily raises the wall until it latches (the wall has a double seal to ensure that no water spills out).

Diana Schrage—a senior interior designer at Kohler—said: "Physical and mental differences vary greatly from the moment of birth and are not just a factor of age. It is important to recognize that imperfect vision, hearing impairment, and limited mobility are a part of *all* life. A lever faucet handle is easy to operate with arthritis but equally easy to operate as a child. Grab bars stabilize an older person with less muscle tone but also stabilize the child who may slip and fall in a wet environment. Intent with products that serve the older consumer is the same as intent with market in general—what is the best experience a person can have with our product? How can the product be a joy to use? How can the consumer have their bathing needs met with the best designed, best functioning product possible?"¹

Kohler's online video states that "Elevance helps you achieve the independence you desire," and features "added accessibility," "a stylish alternative to a traditional walk-in bath," and "a natural bathing experience." The description mentions no specific bathing problems—such as safely—but focuses on the solutions. Repeatedly, it stresses the benefits



Source: Kohler Co.

FIGURE 12.1 Kohler's Elevance®

of the product and its advantages over traditional bathtubs. The product's unique features benefit all consumers, regardless of age. Although people become more frail and

prone to falling while bathing as they age, younger individuals also benefit from products that provide a safer wet environment.

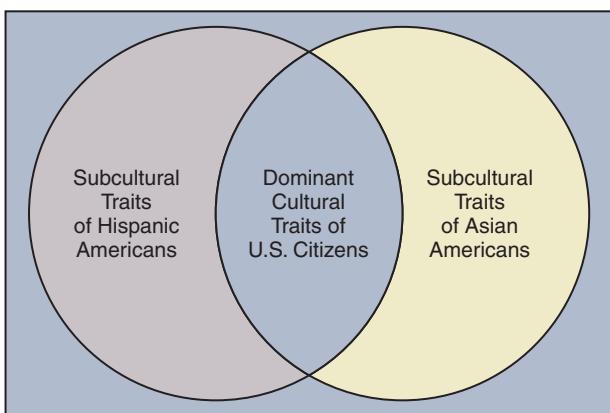
Culture and Subcultures

Learning Objective

- To understand the subcultures within the United States and their relationships to American culture.

This chapter explores the marketing opportunities created by subgroups that share certain beliefs, values, and customs and exist within the larger U.S. society. Subcultures are based on sociocultural and demographic variables, such as nationality, religion, geographic locality, ethnicity, age, and gender. When marketers single out a subculture, they must often modify the product to better meet the needs of the targeted consumers and also change the marketing message to suit the subculture's values and tastes. For instance, when targeting the Hispanic subculture, companies often supplement their English-language advertising with ads in Spanish, which are more effective than the English ads when targeting this rapidly growing market segment.

A society's cultural profile includes two elements: (1) The unique beliefs, values, and customs of specific subcultures; and (2) the core cultural values and customs that are shared by most of the population, regardless of specific subcultural memberships. Figure 12.2 presents a model of the relationship between two subcultural groups (Hispanic Americans and Asian Americans) and the larger or "more general" culture. As the figure shows, each subculture has its own unique traits, yet both groups share the dominant traits of the overall American culture.



Source: "2008 Hispanic Fact Pack" A supplement to Advertising Age July 28, 2008, 49.

FIGURE 12.2 Culture and Subcultures

Most Americans belong to more than one cultural group. For example, a 10-year-old girl might be African American, Baptist, a preteen, and a Texan. Membership in each different subculture provides its set of specific beliefs, values, attitudes, and customs. Subcultural analysis enables marketers to identify the sizeable and subcultural segments. Subcultures are dynamic—for example, the ethnic groups that comprise the U.S. population have been changing in size and economic power. The Caucasian white population of the United States, which made up 72% of Americans in the year 2011, is projected to decline to about 46% of the U.S. population by the year 2050.² The U.S. Census Bureau has estimated that by 2042, "Americans who identify themselves as Hispanic, black, Asian, American Indian, Native Hawaiian and Pacific Islander will together

outnumber non-Hispanic whites.³ Frequently, California is called a “window on America’s future,” and its multicultural or combined minority is now the state’s majority population.

The following sections examine several subcultures stemming from nationality, ethnicity, religion, geographic regions, age, and gender.

Nationality and Ethnicity Subcultures

Learning Objective

- 2 To understand the influence of nationality and ethnicity subcultures on consumer behavior.

America’s immigrants brought with them cultural values and lifestyles that blended into the American culture (i.e., the “melting pot” concept). Each cultural ancestry has blended, to some extent, into America’s diversity, which many believe to be the country’s key strength. The 2010 U.S. Census reveals that between 2000 and 2010, nearly 13% of the American population was foreign born (5.6% are naturalized citizens and 7.3% are currently noncitizens).⁴ Still further, Queens County (one of the five boroughs that make up the City of New York) is one of the most multicultural counties in America, and 46% of its residents were born outside of the United States.⁵ When it comes to consumer behavior, “ancestral pride” is manifested in the consumption of ethnic foods, travel to the “homeland,” and the purchase of cultural artifacts (ethnic clothing, art, music, foreign-language newspapers). The three primary ethnic subcultures in America are Latinos or Hispanics, African Americans, and Asian Americans.

Savvy companies recognize subcultures in targeting consumers. For example, in one campaign, Kmart included spots that featured African American, Asian American, Hispanic, Anglo-American, and multi-ethnic families.⁶ Figure 12.3 depicts the ethnic composition of the largest cities in the United States. Marketers must take into account ethnicities’ media usage patterns. One study showed discovered pronounced differences in TV viewing, as shown in Figure 12.4.

Latino (Hispanic) Consumers

The 2010 U.S. Census found that 53% of all foreign-born U.S. citizens were from Latin America; these persons represent 15% of the U.S. population, and their number is estimated to become 30% of the U.S. population by the year 2050 (i.e., about 133 million).⁷ In 2011, Latino Americans had an estimated purchasing power approaching \$1.2 trillion, and 4 million Hispanic Americans had annual incomes of \$75,000 or more.⁸ In contrast to other American population segments, Hispanic Americans are younger: In 2006, when almost 34% of Hispanics were under 18 years of age, only 25% of the U.S. population was under 18. The median age for Hispanics is 27 years of age, whereas the median age for all of America is 36 years.⁹ Hispanic Americans have larger families, and many live in extended family households consisting of several generations of family members. Hispanic households have more children than black or non-Hispanic American white families with children, and spend more time caring for their children.¹⁰

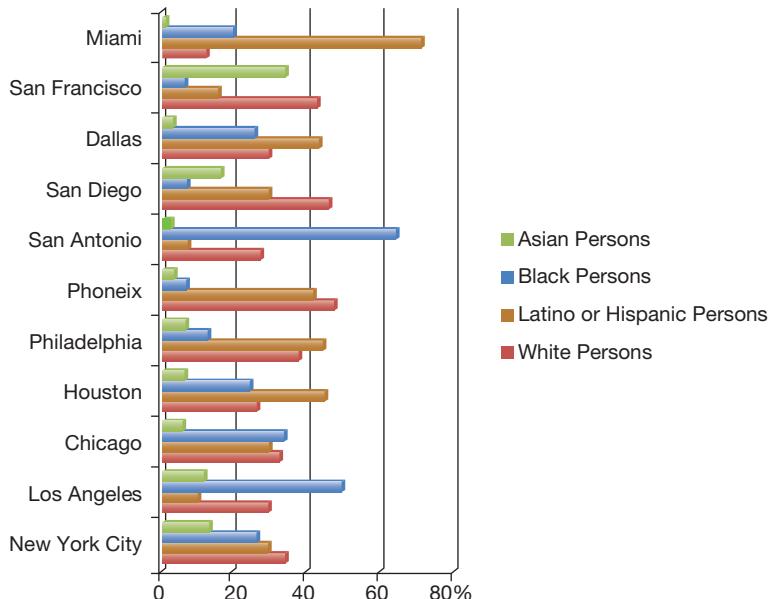


FIGURE 12.3 The Ethnic Composition (Percentages) of the Largest Cities in the United States

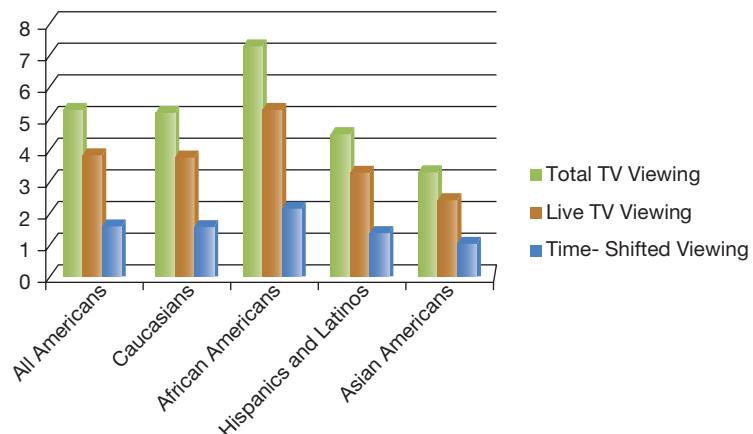


FIGURE 12.4 Ethnicity and Daily TV Viewing (Hours)

It is estimated that by 2020, only 34% of Hispanics living here will be foreign-born first generation; 36% will be U.S.-born second-generation children of immigrants, and 30% will be third-generation children of U.S.-born Hispanics.¹¹ In terms of acculturation, only 20% of the Hispanic/Latino market has recently migrated to the United States and speak only Spanish. Of the remaining 80%, some 20% speak only English and 60% speak both Spanish and English. Of the more than 44 million Latino Americans, 77% live in the 7 states that have a Hispanic population of 1 million or more (California, Texas, New York, Florida, Illinois, Arizona, and New Jersey). Still further, while Hispanics represented 42% of New Mexico's total population, the highest percentage of any state, some counties in North Carolina, Georgia, Iowa, Arkansas, Minnesota, and Nebraska are between 6 and 25% Hispanic.¹²

Some consider all Latinos as one subculture because of the common language. However, there are twelve distinct Hispanic subgroups in the United States. The three largest Hispanic subcultural groups are Mexican Americans (about 67% of America's Latinos), Puerto Ricans (8%), and Cubans (4%). These subcultures are heavily concentrated geographically, with more than 70% of their members residing in California, Texas, New York, and Florida; Los Angeles alone is home to one-fifth of the Hispanic population of the United States. Whereas more than 60% of all Mexican Americans (the largest Hispanic group) were born in the United States, 72% of Cuban Americans were born in Cuba.

Hispanic consumers have a strong preference for well-established brands, and traditionally prefer to shop at smaller stores. However, as Hispanics acculturate, they become less brand loyal and shop differently than they used to.¹³ In New York City, many Hispanic consumers preferred to buy food in bodegas—small food specialty stores located in Spanish neighborhoods—despite lower food prices in supermarkets. However, as they adopt American customs, most Latinos in the United States begin buying food in supermarkets rather than small stores. Young Latinos are fashion conscious, loyal to well-known brands, and like the same brands as other young Americans. A study reported that female Hispanic high school students had a higher “need for uniqueness” than non-Hispanic females. Thus, marketers might appeal to some young Hispanics with advertising focused on nonconformity and independence.¹⁴ The number of Hispanic households with Internet access has been increasing annually.¹⁵ In fact, 78% of English-dominant Hispanics and 76% of bilingual Hispanics are Internet users.¹⁶ Some evidence indicates that many Hispanics prefer Web content that reflects the culture of their country of origin. Older Latinos are not impulse shoppers, and many are suspicious of marketers.

Marketers targeting Latinos must be aware that identifying Hispanic consumers is complex. Some identify themselves as Latino because of their surnames or the fact that Spanish is their first language. From a marketing viewpoint, the best way to target a Hispanic market is on the basis of the group's degree of personal ethnic identification. Some marketers use Spanish to cater to Latinos. For example, Ford started promoting its Flex, a crossover vehicle, with product placement that had the car “starring” in Telemundo’s 22-episode mini-novella *Amores de Luna*. Ford’s message was aimed at a new type of Hispanic consumer known as the Nuevo Latino, a 30- to 39-year-old bicultural consumer who strongly identifies with the Hispanic ethnicity but increasingly embraces American customs and norms.¹⁷ In recent years, Miller Lite has made soccer a priority in order to attract Hispanic beer drinkers, including striking a sponsorship deal with the Chivas de Guadalajara team of the Primera Division soccer league in Mexico.¹⁸

Jeep, a company with a strong American identity and rich history, uses the concept of lineage to target Hispanic consumers. The ad in Figure 12.5 appeals to the unique identity and ancestry of Hispanics and creates a bond between the legacy of Jeep and the Hispanic subculture.

FIGURE 12.5 Jeep Is Targeting Hispanic Consumers



Courtesy of Chrysler Group LLC

African American Consumers

According to the latest U.S. Census, the African American population of the United States consists of 42 million persons, and is estimated grow to 70 million African Americans by 2050.¹⁹ This represents approximately 13.6% of the overall U.S. population. African Americans currently constitute the second largest minority in the United States (after Latinos), and have a purchasing power estimated to have reached \$1 trillion. It is also important to note that more than half of African American consumers are less than 35 years of age.²⁰ Generally, the consumption of African Americans consumers is a function of their social standing rather than ethnicity. Nevertheless, compared with all American consumers, African Americans consumers prefer leading brands, are brand loyal, and are unlikely to purchase private-label and generic products. One study found that almost two-thirds of African Americans were willing to pay more to get “the best,” even for brands that were relatively unknown. The study also reported that successful African Americans often bought high fashions and name brands to demonstrate their success and social advancement.²¹ African Americans account for more than 30% of spending in the \$4 billion hair care market, and they spend more on telephone services than any other consumer segment. Still further, they spend an average of \$1,427 annually on clothing for themselves, which is \$458 more than all U.S. consumers.²² Similarly, African American teens spend more on clothing and video games than all U.S. teens and were more brand loyal.²³

Radio One’s study (“Black America Today”) found that 64% favor businesses that give back to the black community, 49% prefer buying brands that are respectful of the black culture, and 33% favor brands that are popular with their culture.²⁴ One of Radio One’s research report—“Black America Today”—identified some eleven segments for characterizing the African American market.²⁵ For example, there is the “Black Is Better” segment who shops in drugstores, convenience stores, and price clubs monthly; whereas the “New Middle Class” segment spends more than the other African American segments in terms of shopping on the Internet.

Approximately \$400 million of the \$1.7 billion spent annually on ads reaching out to African Americans is spent on magazine advertising, which includes such publications as Black Enterprise, Ebony, Essence, Jet, and Vibe. Because of the importance of “black media” to African American consumers, many marketers supplement their general advertising expenditures with ads placed in magazines, newspapers, and other media directed specifically to African Americans. Still further, Internet usage among African Americans is the same as among all Americans (68% of African Americans are online versus 71% of all Americans), and two-thirds of African Americans shop online.²⁶ The madd ad in Figure 12.6 targets African Americans and also portrays changes in the traditional gender roles.

Table 12.1 indicates that there are significant differences among Anglo-white, African American, and Hispanic American consumers in the purchase, ownership, and use of several product categories.²⁷ These findings support using nationality and ethnicity as segmentation bases.



Source: MADD

FIGURE 12.6 Targeting African Americans and Portraying Changes in Gender Roles

TABLE 12.1 Comparison of Purchase Patterns of Anglo-White, African American, and Hispanic American Households (100 represents the average for the U.S. population)

PRODUCT/ACTIVITY	ANGLO-WHITE	AFRICAN AMERICAN	HISPANIC AMERICAN
Breath fresheners	95	128	105
Body powder	93	157	99
Massage/last 6 months	105	70	80
Chewing gum	96	117	113
Ready-to-drink iced tea	90	149	121
Car rental—business use	96	127	78
Own luggage	108	74	67
Frozen main course	108	87	72
Play bingo	102	111	91
Raise tropical fish	103	107	72
Religious club member	105	107	65
Attend a movie 2–3 times a month	93	118	132

(Continued)

TABLE 12.1 Comparison of Purchase Patterns of Anglo-White, African American, and Hispanic American Households (Continued)

PRODUCT/ACTIVITY	ANGLO-WHITE	AFRICAN AMERICAN	HISPANIC AMERICAN
Basketball, participate	89	165	102
Bicycling—mountain, participate	113	36	80
Fishing—freshwater, participate	115	50	52
Martial arts, participate	90	138	105
Bowling, attend	102	116	74
Own a handgun	119	31	52
Foreign travel for personal reasons	90	74	137
Foreign travel for vacation or honeymoon	104	55	99

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Asian American Consumers

There are approximately 17 million Asian Americans, representing 5.6% of the U.S. population, and they are the fastest-growing American minority, with some estimates showing that their numbers will reach 35 million by 2050. In 1990, there were 6.9 million Asian Americans; in 2000, there were 11.9 million. According to the 2010 Census, the largest nationalities within America's Asian population were Chinese (3.79 million), Filipino (3.41 million), Indian (3.18 million), Vietnamese (1.73 million), Korean (1.7 million), and Japanese (1.3 million). Thus, unlike Latinos, Asian Americans do not share a common language and are a highly diverse market segment. The Asian American population is greatly urbanized, with nearly three-quarters of them living in metropolitan areas with population greater than 2.5 million. The three metropolitan areas with the highest Asian American populations are the Greater Los Angeles Area, the New York metropolitan area, and the San Francisco Bay Area (see Figure 12.3). The most striking characteristics of Asian Americans is a high level of educational attainment. As shown in Figure 12.7A, the percentages of all Americans with college and advanced degrees is significantly smaller than the corresponding percentages for Asians (Figure 12.7B).

Asian Americans are largely family oriented, highly industrious, and strongly driven to achieve a middle-class lifestyle. They are an attractive market for an increasing numbers of marketers. During a recent year, Asian American households had the highest median income in the United States, at \$65,637. Two years later, the median household income of Asian Americans had increased to \$67,022. As with educational achievement, economic prosperity is not uniform among all Asian American groups. Census figures also show that an average white male with a college diploma earns around \$66,000 a year, whereas similarly educated Asian men earn around \$52,000 a year.

Asian Americans, on a per capita basis, more often own their own businesses than non-Asian American minorities. Those who do not own their own businesses are largely in professional, technical, or managerial occupations. Additionally, many Asian Americans are young and live a good part of their lives in multi-income households. Asian Americans also are likely to be more computer literate than the general population.

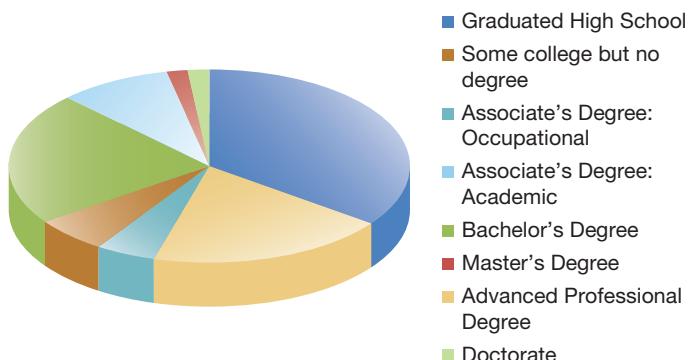


FIGURE 12.7A Educational Attainment of All Americans

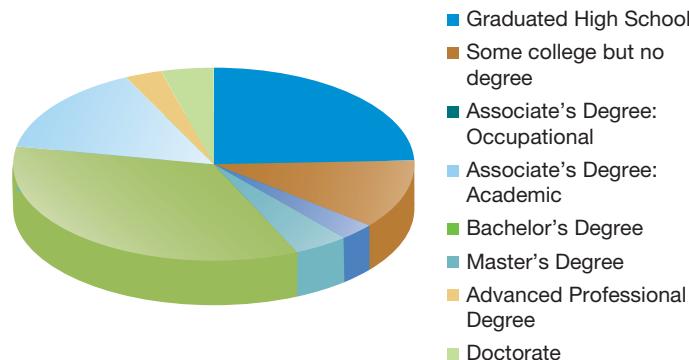


FIGURE 12.7B Educational Attainment of Asian Americans

English-speaking Asian Americans are more likely than other Americans to get their news and information online. In addition, Asian American households are more likely than Hispanic and African American households to have Internet access.²⁸ During the decade of the 1990s, the buying power of Asian Americans increased about 125%, to more than \$250 billion, and some believe it has reached \$530 billion.²⁹ Asian Americans value quality (and associate quality with well-known, upscale brands). They tend to be loyal customers, are frequently more male oriented when it comes to consumption decisions, and welcome the American retailers who target them.

Asian Americans are really drawn from diverse cultural backgrounds. Therefore, although Asian Americans have many similarities, marketers should avoid treating Asian Americans as a single market, because they are so far from being homogeneous. For example, Vietnamese Americans are more likely to follow the traditional model in which the man makes the decisions concerning large purchases; however, Chinese American husbands and wives are more likely to share in the decision-making process. Vietnamese Americans also frown on credit, because in their culture owing money is viewed negatively. In contrast, Korean Americans and Chinese Americans, especially those who have been in the United States for years, accept using credit because they see it as “the American way.”

The use of Asian American models in advertising is effective in reaching this market segment. Research reveals that responses to an ad for stereo speakers featuring an Asian model were significantly more positive than responses to the same ad using a Caucasian model. Additionally, the percentage of Asian Americans who prefer advertisements that are not in English varies among different Asian American groups. For instance, 93% of Vietnamese consumers prefer ad messages in the Vietnamese language, whereas only 42% of Japanese Americans prefer ad messages in Japanese.³⁰ Aware of the increasing importance of the Asian American market, Procter & Gamble has named its first Asian American advertising agency, and Walmart has begun running TV commercials in Mandarin, Cantonese, and Vietnamese, as well as Filipino print ads.³¹ In contrast, though, it is important to note that according to the most recent Census, almost 80% of Asian Americans speak English “very well,” with 20% indicating that they speak only English.

Religious Subcultures

Learning Objective

- 3 To understand the impact of religious affiliations on consumer behavior.

The United States reportedly has more than 200 different organized religious affiliations (or subcultures). Of this number, Protestant denominations, Roman Catholicism, Islam, and Judaism are the principal organized religious faiths. The members of all these religious groups at times make purchase decisions that are influenced by their religious identity. Commonly, consumer behavior is directly affected by religion in terms of products that are symbolically and ritualistically associated with the celebration of various religious holidays. For example, Christmas has become the major gift-purchasing season of the year.

Several studies examined the impact of consumers' religion on their consumer behavior. Born-again Christians are the fastest-growing religious affiliation in America (they make up about 72 million of the 235 million Christians in the United States). Moreover, born-again Christians are generally defined as individuals “who follow literal interpretations of the Bible and acknowledge being born again through religious conversion.” From a marketer’s perspective, born-again Christians are fiercely loyal to a brand that supports their causes and viewpoint.³²

A study of Jewish consumers found no significant differences with respect to brand loyalty and word-of-mouth between American Jews and non-Jews.³³ Religious requirements or practices do, however, sometimes take on an expanded meaning. For instance, dietary laws for an observant Jewish family represent an obligation, so there are toothpastes and artificial sweeteners that are kosher for Passover. The *U* and *K* marks on food packaging are symbols that the food meets Jewish dietary laws. For nonobservant Jews and an increasing number of non-Jews, however, these marks often signify that the food is pure and wholesome—a kind of “Jewish Good Housekeeping Seal of Approval.” Packaging and print ads for food items that are kosher display a *K* or a *U* inside a circle and sometimes the word “*parve*.” This word tells shoppers that the product is kosher and that it can be eaten with either meat or dairy products (but not both).

In response to the broader meaning given to kosher-certified products, a number of national brands, such as Coors beer and Pepperidge Farm cookies, have secured kosher certification for their products. A kosher Manhattan steak house, the Prime Grill, claims that about half of its clientele are non-Jews, but offers a menu that “just happens to be kosher.”³⁴

Targeting specific religious groups with specially designed marketing programs can be profitable. For instance, the Shaklee Corporation, a multilevel marketer of the Shaklee Performance drink mix, recruits salespeople from a variety of different religious groups (e.g., Hasidic Jews, Amish, and Mennonites) to sell its products to members of their communities.³⁵

Regional Subcultures

Learning Objective

- 4 To understand the influence of regional characteristics on consumer behavior.

The United States is a large country, one that includes a wide range of climatic and geographic conditions. Given the country’s size and physical diversity, it is only natural that many Americans have a sense of “regional identification” when comparing and describing themselves to others (e.g., “he is a true Southerner”). Anyone who has traveled across the United States has probably noted many regional differences in consumption behavior, especially when it comes to food and drink. For example, a “mug” of black coffee typifies the West, whereas a “cup” of coffee with milk and sugar is preferred in the East. There also are geographic differences in the consumption of staple foods, such as bread. Specifically, in the South and Midwest, soft white bread is preferred, whereas on the East and West coasts, firmer breads (rye, whole wheat, and French and Italian breads) are favored. Regional differences also include brand preferences. Why do you suppose Skippy is the best-selling brand of peanut butter on both the East and West coasts, while Peter Pan sells best in the South and Jif sells best in the Midwest?

One study illustrated the differences in product purchase, ownership, and usage levels that occur among major metropolitan areas, which marketers can use in targeting urban consumers:³⁶

1. New York:

- Lowest purchase/usage of energy drinks
- Highest purchase/usage of frozen yogurt
- New York metropolitan area ranked first in ordering anything from catalog, mail order, phone, and use of Internet for shopping

2. Boston:

- Lowest purchase/usage of massage past six months
- Attend movie
- Highest purchase/usage of frozen pizza
- Attend adult educational courses, baseball games, watch TV
- Boston metropolitan area ranked seventh terms of ordering anything from catalog, mail order, phone, and Internet

3. Chicago:

- Not the lowest in any of the categories examined
- Highest purchase/usage of energy drinks and board games
- Chicago metropolitan area ranked fourth in terms of ordering anything from catalog, mail order, phone, and Internet

4. Atlanta:

- Lowest purchase/usage of adult education courses
- Highest purchase/usage of mouthwash
- Atlanta metropolitan area ranked sixth in terms of ordering anything from catalog, mail order, phone, and Internet

5. San Francisco:

- Lowest purchase/usage of board games and video games
- Highest purchase/usage of massage in past six months; recycle products
- San Francisco metropolitan area ranked seventh in terms of ordering anything from catalog, mail order, phone, and Internet

6. Los Angeles:

- Lowest purchase/usage of energy drinks
- Highest purchase/usage of frozen yogurt
- Los Angeles metropolitan area ranked ninth in terms of ordering anything from catalog, mail order, phone, and Internet

A **national brand** is a brand that is available in all fifty states, although the market shares of most brands vary among geographic regions. A beer company's website states that "The U.S. beer market operates as a series of smaller, very different markets, and the company uses a marketing strategy tailored to the different conditions of each market."³⁷ These differences in market share across geographic markets may be the result of such factors as the common marketing practice of putting more merchandising dollars in markets that sell more.³⁸ Also, the availability of scanner data has allowed marketers to reallocate resources (e.g., moving inventory around the country and shifting ad expenditures) geographically and increase profitability.³⁹

While geographic differences in sales and market share are common for many brands of consumer packaged goods in the United States, brands in nations, many smaller nations do not exhibit similar regional differences.⁴⁰ However, larger and more diversified countries, such as large Asian nations, are highly diverse geographically. A study conducted in mainland China found that urban children were more skeptical toward advertising than rural children.⁴¹ Another study found that rural consumers' favorite product category was food, whereas urban consumers considered their computers their favorite possessions.⁴² A study of Indian consumers found that regional differences stemming from various geographic, topological, and cultural factors—including values, motives, and lifestyle—were important determinants of both consumption and nonconsumption behaviors.⁴³

Generational (Age) Subcultures

Learning Objective

- 5 To understand age and generational influences on consumer behavior.

According to the U.S. Census, there are 317 million Americans. Figure 12.8 shows the generational classification of the U.S. population and the proportion of each generation. Each generation is a distinct subculture and market segment, because its members have unique priorities and purchase patterns. For instance, don't you listen to different music than your parents and grandparents, dress differently, read different magazines, enjoy different TV shows, and visit different websites? Important shifts occur in an individual's demand for products and services as he or she goes from being a dependent child to a retired senior citizen. In this section we describe the consumption patterns and impact of technology on the following age (or generational) subcultures: Generation Z, Generation Y, Generation X, Baby Boomers, and older Americans.

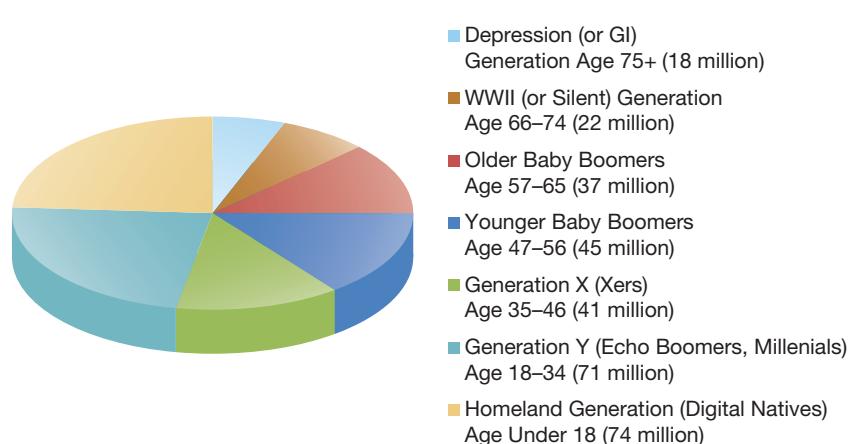


FIGURE 12.8 The Generation within the United States (millions)

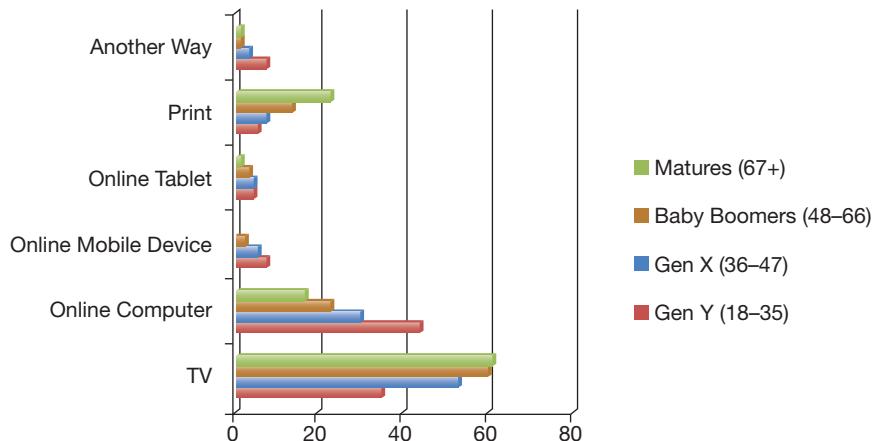


FIGURE 12.9 Age and Sources of News Information (percentages)

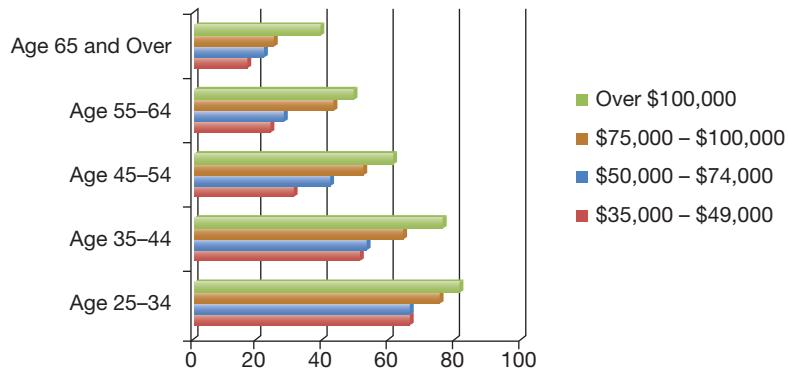


FIGURE 12.10 Using Smartphones: Age and Household Income (percentages)

Technology is now the primary force driving consumer behavior. As shown in Figures 12.9 and 12.10, Americans of all generations have incorporated technologies into their lives. Generational differences in use of technology are discussed throughout this chapter.

Generation Z: Persons Born from 1997 to the Present

Generation Z (Homeland Generation, Digital Natives) is the cohort of people born from 2000 to the present day. Members of Gen Z are highly “connected,” having had lifelong exposure to and use of communication and media technology like the Internet, instant messaging, text messaging, and mobile phones. Gen Z is the most diverse American generation ever, consisting of 54% Caucasian, 24% Hispanic, 14% African American, 4% Asian, and 4% mixed race/other. It is also the last generation to have a Caucasian majority in the U.S. Gen Z persons are more likely than older generations to have social circles that include people from different ethnic groups, races, and religions. Experts expect Gen Z members to be the first generation to earn less than their parents, because they are growing up in a period of fundamental changes in the wealth distribution in the U.S.

Teens and Tweens

This generation consists of two markets: **Teens** are those aged 13 to 17 and **tweens** are aged 8 to 12. Marketing to teens and tweens means targeting lucrative, elusive, and fickle customers. Marketers must understand a variety of lifestyles that morph into and out of each other and change quickly and unpredictably. Teens and tweens are not alike. Teens are more independent in their behavior and less reliant on their parents than tweens are for day-to-day decisions. Teens are beginning to develop the characteristics and behaviors of adulthood, while tweens still share many traits with their younger siblings. Families are more important to tweens in terms of their social lives as well.

In the past, teens and tweens were often lumped together with younger children, such as those age 6 to 11 or 5 to 12. Therefore, some marketers have alienated them, most often by talking down to them. Teens and tweens like companies whose messages are tailored directly to them. Marketers who effectively tailor products and brands to the needs and desires of this target market will succeed in making them customers. Tweens tend to be more brand loyal and teens more brand skeptical. Technology is the center of both groups' lives and they fully accept technological innovation and obsolescence. Among teens and young adults, surfing the Internet is the primary leisure activity. Most teens and tweens create content on the Internet and use social networking sites. They go to the mall to socialize and buy things. The average teen or tween earns close to \$30 per week from all sources, and 30% of teens and tweens are involved in family purchase decisions on items such as cable providers and cell phone service. All told, teens spend about \$160 billion annually, whereas tweens have buying power at about one-quarter of that.⁴⁴

Among 13- to 17-year-olds, YouTube was the most popular way to listen to music, with 64% using it. Radio was next, with 56%, followed by iTunes (53%), CDs (50%), and Pandora (35%). Among adults, the most popular ways to listen to music were radio (67%), CDs (61%), YouTube (44%), Pandora's custom radio service (32%), and Apple iTunes (29%).⁴⁵

One study identified the psycho-demographic variables related to *connectedness* with reality television among preteens and teens. The results showed that young people who greatly valued popularity and physical attractiveness were more likely to feel connected to reality-television programs. In contrast, teens who were more interested in excitement were less likely to be connected to reality programming. The value of excitement was unrelated to connectedness among preteens. These results are important to marketers because viewers with a high level of connectedness to a program are more likely not only to view the program, but also to watch it in real time and without time shifting. Marketers can develop more effective strategies by understanding connectedness, rather than relying only on demographics.⁴⁶

Generation Y: Born Between 1980 and 1996

Generation Y (Echo Boomers, Millennials) are people born between 1980 and 1996. However, some include people born in the late 1970s and late 1990s in this cohort. Gen Y members grew up with technology and embraced it. They are attracted to higher levels of stimulation and are bored easily. They are more confident than other generations were at their age, because of growing up in child-centric households, a youth-oriented society, and the American emphasis on self-esteem. As consumers, they want faster product turnover, personally relevant promotions, and interactive marketing platforms. Many want to design their own products, build and manage their own networks, and rate products.

Millennials are the largest users of cell phone and text messaging. Research found that 63% of Gen Y use text messaging, compared with only 31% of members of Gen X. In today's cell phone market, 76% of 15- to 19-year-olds and 90% of consumers in their early 20s regularly use text messaging, ringtones, and games. In contrast, only 18% of cell phone users in their 40s, and 13% in their 50s use such features regularly.⁴⁷ Gen Y adults do not respond to marketing the same way their parents did, and the most effective way to reach them are messages online and cable TV.⁴⁸ Through the use of instant messaging, blogs, chat rooms, social networking, and so on. For Gen Y, a "community" is an entity located in virtual space.⁴⁹ Figure 12.11 shows the primary online activities of Gen Y.⁵⁰

Generation Y, like all generations, is not a uniformed group in terms of values and priorities. One researcher identified six segments of Millennials:

1. **Hip-ennials:** They believe that they can have an impact on the world and make it better. They are aware of what's going on globally, give to charity, and search for information regularly. Although they read social media content, they do not produce it.
2. **Millennial Moms:** They enjoy traveling, getting in shape, and treating their "children" as they were treated (pampered). They are confident, very family oriented, and proficient in technology. They participate in social networks online and are very attached to their peer groups.
3. **Anti-Millennials:** They care mostly about their businesses and their families, and avoid the Millennial "norms." They do not buy green products like most Millennials do. They seek comfort instead of change, whereas most Millennials embrace different activities to make life more interesting.
4. **Gadget Gurus:** They are always looking for the next big gadgets, usually from Apple, and will stand in line to get them first. They are highly egotistical, wired, free spirited, and laid back.

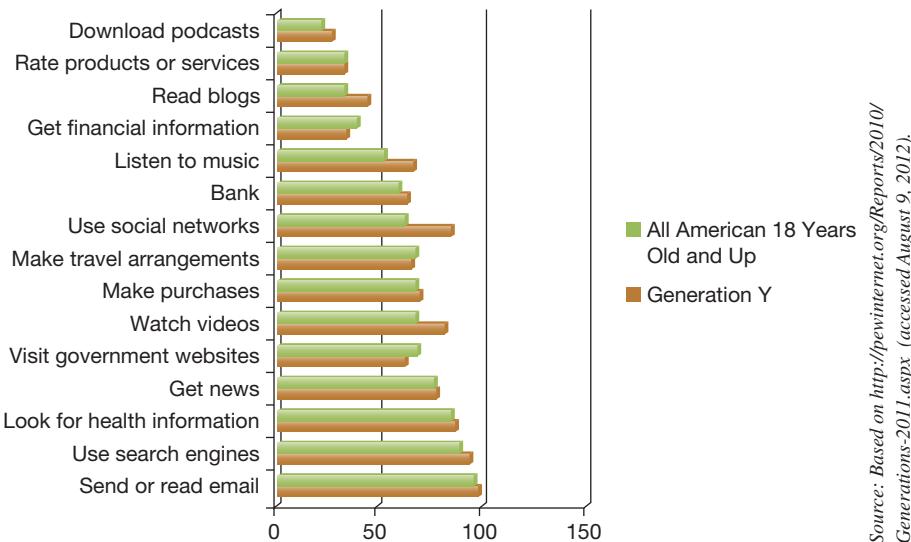


FIGURE 12.11 Generation Y Online (percentages)

Source: Based on <http://pewinternet.org/Reports/2010/Generations-2011.aspx> (accessed August 9, 2012).

They often create content online and tweet continuously. Gadget Gurus are male dominated and single because they live in their own world.

5. Clean and Green Millennials: They take care of themselves and support others. They are driven by social causes, ecological issues, philanthropy, and positive outlooks on life.
6. Old-School Millennials: They did not adopt many of the typical Millennial rituals, like updating their Facebook pages during meals. They would rather meet people in person than online or through text, and read books instead of blogs. They are independent and self-directed, whereas most Millennials want mentors and constant feedback.

Generation X: Born Between 1965 and 1979

Generation X (Xers) consists of about 50 million individuals born between 1965 and 1979. As consumers, they represent a market with a spending power in excess of \$1 trillion. They do not like labels, are cynical, and generally do not want to be singled out and marketed to. Unlike their parents, the Baby Boomers, they are in no rush to marry, start a family, or work excessive hours to earn high salaries. For Generation X consumers, job satisfaction is typically more important than salary. It has been said, for example, that “Baby Boomers live to work, Xers work to live!” Xers reject the values of older coworkers who quite often neglect their families while striving to secure higher salaries and career advancement, and many have observed their parents getting laid off after many years of loyalty to their employers. Therefore, they are not particularly interested in long-term employment with a single company, but instead prefer to work for a company that can offer some work-life flexibility and can bring some fun aspects into the environment. Xers understand the necessity of money but do not view salary as a sufficient reason for staying with a company—the quality of the work itself and the relationships built while on the job are much more important. For Generation X, it is more important to enjoy life and have a lifestyle that provides freedom and flexibility.

The following is a list of some additional traits and/or lifestyle factors that can help us better understand the nature and make-up of Xers:⁵¹

- 62% are married
- 29.7 million are parents
- 51% of children under 18 living at home are in households headed by an Xer
- 31% of Xers have earned a college degree
- 81% of Xers are employed full-time or part-time
- 37% of Gen Xers’ mothers worked outside the home when the kids were growing up

Members of Generation X are sophisticated consumers. Although many claim that they are not materialistic, they do purchase prestigious and pricey brands, but not necessarily designer labels. They want to be recognized by marketers as a group in their own right and not as mini–baby boomers.

Therefore, advertisements targeted to this audience must focus on their style in music, fashions, and language. One key for marketers appears to be sincerity. Xers are not against advertising, but strongly oppose insincerity.

The media exposure patterns of Baby Boomers and Xers are different. Specifically, while 65% of those aged 50 to 64, and 55% of 30- to 49-year-olds read a newspaper regularly, only 39% of younger Xers regularly read a newspaper.⁵² Xers are the MTV generation and therefore use the Internet more than any other age cohort. For example, 60% of Xers have tried online banking, whereas only 38% of Generation Y members have tried online banking.⁵³

Hotel chains are also making changes in their offerings to better attract the Gen X travelers, the fastest-growing group of hotel patrons. Marriott, for example, is remodeling rooms to include flat-panel LCD TVs, high-speed Internet access, ergonomic desk chairs, and high thread-count sheets.⁵⁴ Additionally, Xers are generally dissatisfied with most current shopping malls—they want to do more than just shop. For instance, Xers seek to be able to eat a proper sit-down meal at the mall, rather than “grab something quick” at the food court.

Being online comes easy to Xers. They grew-up with the advantages of computer technology, and spending time online and searching for information is an essential part of their daily lives. They see computers and cell phones and technology as “friendly” tools for managing their time, and feel that the Internet has had a great and positive impact on society. Figure 12.12 describes the online activities of members of Generation X.

Baby Boomers: Born Between 1946 and 1964

The term **Baby Boomers** refers to the age segment of the population that was born between 1946 and 1964. These 78 million or so baby boomers represent more than 40% of the U.S. adult population, which makes them a much sought-after market segment. In comparison, during the 19 years that followed the 19 years of the baby boom, only 66 million Americans were born (many refer to the “baby bust” of the 1970s).

In addition to their generation’s size, baby boomers are marketers’ most desirable target market because of several reasons:

1. They constitute about 50% of all those in professional and managerial occupations and more than one-half of those have at least one college degree.
2. They are a large and distinctive age category (the term “Baby Boomers” was probably the first distinct and universally recognized name of an American generation).
3. They frequently make similar purchase decisions that influence entire categories of consumer goods.

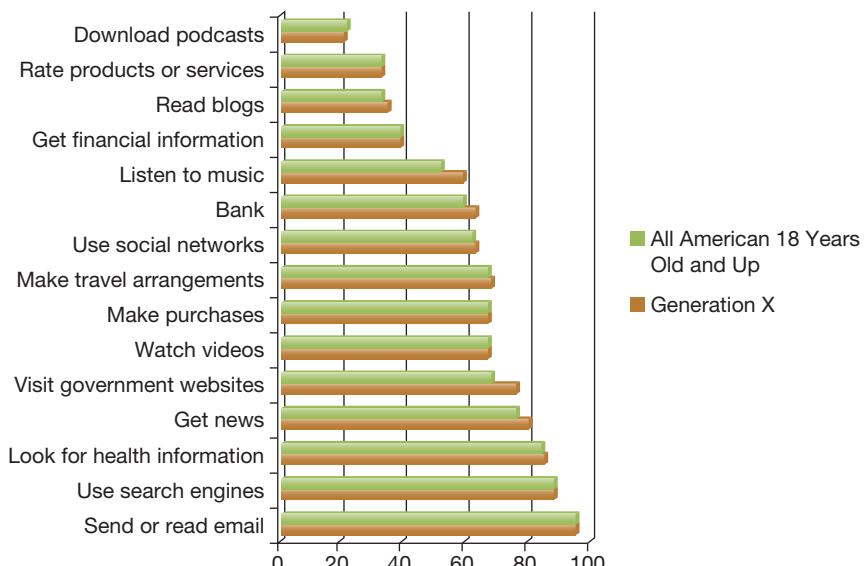


FIGURE 12.12 Generation X Online (percentages)

Source: Based on <http://pewinternet.org/Reports/2010/Generations-2011.aspx> (accessed August 9, 2012).

4. They include trendsetting, upwardly mobile professionals who have influenced the consumer tastes of all age segments.
5. They account for nearly half of consumer packaged goods spending and control between 65% and 75% of the disposable income in the United States.⁵⁵
6. In the year 2010, fully one-third of all Americans, 97.1 million of them, were over 50 years old, and the American Association of Retired Persons (AARP) estimated that U.S. consumers in this age bracket own 80% of U.S. financial assets.⁵⁶

The large increases in health club memberships and a boom in the sales of vitamin and health supplements are evidence that baby boomers are trying hard to look and feel “young”; they do not want to age gracefully but will fight and kick and pay whatever is necessary to look young. In advertisements, they want to be portrayed as they see themselves—lively and attractive.⁵⁷ Most important to marketers who understand them, they have money and they want to spend it on what they feel advances the quality of their lives.

Baby boomers enjoy buying for themselves, for their residences, and for others. They are consumption oriented. As baby boomers age, the nature of the products and services they need or desire changes. For example, because of the aging of this market segment, sales of “relaxed fit” jeans and “lineless” bifocal glasses are up substantially, as are the sales of walking shoes. Moreover, bank marketers and other financial institutions are also paying more attention to assisting boomers who are starting to think about retirement. Even St. Joseph’s Aspirin has switched its target from “babies to boomers.” Boomers are open-minded and as willing as younger consumers to try new products and services. “Yuppies” – the younger segment among the baby boomers that includes urban, upwardly mobile persons – are the most sought-after subgroup of baby boomers. They are well off financially, well educated, and in professional or managerial careers. Many buy status brand names, such as BMWs or Lexus hybrid cars, Prada shoes and clothing, Rolex watches, expensive adventurous vacations, and scores of pricey gadgets.

Today, though, as manyuppies are maturing, they are shifting their attention away from expensive status-type possessions to travel, physical fitness, planning for second careers, or some other form of new life directions. Indeed, there has been a move away from wanting possessions toward wanting experiences: “boomers today are more interested in doing things than having things.” Still further, boomers are computer literate, with 70% of U.S. 55- to 64-year-olds using the Internet (compared, for example, to 11% for the same age cohort in Spain).⁵⁸

Life after Retirement

While some baby boomers do not look forward to retirement, others do. People’s outlooks about retiring are related to their levels of fulfillment during their professional careers, their accumulated financial resources, and their health status. Some researchers examine the relationship between baby boomers’ job satisfaction and attitudes toward retirement. Table 12.2 details one study that identified

TABLE 12.2 Postretirement Segments and Marketing Opportunities

POSTRETIREMENT SEGMENTS	MARKETING OPPORTUNITIES
Unrewarded: People electing to retire “after unrewarding careers” often look forward to retiring. They view it as a fresh start and are inspired by the opportunity to pursue activities and interests that they could not pursue while working. Nevertheless, they may need some help in deciding to what to pursue.	Retirees are receptive to professional postretirement counseling services (e.g., local YMCA or colleges/universities) offering programs for “adjusting to” and “making discoveries” as to postretirement living. They respond positively to advice and training associated with selecting hobbies, travel, and nondegree coursework.
Mixed Feelings: People retiring after satisfying careers have strong mixed feelings about retirement. On the one hand, they are not euphoric about leaving their jobs, but, at the same time, they look forward to devoting more time to leisure pursuits.	Retirees seek and respond to advice as to how they can deal with lifestyle issues: travel, nondegree, or degree coursework in educational institutions. They travel, and attend seminars designed to provide guidance in selecting appropriate hobbies and enriching adult education courses.
Resentful: People who are forced to retire (e.g., mandatory retirement at a fixed age) often see leaving their careers as losing their self-esteem or identity.	Retirees would benefit from counseling as to the pros and cons of various retirement options, including many of the ones mentioned earlier.
Slowing Down: People for whom retirement signals the beginning of old age and a time to slow down.	Retirees who have already arranged life after retirement. Would benefit from training sessions for retiring employees designed to help them adjust and replace work with leisure activities.

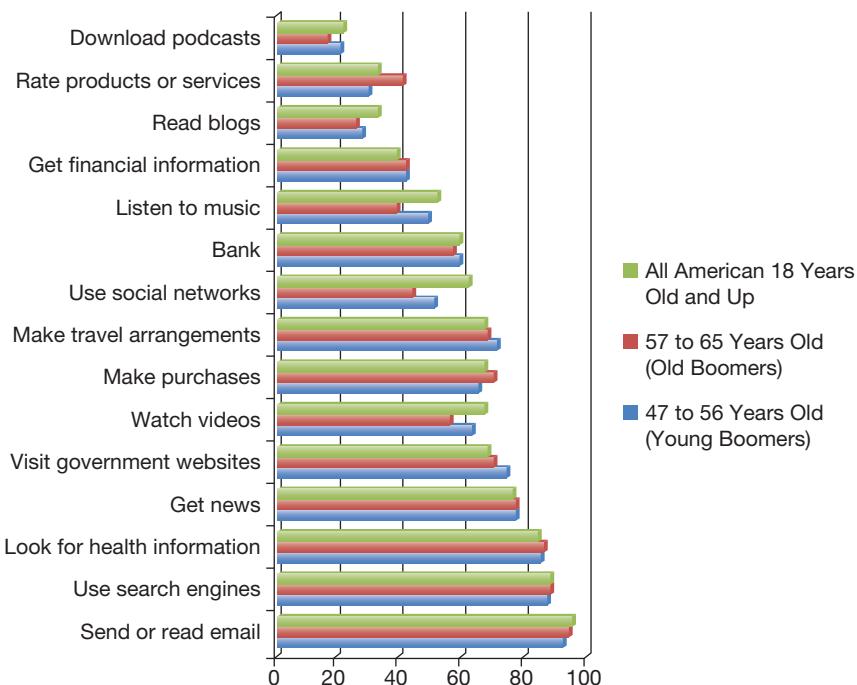


FIGURE 12.13 Baby Boomers Online (percentages)

Source: Based on <http://pewinternet.org/Reports/2010/Generations-2011.aspx> (accessed August 9, 2012).

four senior segments regarding adjustment to retirement. It then adds our thinking as to corresponding “marketing opportunities.”⁵⁹ Marketers often divide baby boomers into two groups: Old and young. The online activities of both segments are shown in Figure 12.13.⁶⁰

Older Consumers

America is aging. A large proportion of the baby boomers have already turned 60, with plenty more to come in the next decade. There 43 million Americans age 65 and over and it is anticipated that, by 2050, more than 88 million Americans (20% of the total population) will be 65 years of age or older.⁶¹ In addition, from the start to the end of the twentieth century, life expectancy in the United States rose from about 47 years to 77 years; whereas a 65-year-old in 1900 could expect, on average, to live about 12 more years, a 65-year-old in 2002 can expect about 18 more years of life.⁶²

It should also be kept in mind that “later adulthood” (i.e., those who are 50 years of age or older) is the longest adult life stage for most consumers (i.e., often 29 or more years in duration). This is in contrast to “early adulthood” (i.e., those who are 18 to 34 years of age), a stage lasting 16 years; and “middle adulthood” (i.e., those who are 35 to 49 years of age), a stage lasting 14 years. Remember that people over the age of 50 constitute about one-third of the adult U.S. market.

Some incorrectly view older consumers as people without substantial financial resources, in generally poor health, and with plenty of free time on their hands. In fact, more than 30% of men and more than 20% of women aged 65 to 69 are employed, as are 19% of men and 12% of women aged 70 to 74. Additionally, millions of seniors are involved in the daily care of a grandchild, and many do volunteer work. The annual discretionary income of this group amounts to 50% of the discretionary income of the United States, and these older consumers spend \$200 billion a year on major purchases such as luxury cars, alcohol, vacations, and financial products. Americans over the age of 65 now control about 70% of the net worth of American households.⁶³

Cognitive versus Chronological Age

Driving the growth of the elderly population are three factors: The declining birthrate, the aging of the huge baby boomer segment, and improved medical diagnoses and treatment. In the United States, “old age” is officially assumed to begin with a person’s sixty-fifth birthday (or when the individual qualifies for full Social Security and Medicare). However, people over age 60 view themselves as being 15 years younger than their chronological age.

Cognitive age is a person's perception of how old he or she is. Marketers realize that people's perceptions of their ages are more important in determining behavior than their chronological ages. One study identified several dimensions of cognitive age:

1. ***Feel Age*** —how old one feels.
2. ***Look Age*** —how old one looks.
3. ***Do Age*** —how involved a person is in activities favored by his or her age group cohort.
4. ***Interest Age*** —how similar a person's interests are to those of others in his or her age group. The results indicated that the majority of older consumers perceived themselves as younger (cognitive age) than their chronological age.⁶⁴ For marketers, these findings underscore the importance of looking beyond chronological age to perceived or cognitive age when appealing to mature consumers and to the possibility that cognitive age might be used to segment the mature market.⁶⁵

Segmenting Older Consumers

Older consumers are not a homogeneous subcultural group. Gerontologists have determined that older persons are more diverse in interests, opinions, and actions than other segments of the adult population.⁶⁶ Although this view runs counter to the popular myth that the elderly are uniform in terms of attitudes and lifestyles, both gerontologists and market researchers have repeatedly demonstrated that age is not necessarily a major factor in determining how older consumers respond to marketing activities. One segmentation scheme partitions the elderly into three chronological age categories:

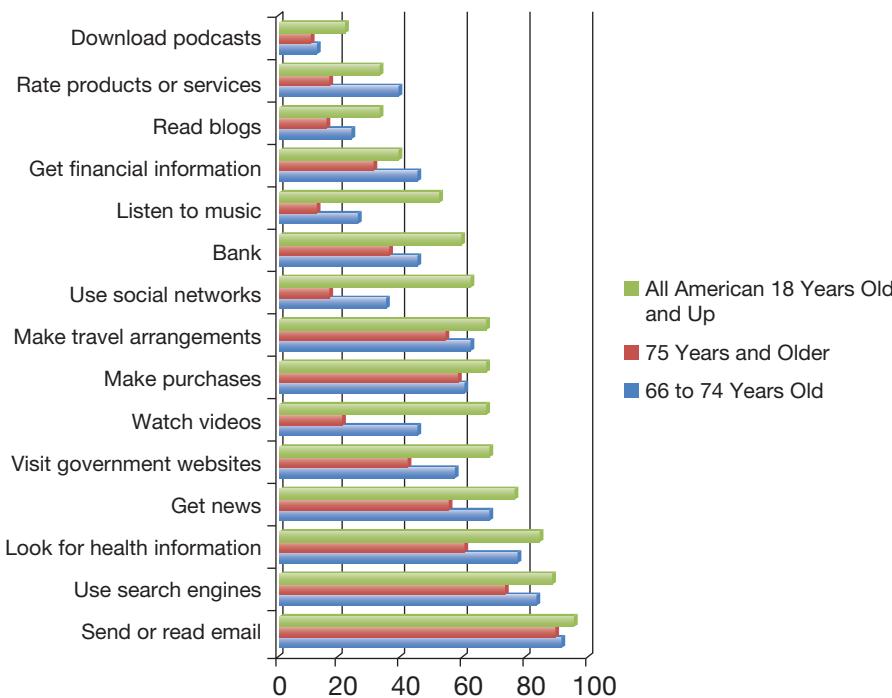
1. ***The young-old*** – age 65 to 74.
2. ***The old*** – age 75 to 84.
3. ***The old-old*** – age 85 and older.

A study of elderly consumers' "quality-of-life orientation" identified a distinct group of older persons, which the researchers named the "new-age elderly."⁶⁷ The new-age elderly are individuals who feel, think, and do according to a cognitive age that is younger than their chronological age. They retire later than other elderly and feel more in control of their lives. They are self-confident in making consumer decisions and view themselves as more knowledgeable and alert consumers. Many are "selectively innovative" and only adopt innovations that truly enhance their lives. They seek new experiences and challenges over new possessions or things. They are satisfied and feel financially secure. To marketers, these findings indicate the significance of using cognitive rather than chronological ages when targeting older consumers.

Older Consumers and Technology

Although some people might think of older Americans as individuals who still use rotary phones and are generally resistant to change, this stereotype is far from the truth. Few older consumers are fearful of new technology, and there are more Internet users over the age of 50 than under the age of 20. Research studies have found that those over 55 are more likely than the average adult to use the Internet to purchase books, stocks, and computer equipment and that 92% of surfing seniors have shopped online.⁶⁸ In fact, older Internet users (aged 65 and older) are the fastest-growing demographic group with respect to the U.S. Internet market. Fifty-eight percent of Americans 66 to 74 years old and 30% of those 75 years old and up go online regularly. Figure 12.14 shows older Americans' online activities.⁶⁹

Older persons have discovered that the Internet is a great way to communicate with friends and family members living in other states, including grandchildren in college. They also found out that it is an excellent source of information about stock prices, health and medication-related information, entertainment, and a sense of community. There is a relationship between the amount of time an older adult spends on the Internet and his or her level of out-of-home mobility (using the Internet may serve as a substitute for going out of the house). Having a computer and modem "empowers" older consumers, allowing them to regain some of the control that was lost due to the physical and/or social deterioration in their lives. For example, a consumer can pay bills, shop, and email friends. This may be part of the reason why the AARP claims that 2 million of its members are computer users.⁷⁰

**FIGURE 12.14** Older Americans Online

Source: Based on <http://pewinternet.org/Reports/2010/Generations-2011.aspx> (accessed August 9, 2012).

Promotional Appeals Targeting Older Consumers

Older consumers are open to being marketed to, but only for the “right” kinds of products and services and using the “right” advertising presentation. For example, older models are underrepresented in advertisements and, when they do appear, are often shown as being infirm or feeble. Part of the problem, according to some writers on the subject, is that the advertising professionals who create the ads are often in their twenties and thirties, and have little understanding of or empathy for older consumers. Seniors often want to be identified not for what they did in the past but by what they would personally like to accomplish in the future. Retirement or moving to a sunbelt community is viewed as the opening of a new chapter in life, not a quiet withdrawal from life. In the same vein, the increase in the number of older adults taking vacation cruises and joining health clubs signifies a strong commitment to remaining functionally young. Research has also found that when considering how to advertise to seniors, older adults have a higher liking for and better recall of emotional appeals (younger consumers have a higher liking for and recall of rational appeals).⁷¹

For some products and services, seniors do exhibit different shopping habits than younger consumers. For example, when shopping for a car, older consumers consider fewer brands, fewer models, and fewer dealers. They also are more likely to choose a long-established brand of automobile.⁷² Older shoppers tend to be more store loyal than younger age groups, especially with respect to supermarkets. In addition, the importance of factors like store location (e.g., distance from home) is often a function of the senior’s health status. The aging process can be difficult for consumers. Many elderly consumers do not hear as well as they did when they were younger, and many do not see as well. Jars and bottles that are easy for a 30-year-old to open often present problems when an 80-year-old tries to open them. Although some marketers have redesigned their products to make them easier for the elderly to cope with, many more product redesigns are needed. To provide an example, consider the following:

When 80-year-old Martha Smith wants to boil a cup of water in her microwave, she turns the dial to the popcorn setting and hits “start.” Unable to easily adjust the digital timer on the device, she repeats this three times before it is warm enough for a cup of tea. Martha has become a master of various microwave recipes, all measured in terms of how many “popcorns” it takes to cook the food.⁷³

Diana Schrage, a senior interior designer at Kohler, suggested that product designers try out what it is like to be older: “Experience what it is like to have limited vision—put Vaseline on Dollar Store glasses. Put duct tape on your knuckles and try to manipulate various controls. Use crutches/walkers and try to carry things. Visit a nursing home.”⁷⁴

Gender Subcultures

Learning Objective

- 6 To understand the influence of gender on consumer behavior.

One study has reported that men and women exhibit different reactions to identical print advertisements. Women show superior affect and purchase intention toward ads that are verbal, harmonious, complex, and category oriented. In contrast, men exhibit superior affect and purchase intention toward ads that are comparative, simple, and attribute oriented. Consequently, it may be best, where feasible, to advertise differently to men and women. Gender plays an important role with respect to shopping motives. Female shoppers tend to be more prone to such shopping motives as uniqueness and assortment seeking, social interaction, and browsing. Women are more loyal to local merchants than their male counterparts. This suggests that local merchants could use such insights to create advertising messages that are gender specific. It is also important to note that women generally control a substantial portion of the a household's expenditures and the family's spending. Because of this, women are frequently a household's "chief purchasing officer" or "chief financial officer."

Consumer Products and Gender Roles

Within every society, it is quite common to find products that are either exclusively or strongly associated with the members of one sex. In the United States, for example, shaving equipment, cigars, pants, ties, and work clothing were historically male products; bracelets, hair spray, hair dryers, and sweet-smelling colognes generally were considered feminine products. For most of these products, the sex role link has either diminished or disappeared (see Figures 9.1 and 12.6). For instance, although women have historically been the major market for vitamins, men are increasingly being targeted for vitamins exclusively formulated for men. Furthermore, in the past few years men have exhibited more of an interest in personal health and wellness, closing the gap with women in regard to these areas of personal concern. Marketers have realized that over the past decades the number of men who are the primary grocery shoppers for their households has grown steadily. One study showed that men under the age of 60 considered grocery shopping as gender neutral more frequently than older men, whereas many men 40 believed that the purchase of technical products (e.g., computers, cell phones, digital cameras) was gender neutral.⁷⁵

Depictions of Women in Media and Advertising

Many women feel that the media and advertising create an expectation of beauty that most women can never achieve. Consequently, they want the "definition" of beauty to change. Dove has responded to this concern in its ongoing advertising campaign that has been challenging the "traditional portrayal of beauty" and offering a realistic portrayal of women. Indeed, women have voiced a very positive reaction to the ad messages that focus on "real women"—with gray hair, wrinkles, and flawed skin. Importantly, the campaign lets women know that beauty comes in many sizes, shapes, and ages. Moreover, it avoids the unrealistic conclusion that by using Dove's product a woman will start looking like the beautiful (and heavily Photoshopped) models appearing in most other beauty and makeup firms' advertising.

Working Women

Many marketers are interested in women who work outside of the home, especially married working women. They recognize that married working women are a large and growing market segment—one whose needs differ from those of women who do not work outside the home (frequently self-labeled "stay-at-home moms"). It is the size of the working woman market that makes it so attractive: Nearly 60% of American women (16 years of age and older) are in the labor force; more than half of all women with children under the age of one are working; and more than three-quarters of these women are mothers with children at home. When the time spent on everything that a working woman has to accomplish in a day is added together (e.g., work, child care, shopping, cooking), it constitutes a very long day!

To provide a richer framework for segmentation, marketers have identified segmentation categories that differentiate the motivations of working and nonworking women. For instance, a number of studies have divided the female population into four segments:⁷⁶

1. Stay-at-home housewives.
2. Plan-to-work housewives.

3. Just-a-job working women.
4. Career-oriented working women.

There is an important distinction between “just-a-job” and “career-oriented” working women. “Just-a-job” women work because the family requires the additional income, whereas “career-oriented” women are driven more by a need to achieve and succeed in their chosen careers.

With more female than ever before graduating college and joining the workforce, the number of competitive, career focused women has risen quickly. Forecasts indicate that more and more women would become the chief executives of mid-size or major corporations.

From the preceding discussion, we can identify the major some forces that have played a part in motivating more women to increasingly seek managerial positions, including positions as a firm’s CEO:

1. As women have increasingly sought to become CEOs of major companies, their attainment of such positions is now occurring at an even faster pace and is now a more popular option.
2. Nearly 40% of working wives are currently out-earn their husbands (past success of female executives has increasingly demonstrated that more and more of them have skill sets that would make them good CEOs).
3. It has also been proposed that increased use of birth control (starting with the advent of “the Pill” in the 1960s) set off a trend that still encourages women to seek a career, and to delay marriage and child rearing.
4. Today, women commonly account for up to as much as 60% of the enrollment in U.S. colleges, and earn more masters and doctoral degrees than men.⁷⁷

Table 12.3 summarizes a study that idendified three segments of working women.⁷⁸

TABLE 12.3 Segmenting Working Women

THE INDIE (INDEPENDENT) WOMAN

- Single, 28 to 34 years old, with a median income of \$33,200 and college degree.
- Busy building her career and loves it. Puts off marriage and having kids because she does not want to have obligations to others.
- Does not believe in being settled by the time she's 25.
- Likes to work late, go out late, and come and go as she pleases.
- Views weddings more as parties than as an obligatory step toward building a family, and may even have a child before marriage.
- Fashion is an indication of her success. She aspires to buy luxury brands across categories like travel, clothes, jewelry, and automobiles (e.g., Chanel, Prada, Ritz-Carlton and BMW). Yet, she loves to shop for bargains.
- Considers her virtual image as important as her real-world one. Heavy social media user, mostly via mobile devices.

THE MOM ACHIEVER

- Working mother, 35 to 45 years old, with a median income of \$75,000.
- Highly driven, has advanced degrees, and earned executive jobs.
- Applies her professional knowledge and ethics to being a mom.
- Has a hard time leaving her job behind (can't wait to get back to work on Monday).
- Would choose a 50% pay raise over 50% more time with her kids.
- Spends a lot of money on herself, mostly on prestige beauty products and services. Most influenced by online reviews in deciding what to buy.
- Spends little time on research before buying high-end products, but is also thrifty and looks for discount websites.

THE ALPHA GODDESS

- Working mother, 55-to-64-year-old, with a median income of \$69,000.
- “With age comes wisdom.” Knows what she wants and has the resources to get it.
- Loves to lavish gifts on her family, but her top purchases are for herself (e.g., luxury cars, travel, prescription drugs).
- Buys expensive fragrances and is influenced by celebrity endorsements.
- Confident in her relationships. Whether married, widowed, divorced, or never married, she does not view a single life as a stigma.
- Very receptive to new technologies, especially smartphones. Some use online sources to find dates and new relationships.
- Watches more TV than other age groups, but is not a captive audience. While watching TV, she shops online, texts or reads books and magazines.
- Unlikely to compromise on either love or sexual attractiveness in order to have a committed relationship.

Summary

Learning Objective 1: To understand the subcultures within the United States and their relationships to American culture.

Subcultural analysis enables marketers to segment their markets to meet the specific needs, motivations, perceptions, and attitudes shared by members of a specific subcultural group. A subculture is a distinct cultural group that exists as an identifiable segment within a larger, more complex society. Its members possess beliefs, values, and customs that set them apart from other members of the same society; at the same time, they hold to the dominant beliefs of the overall society. Major subcultural categories in the United States include nationality and ethnicity, religion, geographic location, age, and gender. Each of these can be broken down into smaller segments that can be reached through special copy appeals and selective media choices. In some cases (such as the elderly consumer), product characteristics should be tailored to the specialized needs of the market segment. Because all consumers simultaneously are members of several subcultural groups, the marketer must determine how specific subcultural memberships interact to influence the consumer's purchases of specific products and services.

Learning Objective 2: To understand the influence of nationality and ethnicity subcultures on consumer behavior.

The three ethnic subcultures in the United States that constitute unique market segments are Hispanics (or Latinos), African Americans, and Asian American consumers.

Latinos represent 15% of the U.S. population, and their number is estimated to become 30% of the U.S. population by the year 2050. They have an estimated purchasing power approaching \$1.2 trillion, larger families, and many live in extended family households consisting of several generations of family members.

African American population of the United States consists of 42 million persons, and is estimated to grow to 70 million African Americans by 2050. African Americans have a purchasing power estimated to have reached \$1 trillion. It is also important to note that more than half of African American consumers are less than 35 years of age. Generally, the consumption of African Americans consumers is a function of their social standing rather than ethnicity.

There are approximately 17 million Asian Americans, representing 5.6% of the U.S. population, and they are the fastest-growing American minority, with some estimates showing that their numbers will reach 35 million by 2050. The largest nationalities within America's Asian population are Chinese, Filipino, Indian, Vietnamese, Korean, and Japanese. Asian Americans do not share a common language and are a highly diverse market segment. The Asian American population is greatly urbanized, and the three metropolitan areas with the highest Asian American populations are the Greater Los Angeles Area, the New York metropolitan area, and the San Francisco Bay Area. The most striking characteristics of Asian Americans is a high level of educational attainment.

Learning Objective 3: To understand the impact of religious affiliations on consumer behavior.

The United States reportedly has more than 200 different organized religious subcultures. Of this number, Protestant denominations, Roman Catholicism, Islam, and Judaism are the principal

organized religious faiths. The members of all these religious groups at times make purchase decisions that are influenced by their religious identity. Commonly, consumer behavior is directly affected by religion in terms of products that are symbolically and ritually associated with the celebration of various religious holidays.

Learning Objective 4: To understand the influence of regional characteristics on consumer behavior.

The United States is a large country that includes a wide range of climatic and geographic conditions, and Americans have a sense of regional identification and use it as a way of describing themselves and others. These labels often assist us in developing a mental picture and supporting a "stereotype" of the person in question. There are geographic differences in the consumption of staple foods, and brand preferences. National brands are products that are available in all fifty states, although the market shares of most brands vary among geographic regions.

While geographic differences in sales and market share are common for many brands of consumer packaged goods in the United States, brands in nations that are smaller in geographic area do not exhibit similar regional differences. However, the consumer behavior in more diversified countries, such as large Asian nations, varies significantly among regions.

Learning Objective 5: To understand age and generational influences on consumer behavior.

According to the latest U.S. Census, there are 317 million Americans. Each generation constitutes a distinct subculture and market segment, because its members have unique priorities and purchase patterns. Important shifts occur in an individual's demand for products and services as he or she goes from being a dependent child to a retired senior citizen. The primary age groups applicable to market segmentation are Generations X, Y, and Z, Baby Boomers, and older Americans.

Generation Z is the cohort of people born from 1997 to the present day. Members of Gen Z are highly "connected," having had lifelong exposure to and use of communication and media technology. Gen Z is the most diverse American generation ever, and is the last generation to have a Caucasian majority in the U.S. Gen Z persons have social circles that are much more diverse than older generations' and include people from different ethnic groups, races, and religions. Marketers expect Gen Z members to be the first generation to earn less than their parents, because they are growing up in a period of economic uncertainty.

Generation Y are people born between 1980 and 1996. Gen Y members grew up with technology and embraced it. They are attracted to higher levels of stimulation and are bored easily. They are more confident than other generations were at their age, because of growing up in child-centric households, a youth-oriented society, and the American emphasis on self-esteem. As consumers, they want faster product turnover, personally relevant promotions, and interactive marketing platforms. Many want to design their own products, get involved with messaging through their own networks and rate products. The most effective way to reach Gen Y persons is by messages appearing online and cable TV. Gen Y persons are the heaviest users of text messaging and smartphones.

Generation X consists of about 50 million individuals born between 1965 and 1979. As consumers, they represent a market with a spending power in excess of \$1 trillion. They do not like labels, are cynical, and generally do not want to be singled out and marketed to. Unlike their parents, the baby boomers, they are in no rush to marry, start a family, or work excessive hours to earn high salaries. For Generation X consumers, job satisfaction is typically more important than salary. Therefore, they are not particularly interested in long-term employment with a single company, but instead prefer to work for a company that can offer some work-life flexibility and can bring some fun aspects into the environment. They want to be recognized by marketers as a group in their own right and not as mini–baby boomers.

Baby Boomers were born between 1946 and 1964. These 78 million or so baby boomers represent more than 40% of the U.S. adult population, which makes them a much sought-after market segment. They constitute about 50% of all those in professional and managerial occupations and more than one-half of those have at least one college degree. They are a large and distinctive age category (the term “baby boomers” was probably the first distinct and universally recognized name of an American generation). They frequently make similar purchase decisions that influence entire categories of consumer goods. They include trendsetting, upwardly mobile professionals who have influenced the consumer tastes of all age segments. They account for nearly half of consumer packaged goods spending and control between 65% and 75% of the disposable income in the United States. In the year 2010, fully one-third of Americans, 97.1 million of them, were over 50 years old, and the American Association of Retired Persons (AARP) estimated that U.S. consumers in this age bracket own 80% of U.S. financial assets.

America is aging. A large proportion of the baby boomers have already turned 60, with plenty more to come in the next decade. In 2006, there were more than 37 million people in this country who are 65 years of age or older (almost 12.5% of the population). Projecting ahead to the year 2050, it is anticipated that more than 88 million Americans (20% of the total population) will be 65 years of age or older. In addition, from the start to the end of the twentieth century, life expectancy in the United States rose from about 47 years to 77 years. Older consumers are not a uniformed group because people age differently in terms of physical mobility, health, financial resources, and attitudes about retiring and getting older. Cognitive age is a person’s perception of how old he or she is. Marketers realize that people’s perceptions of their ages are more important in determining behavior than their chronological ages.

Learning Objective 6: To understand the influence of gender on consumer behavior.

Because gender roles have an important cultural component, it is quite fitting to examine gender as a subcultural category. All societies tend to assign certain traits and roles to males and others to females. In terms of role differences, women have historically been cast as homemakers with responsibility for child care, and men as the providers or breadwinners. Because such traits and roles are no longer relevant for many individuals, marketers are appealing to consumers’ broader vision of gender-related role options. Also, the “gender gap” is narrowing for many areas, products, and behaviors that used to be strongly gender-linked. Marketers are paying particularly close attention to the working-woman segment of society, and investigating the various subgroups in this segment.

Review and Discussion Questions

- 12.1.** Why is subcultural analysis especially significant in a country such as the United States?
- 12.2.** Discuss the importance of subcultural segmentation to marketers of food products. Identify a food product for which the marketing mix should be regionalized. Explain why and how the marketing mix should be varied across geographic areas of the United States.
- 12.3.** How can marketers of the following products use the material presented in this chapter to develop promotional campaigns designed to increase market share among African American, Hispanic, and Asian American consumers? The products are: (a) iPods, (b) ready-to-eat cereals, and (c) designer jeans.
- 12.4.** Asian Americans are a small proportion of the total U.S. population. Why are they an important market segment? How can a marketer of tablet computers effectively target Asian Americans?
- 12.5.** In view of the anticipated growth of the over-50 market, a leading cosmetics company is reevaluating its marketing strategy for its best-selling moisturizing face cream for women. Should the company market the product to younger (under 50) as well as older women? Would it be wiser to develop a new brand and formula for consumers over age 50 rather than trying to target both age groups with one product? Explain your answer.
- 12.6.** Marketers realize that people of the same age often exhibit very different lifestyles. Using the evidence presented in this chapter, discuss how developers of retirement housing can use older Americans’ lifestyles to segment their markets.
- 12.7.** a. How should marketers promote products and services to working women? What appeals should they use? Explain.
b. As the owner of a BMW automobile dealership, what kind of marketing and service strategies would you use to target working women?

Hands-on Assignments

- 12.8.** Identify a group that can be regarded as a subculture within your university or college.
- Describe the norms, values, and behaviors of the subculture's members.
 - Interview five members of that subculture regarding attitudes toward the use of credit cards.
 - What are the implications of your findings for marketing credit cards to the group you selected?
- 12.9.** Interview one baby boomer and one adult Generation Y consumer regarding the purchase of a car. Prepare a report on the differences in attitudes between the two individuals. Do your findings support the text's discussion of the differences between boomers and Gen Y buyers? Explain.
- 12.10.** Many of your perceptions regarding price versus value are likely to be different from those of your parents or grandparents. Researchers attribute such differences to *cohort effects*, which are based on the premise that consumption patterns are determined early in life. Therefore, individuals who experienced different economic, political, and cultural environments during their youth are likely to be different types of consumers as adults. Describe instances in which your parents or grandparents disagreed with or criticized purchases you made. Describe the cohort effects that explain each party's position during these disagreements.
- 12.11.** Find two good and two bad examples of advertising directed toward elderly consumers. To what degree are these ads stereotypical? Do they depict the concept of perceived age? How could these ads be improved by applying some of this chapter's guidelines for advertising to elderly consumers?

Key Terms

- Baby Boomers 331
- cognitive age 334
- Generation X (Xers) 330
- Generation Y (Echo Boomers, Millennials) 329
- Generation Z (Homeland Generation, Digital Natives) 328
- national brand 327
- subculture 318
- teens 328
- tweens 328

13

Cross-Cultural Consumer Behavior: An International Perspective

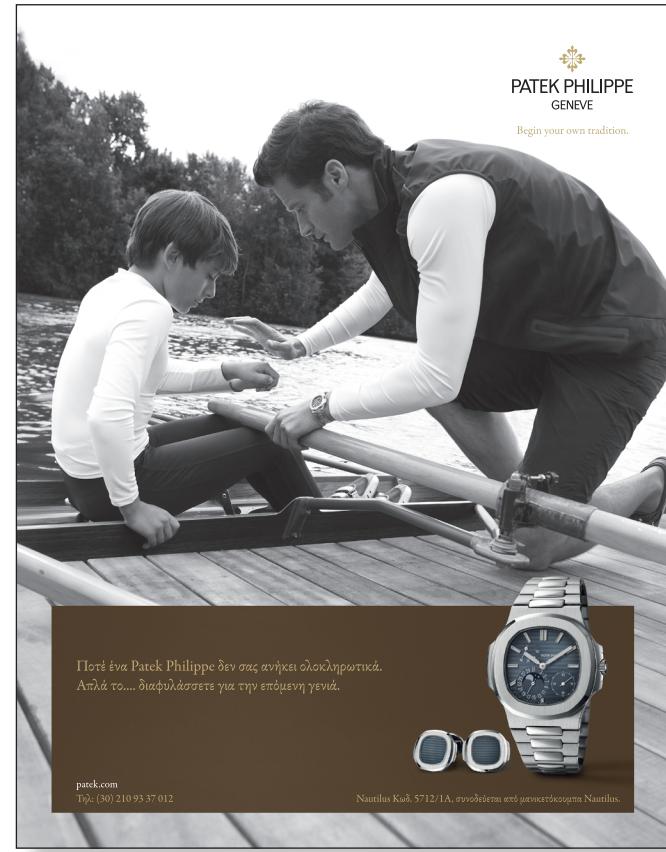
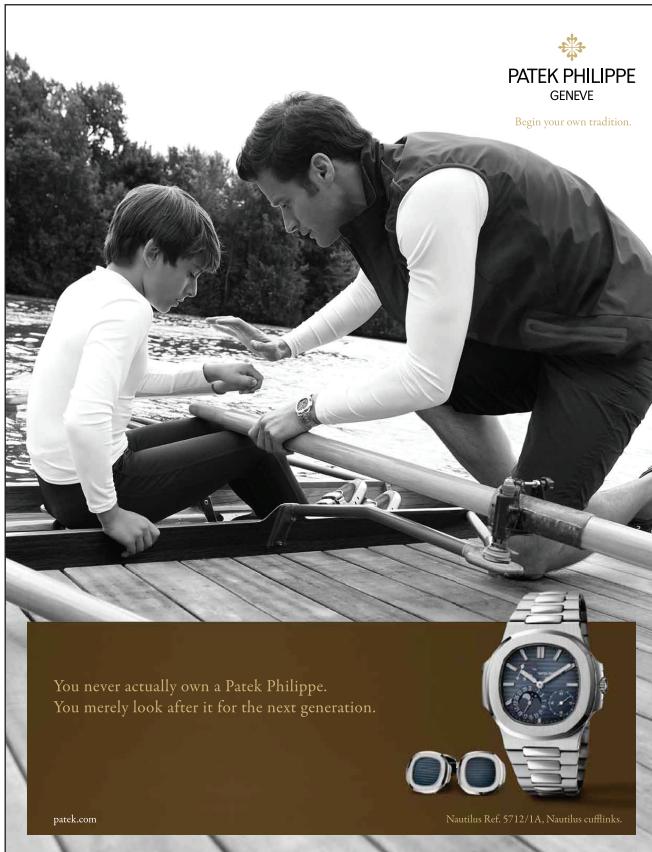
Learning Objectives

- 1 To understand how to study the values and customs of different cultures in order to develop effective marketing strategies.
- 2 To understand how to decide whether to customize products for global markets or to sell standardized ones.
- 3 To understand how to identify global marketing opportunities.
- 4 To understand how to apply psychographics to segmenting multi-national markets.

PATEK PHILIPPE is one of the world's best Swiss timepiece makers. Its prices range from \$15,000 to more than \$1 million, and one of its 1928 models sold for \$3.6 million. Patek Philippe is a **world brand** because its watches are manufactured, packaged, and positioned in exactly the same way regardless of the country in which they are sold. As the ads in Figure 13.1 illustrate, Patek Philippe created a global campaign, where the advertising copy is in different languages, but the message the ads communicate is the same: Patek Philippe is not only a unique watch, but also an heirloom. It is a timeless artifact passed on from one generation to the next. It is exclusive, indispensable, and represents parents' deep and forever lasting bonds with their children, which are universal and cross-cultural truths. Like all of Patek Philippe's ad campaigns, the tagline "Begin your own tradition" originates from the brand's foundation: "You never really own a Patek Philippe. You merely look after it for the next generation."

Not all products, or services, or firms lend themselves to a global marketing strategy. Indeed, Table 13.1 identifies four marketing strategies that are available to firms that sell consumer products across nations and cultures. A **global marketing strategy** consists of selling the same product using the same positioning approach and communications globally. A **local marketing strategy** consists of customizing both the product and the communications program for each unique market. Within this continuum are two **hybrid marketing strategies**, which consist of standardizing either the product or advertising message, while customizing the other one.

The four cells in Table 13.1 represent market growth opportunities. Marketers must conduct cross-cultural consumer analysis to obtain consumer reactions to alternative product and promotional themes, in order to choose the best strategy. For example, Frito-Lay, the U.S. snack-food giant, has been standardizing the promotional messages for its potato



Source: Photograph by Peter Lindbergh for Patek Philippe

FIGURE 13.1 Patek Philippe Globally

TABLE 13.1 Global Marketing Strategies

PRODUCT STRATEGY	COMMUNICATION STRATEGY
STANDARDIZED PRODUCT	STANDARDIZED COMMUNICATIONS Global strategy: Uniform product/uniform message
CUSTOMIZED PRODUCT	Hybrid strategy: Customized product/uniform message Local strategy: Customized product/customized message

This chapter explores consumer behavior across cultures and effective strategies for appealing to consumers around the globe.

chips across the world, but created different flavors for various markets. Thus, across nations and cultures, the top flavors of potato chips are:

1. Lay's Sour Cream & Onion (popular across the world)
2. Dill Pickle (Canada and North America)
3. Mushroom (UK), Garden Tomato & Basil (children across the world)

4. Pepper Relish (Mexico, Central America, Germany, and Western Europe)
5. Classic Potato Chips, Hot and Sour (Asian nations)
6. India's Mint Mischief, Limón (sprinkled with lemon juice and liked by kids)
7. Ruffles Mayonnaise Chips

Cross-Cultural Analysis and Acculturation

Learning Objective

- 1 To understand how to study the values and customs of different cultures in order to develop effective marketing strategies.

Within the scope of consumer behavior, **cross-cultural analysis** is defined as determining to what extent the consumers of two or more nations are similar or different. Such analyses can provide marketers with an understanding of the psychological, social, and cultural characteristics of the non-Americans they wish to target, so that they can design effective marketing strategies for the specific markets. Table 13.2 lists the research issues that should be considered in cross-cultural analysis. Cross-cultural consumer analysis might also include a comparison of subcultural groups (see Chapter 12) within a single country (such as English and French Canadians, Cuban Americans and Mexican Americans in the United States, or Protestants and Catholics in Northern Ireland).

The objective of cross-cultural consumer analysis is to determine how consumers in two or more societies are similar and how they are different. For instance, Table 13.3 presents the differences between Chinese and American cultural traits.¹ Countries like China and Mexico are “collectivistic” (“we”) cultures, whereas the United States and the United Kingdom are “individualistic” (“I”) cultures. A study of “I” versus “we” consumers in Montreal, Canada, found that collectivists rely more on word-of-mouth, preferring information from trusted, familiar sources when forming their expectations regarding airline travel. Individualists, in contrast, rely on unambiguous verbal or written communication, and attach more importance to explicit and implicit promises and third parties.² A study of consumers in Australia (an individualist nation) and Singapore (a collectivist country), found that Singaporean consumers were more responsive to social influence in a hypothetical buying situation than Australian consumers.

TABLE 13.2 Cross-Cultural Analysis

FACTORS	EXAMPLES
Differences in language and meaning	Words or concepts (e.g., “personal checking account”) may not mean the same in two different countries.
Differences in market segmentation opportunities	The income, social class, age, and sex of target customers may differ dramatically between two different countries.
Differences in consumption patterns	Two countries may differ substantially in the level of consumption or use of products or services (e.g., mail-order catalogs).
Differences in the perceived benefits of products and services	Two nations may use or consume the same product (e.g., yogurt) in very different ways.

(Continued)

TABLE 13.2 Cross-Cultural Analysis (Continued)

FACTORS	EXAMPLES
Differences in the criteria for evaluating products and services	The benefits sought from a service (e.g., bank cards) may differ from country to country.
Differences in economic and social conditions and family structure	The “style” of family decision making may vary significantly from country to country.
Differences in marketing research and conditions	The types and quality of retail outlets and direct-mail lists may vary greatly among countries.
Differences in marketing research possibilities	The availability of professional consumer researchers may vary considerably from country to country.

TABLE 13.3 A Comparison of Chinese and American Cultures

CHINESE CULTURAL TRAITS	AMERICAN CULTURAL TRAITS
<ul style="list-style-type: none"> • Centered on a set of relationships defined by Confucian doctrine • Submissive to authority • Ancestor worship • Passive acceptance of fate by seeking harmony with nature • Emphasizes inner experiences of meaning and feeling • A closed worldview, prizes stability and harmony • Culture rests on kinship ties and tradition with a historical orientation • Places weight on vertical interpersonal relationships • Values a person’s duties to family, clan, and state 	<ul style="list-style-type: none"> • Centered on the individual • Greater emphasis on self-reliance • Resents class-based distinctions • Active mastery in the person–nature relationship • Concerned with external experiences and the world of things • An open view of the world, emphasizing change and movement • Places primary faith in rationalism and is oriented toward the future • Places weight on horizontal dimensions of interpersonal relationships • Values the individual personality

Source: Alexander Josiassen, “Consumer Disidentification and Its Effects on Domestic Product Purchases: An Empirical Investigation in the Netherlands,” *Journal of Marketing*, Vol. 75 (March 2011): 124–140.

Moreover, Australian subjects were more internally oriented, whereas Singaporean subjects were more externally oriented. This resulted in Australians attributing more responsibility to themselves for good or bad outcomes of their buying decisions.³

An understanding of the similarities and differences that exist between nations is critical to the multinational marketer who must devise appropriate strategies to reach consumers in specific foreign markets. The greater the similarity between nations, the more feasible it is to use relatively similar marketing strategies in each nation. However, when the cultural beliefs, values, and customs of specific target countries are found to differ widely, then a highly individualized marketing strategy is indicated for each country. As another illustration, in addition to the IKEA furniture company’s generic global website that uses English, the firm also offers a series of localized websites (in selected languages) and other mini-sites (in more languages) that only provide contact information.

A study in four Central European nations (Croatia, the Czech Republic, Hungary, and Poland) found that although these nations are in the same geographic region, national differences would make it unwise to employ the same advertising content and imagery in all four countries.⁴ However, in contrast to these results, other consumer research examining the notion of an Asian regional brand has found that some marketers have been able to create a “multicultural mosaic” for their brand that can “appeal across national boundaries”. They have done this by creating the image of an Asian consumer that is “urban, modern, and multicultural.”⁵

A firm’s success in marketing a product or service in a number of foreign countries is likely to be influenced by how similar the beliefs, values, and customs are that govern the use of the product in the various countries. For example, the worldwide TV commercials and magazine ads of major international airlines (American Airlines, British Airways, Continental Airlines, Air France, Lufthansa, Qantas, Swissair, United Airlines) all depict the luxury and pampering offered to their business-class and first-class international travelers. The reason for their general cross-cultural appeal is that these commercials speak to the same types of individual worldwide—upscale international business travelers—who have much in common.

A study in four countries (United States, United Kingdom, France, and Germany) examined whether there were differences in terms of “consumer style” (i.e., how a consumer approaches the purchase and consumption experience, including attitudes, beliefs, and decision rules about price, value, etc.) in the four nations.⁶ Table 13.4 presents some of the differences among subject participants from the four countries. Based on consumer style, the researchers were able to segment these consumers

TABLE 13.4 “Consumer Styles” in Four Nations**GERMAN CONSUMERS:**

- Less brand loyal
- More price-sensitive
- Least likely to seek variety in products
- Most likely to consider themselves impulsive shoppers
- Least likely to say they dislike shopping

U.S. CONSUMERS:

- More likely to seek new and different products than French and German consumers
- See advertising as more informative than do French and German consumers

UNITED KINGDOM CONSUMERS:

- More likely to seek new and different products than French and German consumers
- See advertising as more informative than do French and German consumers
- See advertising as insulting

FRENCH CONSUMERS:

- Believe shopping is no fun
- Claim to engage in comparison shopping, but are not the most likely to purchase products on sale

TABLE 13.5 Consumer Clusters (Segments) in Four Nations

CLUSTER	FRANCE	GERMANY	UNITED KINGDOM	UNITED STATES
Price-Sensitive Consumers	27.5	38.7	19.3	21.0
Variety-Seeking Consumers	22.0	19.4	22.4	23.3
Brand-Loyal Consumers	30.4	20.0	36.2	22.2
Information-Seeking Consumers	20.1	21.9	22.1	33.5

into four clusters: (1) Price-sensitive consumers, (2) variety-seeking consumers, (3) brand-loyal consumers, and (4) information-seeking consumers, which are described in Table 13.5. Because German consumers, for example, tend to be less brand loyal and more price sensitive than their counterparts from the other three nations in the study, it is not surprising that German participants are underrepresented in the brand-loyal consumer cluster and overrepresented in the price-sensitive cluster.⁷

Measures of Cross-Cultural Aspects

There are several frameworks for assessing consumption-related cultural differences. One study identified the dimensions that cross-cultural studies should address:⁸

1. Judgments regarding the quality of a country’s products.
2. Willingness to buy a country’s products.
3. Ethnocentrism—willingness to buy foreign-made products (see Chapter 3).
4. Perceptions of a country’s consumption culture.
5. Acculturation—identification with a country’s culture.
6. Ethnic self-identification.
7. National self-identification.

Another study investigated the interrelationship between consumers’ attitudes toward local and global products and identified the following relevant dimensions for measuring such attitudes (sample statements for “agree”/“disagree” scales are shown for each item):⁹

1. **Entertainment:** “I enjoy entertainment that is popular in many countries around the world more than traditional entertainment that is popular in my own country.”

“I enjoy traditional entertainment that is popular in my own country as well as entertainment that is popular in many countries around the world.”

2. **Furnishings:** “I prefer to have home furnishings that are traditional in my country rather than furnishings that are popular in many countries around the world.”

“I don’t really like my own country’s traditional home furnishings or furnishings that are popular in many countries around the world.”

3. **Food:** “I enjoy foods that are popular in many countries around the world more than my own country’s traditional foods.”

“I enjoy my own country’s traditional foods as well as foods that are popular in many countries around the world.”

4. **Lifestyles:** “I prefer to have a lifestyle that is traditional in my own country rather than one that is similar to the lifestyle of consumers in many countries around the world.”

“To be honest, I don’t find the traditional lifestyle in my own country or the consumer lifestyle that is similar in many countries around the world very interesting.”

5. **Brands:** “I prefer to buy brands that are bought by consumers in many countries around the world rather than local brands that are sold only in my country.”

“I prefer to buy both local brands that are sold only in my country and brands that are bought by consumers in many countries around the world.”

Another study identified personal cultural orientations that can be used in cross-cultural measurement (a key statement for an “agree”/“disagree” scale is shown for each dimension):¹⁰

1. **Independence:** “I would rather depend on myself than others.”

“My personal identity, independent of others, is important to me.”

2. **Interdependence:** “The well-being of my group members is important for me.”

“I feel good when I cooperate with my group members.”

3. **Power:** “I easily conform to the wishes of someone in a higher position than mine.”

“It is difficult for me to refuse a request if someone senior asks me.”

4. **Social Inequality:** “A person’s social status reflects his or her place in the society.”

“It is important for everyone to know their rightful place in the society.”

5. **Risk Aversion:** “I tend to avoid talking to strangers.”

“I prefer a routine way of life to an unpredictable one full of change.”

6. **Ambiguity Tolerance:** “I find it difficult to function without clear directions and instructions.”

“I prefer specific instructions to broad guidelines.”

7. **Masculinity:** “Women are generally more caring than men.”

“Men are generally physically stronger than women.”

8. **Gender Equality:** “It is OK for men to be emotional sometimes.”

“Men do not have to be the sole breadwinner in a family.”

9. **Tradition:** “I am proud of my culture.”

“Respect for tradition is important for me.”

10. **Prudence:** “I believe in planning for the long term.”

“I work hard for success in the future.”

11. **Consumer Ethnocentrism:** “We should not buy foreign products, because it hurts our economy.”

“Only products that are unavailable in our country should be imported.”

12. **Consumer Innovativeness:** “I am more interested in buying new than known products.”

“I like to buy new and different products.”

Acculturation

Acculturation is the process by which marketers learn—via cross-cultural analysis—about the values, beliefs, and customs of other cultures and then apply this knowledge to marketing products internationally. In fact, acculturation is a dual learning process: First, marketers must learn everything that is relevant to the product and product category in the society in which they plan to market; then they must persuade, or “teach,” the members of that society to break with their traditional ways of doing things and adopt the new product. To gain acceptance for a culturally new product in a foreign society, marketers must develop a strategy that encourages members of that society to modify or even break with their own traditions (to change their attitudes and possibly alter their behavior). To illustrate the point, a social marketing effort designed to encourage consumers in developing nations to secure polio vaccinations for their children would require a two-step acculturation process. First, the marketer must obtain an in-depth picture of a society’s present attitudes and customs with regard to preventive medicine and related concepts. Then the marketer must devise promotional strategies that will convince the members of a target market to have their children vaccinated, even if doing so requires a change in current attitudes.

Too many marketers contemplating international expansion believe that if their products are successful domestically, they will also succeed overseas. This biased viewpoint increases the likelihood of marketing failures abroad. It reflects a lack of appreciation of the unique psychological, social, cultural, and environmental characteristics of distinctly different cultures. To overcome such a narrow and culturally myopic view, marketers must learn everything that is relevant about the usage or potential usage of their products and product categories in the foreign countries in which they plan to operate. Take the Chinese culture, for example. For Western marketers to succeed in China, it is important for them to take into consideration *guo qing* (pronounced “gwor ching”), which means “to consider the special situation or character of China.” An example of *guo qing* for Western marketers is the Chinese policy of limiting families to one child. An appreciation of this policy means that foreign businesses will understand that Chinese families are open to particularly high-quality baby products for their single child (“the little emperor”).

Consumer Research Difficulties

Conducting consumer research studies in other foreign countries is often difficult. For instance, it is hard to conduct Western-style market research in the Islamic countries of the Middle East. In Saudi Arabia, for instance, it is illegal to stop people on the streets, and focus groups are impractical because most gatherings of four or more people (with the exception of family and religious gatherings) are outlawed. American firms desiring to do business in Russia have found a limited amount of information regarding consumer and market statistics. Similarly, marketing research information on China is generally inadequate, and surveys that ask personal questions arouse suspicion. Marketers have tried other ways to elicit the data they need. For example, Grey Advertising has given cameras to Chinese children so they can take pictures of what they like and do not like, rather than asking them to explain their preferences to a stranger. Moreover, ACNielsen conducts focus groups in pubs and children’s playrooms rather than in conference rooms; and Leo Burnett has sent researchers to China to “hang out” with consumers.

Another issue in international marketing research concerns scales of measurement. In the United States, a 5- or 7-point scale may be adequate, but in other countries, a 10- or even 20-point scale may be needed. Still further, research facilities, such as telephone interviewing services, may or may not be available in particular countries or areas of the world. To avoid such problems, consumer researchers must familiarize themselves with the availability of research services in the countries they are evaluating as potential markets, and must learn how to design marketing research studies that will yield useful data. Researchers must also keep in mind that cultural differences may make “standard” research methodologies inappropriate.

Localization versus Standardization

Learning Objective

- 2 To understand how to decide whether to customize products for global markets or to sell standardized ones.

As illustrated in the chapter opener, American companies marketing overseas can adapt their offerings in other nations or market them the same way they do at home. For example, McDonald's is an example of a firm that tries to localize its advertising and other marketing communications to consumers in each of the cultural markets in which it operates.

Product and Service Customization for Local Cultures

The Ronald McDonald that we all know has been renamed Donald McDonald in Japan, because the Japanese language does not contain the *R* sound. Additionally, the McDonald's menu in Japan has been localized to include corn soup and green tea milkshakes.¹¹ In Sweden, McDonald's developed a new package using woodcut illustrations and a softer design to appeal to the consumers' interest in food value and the outdoors. Each French person eats about 150 grams of bread a day, or roughly 55 kilograms a year. The French eat some form of bread with all meals, viewing bread as an extension of the knife and fork for pushing food around on the plate. In France, McDonald's introduced McBaguette, a traditional French bread with a burger made from France's famed Charolais beef and topped with French-made Emmental cheese and mustard.¹² Filipinos like their dried chicken with either rice or spaghetti, and both KFC and McDonald's are serving them such dishes.

In contrast, when rival Pizza Hut ventured into China, parent company Yum Brands Inc. opted to introduce Pizza Hut Casual Dining, a chain that more closely resembles a Cheesecake Factory in terms of menu and motif, with a vast selection of American fare, including ribs, spaghetti, and steak, as well as café latte. However, Domino's was not interested in offering table service, even if that was

what locals were used to. The company entered the new market with a tried-and-true business model of delivery and carryout pizza that it deploys around the world. In contrast, the chain's U.S. competitor, Pizza Hut, has reinvented itself for China, India, and other emerging markets, in order to mesh with the strikingly different consumer trends there.¹³

Starbucks adjusted its offering in several European countries. For instance, the British like to drink takeaway coffee, so Starbucks is planning hundreds of drive-through locations in Britain. Many Britons consider the Starbucks version too watery, so baristas in Britain recently began adding a free extra shot of espresso. Sixty percent of French people like espresso, but many complained that Starbucks' espresso tasted charred. In response, Starbucks introduced a lighter "blonde" espresso roast in Paris. In London, the company experimented with taking customers' names with their orders and then addressing them by name when filling it. Participating patrons got a free coffee, but, using Twitter, many others had complaints about bogus, American-style "chumminess". In Amsterdam, the company opened a striking space with local woods and avant-garde architecture, including a stage for poetry readings, designed to make Starbucks feel more like a trendy neighborhood shop.¹⁴

The maker of sunglasses bearing such brands as Ray-Ban, Ralph Lauren, and Prada has started making glasses in China specifically tailored for the Chinese. Part of their strategy included making technical tweaks to better suit Asian facial characteristics, such as a lower nose saddle, where glasses rest on the face, and prominent cheekbones. Ray-Ban, Oakley, and Vogue have also rolled out special Asian collections.¹⁵ In contrast, Mattel shut its Barbie stores in China after learning that Chinese parents wanted their girls to model themselves after studious children, not flirts. Consequently, Mattel decided to market mostly educational toys in China. Home Depot Inc. closed about half its stores in China, finding scant interest among Chinese for do-it-yourself renovation, and decided to come up with a new strategy for the Chinese market.¹⁶

Linguistic Barriers

Many American brand names and slogans must be revised or changed altogether in non-English-speaking countries. Linguistic differences are probably the most challenging factor facing companies that are expanding globally, as illustrated by the following examples:

1. The slogan "Chevy Runs Deep" did not translate well in some languages. The company replaced it with the slogan "Find New Roads" because the car represents different things to different people, and the new theme resonates with consumers around the world.¹⁷
2. When General Motors introduced the Chevy Nova in South America, it was apparently unaware that "no va" means "it won't go." After the company figured out why it was not selling any cars, it renamed the car in its Spanish markets and called it Caribe.
3. When Parker Pen marketed a ballpoint pen in Mexico, its ads were supposed to say "It won't leak in your pocket and embarrass you." However, the company mistakenly thought the Spanish word "embarazar" meant "embarrass." Instead the ads said that "It won't leak in your pocket and make you pregnant."
4. When Vicks first introduced its cough drops on the German market, it was chagrined to learn that the German pronunciation of "v" is f—making its name in German the guttural equivalent of "sexual penetration."
5. In Taiwan, the translation of the Pepsi slogan "Come alive with the Pepsi Generation" came out as "Pepsi will bring your ancestors back from the dead."

The rapidly growing Chinese market represents an enormously difficult cultural and linguistic challenge. The name *Coca-Cola* in China was first rendered as *Ke-kou-ke-la*. Unfortunately, the Coke company did not discover until after thousands of signs had been printed that the phrase means "bite the wax tadpole" or "female horse stuffed with wax" (depending on the dialect). Coke then researched 40,000 Chinese characters and found a close phonetic equivalent, *ko-kou-ko-le*, which can be loosely translated as "happiness in the mouth." Some brands, like Cadillac (*Ka di la ke*), or Hilton (*Xi er dun*), are phonetic translations that mean nothing in Chinese. Nevertheless, a genuine Chinese name can say a lot about the product's characteristics and result in consumer attachment to the brand. For example:¹⁸

1. Snickers' Chinese name is *Shi Li Jia*, which literally means "honorary powerful support."
2. Tide detergent is called *Tai Zi*, which, in addition to resembling the name *Tide* phonetically, also means "gets rid of dirt."
3. Colgate is *Gao Lu Jie*, meaning "revealing superior cleanliness."

4. Mr. Muscle is *Wei Meng Xian Sheng*, which literally means “Mr. Powerful.”
5. Citibank is *Hua Qi Yinhang*, which literally means “star-spangled banner bank.”
6. Lay’s is called *Le Shi*, meaning “happy things.”

Promotional Appeals

Promotional appeals must reflect the local culture’s values and priorities. For example, after surveys indicated that, globally, Coke was regarded as more “daring” and “energetic” than Pepsi, the Pepsi company came up with a new ad push with the tagline: “Live for Now,” and then changed it to “People Who Define the Now” and its ads featured well-known disc jockeys, celebrities, and artists. Pepsi has a long history of using groundbreaking pop culture artists in its ads (e.g., Madonna, Michael Jackson).¹⁹ A study revealed that there are significant differences between UK and Greek humorous advertising. Compared with the U.S., in the UK, riskier, more aggressive, and affective humorous advertisements are used. In contrast, Greeks preferred neutral humorous advertisements whose appeal was not perceived as very offensive. Additionally, in Greece, there was a lower percentage of print ads using humor, compared with the UK.²⁰ Another study showed that many fragrance ads shown in Western countries featured overt sexual appeals. However, in Asian countries, particularly those that are predominately Muslim or Buddhist, advertisers should not portray women in sexual poses.²¹

Regarding South Asian cultures, one study discovered that Australian, Chinese, and U.S. consumers form significantly different attitudes regarding the same ad. However, buying intentions toward the advertised brand are not significantly different. Despite the general assumption that Chinese consumers might react least favorably to sex-appeal ads, the study found that they hold similar attitudes toward such ads as U.S. consumers and even more favorable attitudes than Australian consumers.²² A study of Chinese Generation X consumers, aged 18 to 35, with high incomes and education, found that they were equally persuaded by individualistic and collectivistic ad appeals, whereas their older counterparts were more persuaded by collectivistic rather than individualistic ad appeals.²³ A study focused on Chinese wine consumers discovered that some mixed red wine with lemonade and preferred corked (rather than twist-off or screw-cap) wine bottles. The study also uncovered a link between wine consumption and beliefs in traditional Chinese medicine. Interestingly, some Western medicine maintains that red wine consumption reduces cholesterol.²⁴

Comparative advertising has been used more in the United States than in other countries. However, one study of American and Thai consumers discovered that the persuasive ability of comparative ads among both groups was related to the two personality traits: **Self-construal**, which refers to how individuals perceive, comprehend, and interpret the world around them, particularly the behavior or action of others towards themselves, and **need for cognition** (Chapter 3).²⁵ Another study compared American and Korean consumers and demonstrated that cultural values were more important in influencing reactions to comparative ads than reactions to noncomparative ads, and that need for cognition had an impact on the persuasiveness of comparative ads among consumers in both nations.²⁶ These studies and many others support the view that, if used properly and in the right context, comparative marketing is a highly effective positioning strategy.

Legal Barriers

At times, local laws force American marketers to alter their offerings. Here are a few examples:

1. Australia’s parliament passed a law restricting logos, branding, colors, and promotional text on tobacco packets. Brand names have to appear in standard colors and positions in a plain font and size on packets colored a dark olive-brown, which government research has found holds the lowest appeal to smokers. Health warnings with graphic images of the harmful effects of smoking make up 75% of the front of the packaging.²⁷
2. Singapore tightened its rules on casino advertising as part of efforts to limit the social impact of resort hotels on urbanites. Casinos must obtain government approval for all casino advertising and promotions, media-related activities, and sponsorships.²⁸
3. The UK’s Advertising Standards Authority said that it has referred Groupon Inc.—the Internet daily-deals company—to the Office of Fair Trading for breaches of the nation’s advertising code. Apparently, Groupon failed to conduct promotions fairly, by not making significant terms and conditions clear, failing to provide evidence that offers are available, and exaggerating savings claims.²⁹
4. China’s regulators banned advertising during television dramas, dealing a blow to marketers who had ramped up ad spending to reach the nation’s growing consumer class. The new rules restrict commercials from interrupting the plots of TV dramas, allowing showing ads only back-to back between programs.³⁰

5. Chinese trademark laws are very “fluid.” For instance, Michael Jordan sued Qiaodan Sports because, phonetically, the company’s name resembles “Jordan.” However, the company said that it had the exclusive right to the Qiaodan trademark and was operating “in accordance with Chinese laws.”³¹

World Brands versus Local Brands

Marketers of products with a wide or almost mass-market appeal have also embraced a world branding strategy. For instance, multinational companies and their brands, such as General Motors, Gillette, Estée Lauder, Unilever, and Fiat, have each moved from a local strategy of nation-by-nation advertising to a global advertising strategy. Researchers examining more than 2,500 Taiwanese advertisements, in terms of the use of Western models and English brand names, found that less than half of ads were “global-looking.”³² The Lauder Company—marketer of popular brands like Estée Lauder, Clinique, and Bobbi Brown—introduced a hybrid East-Meets-West beauty line called Osiao (pronounced O-Shao). Osiao’s specialized formulas contain Chinese plants like ginseng. To communicate the brand’s imported status to consumers, the product names on the bottles appeared in English.³³

A 12-nation consumer research project found that global brands tend to be viewed differently than local brands, and that consumers worldwide associate global brands with three characteristics:

1. **Quality Signal:** Consumers believe that the more people who purchase a brand, the higher the brand’s quality (which often results in a global brand being able to command a premium price). Furthermore, consumers worldwide believe that global brands develop new products and breakthrough technologies at a faster pace than local brands.
2. **Global Myth:** Consumers view global brands as a kind of “cultural ideal”; their purchase and use make consumers feel like citizens of the world, and give them an identity (i.e., “Local brands show what we are; global brands show what we want to be”).
3. **Social Responsibility:** Global companies are held to a higher level of corporate social responsibility than local brands, and are expected to respond to social problems associated with what they sell.

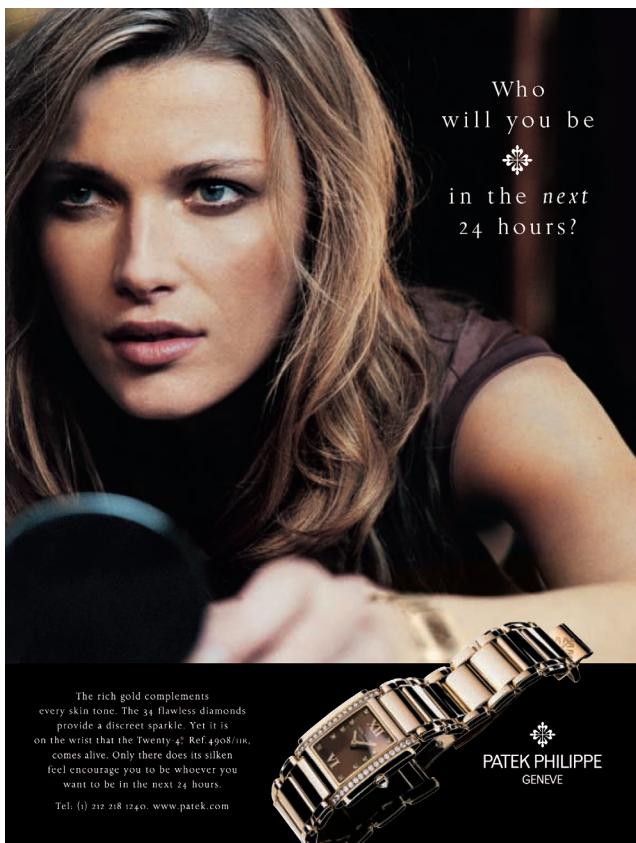
In this 12-nation study, the importance of these three dimensions was consistent, and the insights revealed by the research accounted for more than 60% of the variation in the overall brand preferences. The study also identified intracountry segments with respect to how a country’s citizens view global brands:³⁴

1. **Global Citizens** (55% of the total respondents) use a company’s global success as an indication of product quality and innovativeness, and are concerned that the firm acts in a socially responsible manner.
2. **Global Dreamers** (23%) view global brands as quality products, and are not particularly concerned about social responsibility issues.
3. **Antiglobals** (13%) feel that global brands are higher quality than local brands, but dislike brands that preach U.S. values and do not trust global companies to act responsibly. Generally, they try to avoid purchasing global brands.
4. **Global Agnostics** (8%) evaluate global brands in the same way they evaluate local brands.³⁵

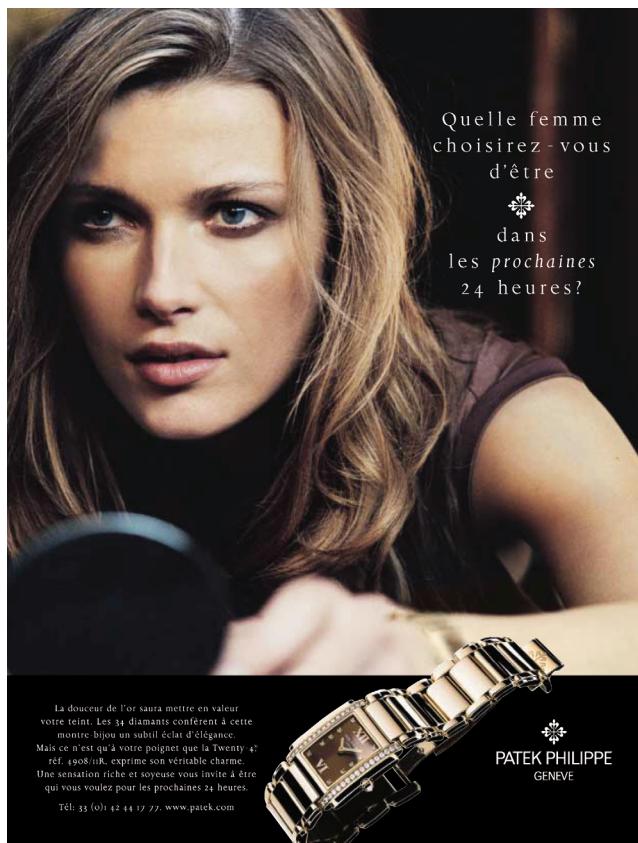
A study of consumers from eight countries discovered that the following two means of presenting brands were perceived most favorably. First, *self-enhancement* advertisement stressing that the brand conveys one’s status and exquisite taste. Second was advertising that stressed *openness* in terms of allowing people to pursue their goals in exciting ways.³⁶ A study comparing U.S. and South Korean adolescents found that Americans considered the availability of well-known brands significantly more important than the South Koreans did, and the Americans were more willing to pay high prices for clothes with a well-known brand name than their counterparts. However, one of the reasons may have been that well-known brands are very expensive in South Korea, and most adolescents there cannot afford them. Interestingly, American adolescents were motivated primarily by social approval and recognition, whereas their counterparts’ main motive was self-expressions through the fashions they adopted.³⁷

Distribution of consumer goods in other nations can sometimes seem nearly impossible. For example, a Nestlé sales agent in South Africa ventured into one of Johannesburg’s high-crime neighborhoods—where most sales agents would not go—with just taxi money, two cell phones, and a briefcase with order forms. His objective was to distribute Nestlé products, such as baby food and nondairy creamers, in tiny shops and single-serving packages. Apparently, many South African customers are very price-sensitive and buy food items in smaller packages and in small stores, instead of supermarkets.³⁸

Figure 13.2 shows four ads for the Patek Philippe watch illustrating a global brand. The ads express the same theme, but in different languages. Table 13.6 lists the most prominent global brands and Table 13.7 describes the global appeals of several brands.³⁹



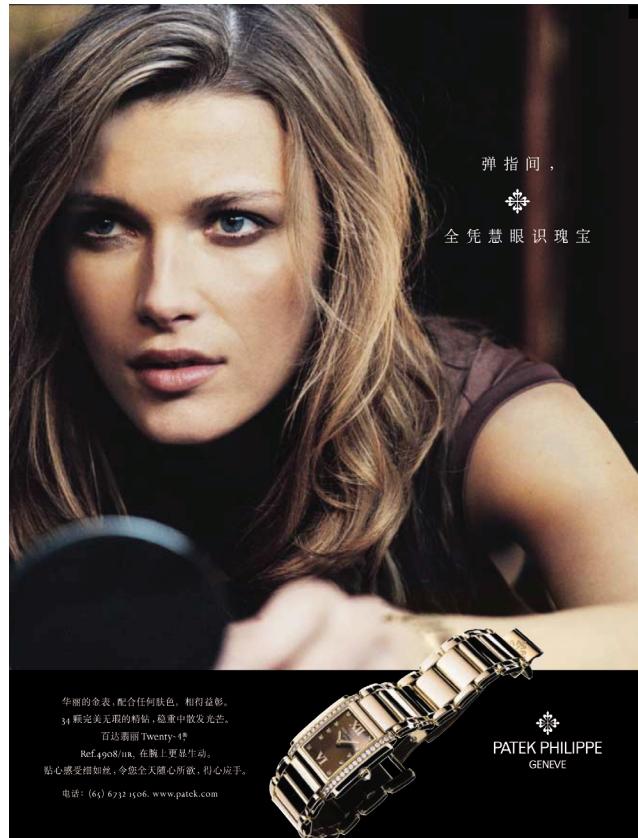
Source: Patek Philippe



Source: Patek Philippe



Source: Patek Philippe



Source: Patek Philippe

FIGURE 13.2 Patek Philippe Is a Global Brand

TABLE 13.6 The 20 Most Valuable Global Brands

RANK	BRAND	2012 BRAND VALUE (\$BILLIONS)
1	Coca-Cola	77.8
2	Apple	76.6
3	IBM	75.5
4	Google	69.8
5	Microsoft	57.9
6	GE	43.7
7	McDonald's	40.1
8	Intel	39.4
9	Samsung	32.9
10	Toyota	30.3
11	Mercedes-Benz	30.1
12	BMW	29.1
13	Disney	27.4
14	Cisco	27.1
15	Hewlett-Packard	26.1
16	Gillette	24.9
17	Louis Vuitton	23.6
18	Oracle	22.1
19	Nokia	21.0
20	Amazon	18.6

Source: Both tables are based on: "Best Global Brands 2012," Interbrand Report, <http://www.Interbrand.com/en/news-room/press-releases/2012-10-02-7543da7.aspx>

TABLE 13.7 Profiles of Several Global Brands

BRAND	PROFILE AND GLOBAL APPEAL
Coca-Cola	Universally recognized more than any other in the world because it makes people experience fun, freedom, and refreshment. The brand maintains a powerful sense of nostalgia that unites generations of Coke lovers and reinforces consumers' deep connections to the brand. Its edgy campaigns continue to push boundaries, and Coca-Cola reinforced its values through celebratory promotions relating to its 125th-year anniversary ("Sharing Happiness") and the London Olympics ("Move to the beat").
McDonald's	McDonald's stands out because of its exceptional brand management, significant global presence, and delivery of consistent quality and affordability. The company is also working to respond to critics by increasing the number of healthful menu options and effectively communicating its sustainability efforts to both customers and employees, building energy saving and waste reduction into staff incentives.
Louis Vuitton	Louis Vuitton's continued success can be attributed to consistently upholding its core values and remaining loyal to its travel-centric heritage. Louis Vuitton has also improved its digital presence—from charting its history on Facebook to launching an app that enables customers to share travel experiences. The brand expanded to new markets and became a top gift brand in China.
Amazon	Amazon aims to be a place where consumers can find anything they want to buy—online. It delivers by regularly expanding its products and services and, in doing so, has remained a leader in customer service. Amazon sustained the success of its Kindle brand, stretching it beyond its e-reader origins into a legitimate iPad alternative, introducing both the Kindle Touch and Kindle Fire in 175 countries.
H&M	With an ever-increasing number of competitors gaining traction globally and more big retailers stepping into low-cost fast fashion, H&M has been finding new ways to maintain industry leadership. It continues to partner with big-name designers, celebrities, and high-profile supermodels, and this strategy clearly resonates with the aspirations of its fashion-savvy, pop-culture-following target customers.

(Continued)

TABLE 13.7 Profiles of Several Global Brands (Continued)

BRAND	PROFILE AND GLOBAL APPEAL
Disney	It is heritage rich, meaningful, and worthwhile to millions of people of all ages and backgrounds around the world. The world of entertainment has been steadily transforming as audience behaviors evolve, content consumption habits change, and the old gives way to the new. Disney has demonstrated an ability to remain resilient over the years in the face of change.
Apple	While many assume it's the products that define Apple, it's really a certain kind of thinking, a certain set of values, and an unmistakable human touch that pervades everything Apple does—which is why our connections to the brand transcend commerce.
Google	With minimal room for growth in search engine market share, Google continues to transform itself into a broader IT company. New products and services include the Project Glass augmented-reality head-mounted display, Google TV, and Google Drive—a cloud computing service.
Microsoft	Microsoft also pushed into the hardware market with its own Surface tablets and into the competitive fray—the global market for converged software/hardware ecosystems. This move will likely define the brand's future.
Toyota	In addition to showing solid numbers with repeat customers, Toyota is strengthening its appeal with younger consumers. The brand has intensified its incentives push and reduced its fleet sales. This helps customers find a good deal while also holding the line on the resale value of their vehicles. Toyota's Prius customers continue to deepen their connection to the Toyota portfolio and the Prius lineup is creating an influx of new customers.
eBay	Most of eBay's growth has come from mobile retailing and PayPal, not its core e-commerce business. More than 90 million users have downloaded eBay's mobile app, and the brand is on track to double volume over both mobile and PayPal. However, eBay is not alone in its mobile e-commerce prowess. Amazon's customers have also embraced its mobile app, and the competition in this sector continues to intensify.
Nike	Nike continually increases the power of its brand through innovation. Slyly, as an “ambush marketer” rather than an official Olympic sponsor in London, the brand attracted publicity, spotlighted new products, and managed, as always, to link world-renowned athletes to its latest offerings. As part of its long-term growth strategy, Nike announced its intention to divest its Cole Haan and Umbro businesses, which will allow it to focus its resources on driving growth in the Nike, Jordan, Converse, and Hurley brands. Nike is also using social media skillfully to generate awareness and buzz, while continuing to engage the public through events and contests.

Source: Both tables are based on: “Best Global Brands 2012,” Interbrand Report, <http://www.Interbrand.com/en/news-room/press-releases/2012-10-02-7543da7.aspx>

Brand Shares and Extensions

All companies continuously monitor their brand shares in domestic and foreign markets. Euromonitor International is the most prominent database of brand shares in virtually all product categories around the world. For example, Table 13.8 illustrates that Procter & Gamble and Unilever have successfully penetrated four important shampoo markets. In both the United States and China—the world’s largest markets—Head & Shoulders dominates the shampoo sector, and other Procter & Gamble brands have significant presence. In contrast, in Germany, a local brand has the largest market share and Procter and Gamble’s shampoo has had limited success. Interestingly, in each of the four countries, a large portion of the market represents lesser-known brands.

Local brands can sometime overtake well-established American offerings. China is P&G’s second-largest market, with \$6 billion in sales. However, while P&G’s market share in diapers, laundry care, and hair care has risen in China, its share of oral care, bath and shower, and skin care has been slipping. Although Chinese herbal toothpaste for sensitive gums sells for double the price of a similar product by Procter & Gamble, Chinese consumers apparently prefer their local product. Although local Chinese brands are closing the perceived quality gap with foreign products, for some items consumers no longer readily distinguish between the two. A study of Chinese consumers in the country’s smaller cities, where shoppers are sharply increasing their spending on home and personal care goods, indicated that 70% of consumers thought P&G’s Ariel laundry detergent was a local brand.⁴⁰

Just because a brand may be global in character does not mean that consumers around the world will necessarily respond similarly to a brand extension. One study examined reactions to brand extensions among Western culture (U.S.) and Eastern culture (India) consumers. It hypothesized that the Eastern holistic way of thinking (which focuses on the relationships between objects), rather than the Western analytic style of thinking (which focuses on the attributes or parts of objects), would affect the manner in which consumers judged the “fit” of a brand extension. The research results confirmed this hypothesis: Low-fit extensions (McDonald’s chocolate bar and Coke popcorn)

TABLE 13.8 The Top Ten Shampoo Brands in Four Global Markets

RANK	UNITED STATES		CHINA		GERMANY		BRAZIL	
	MARKETER	BRAND	MARKETER	BRAND	MARKETER	BRAND	MARKETER	BRAND
1	Procter & Gamble	Head & Shoulders (14.8%)	Procter & Gamble	Head & Shoulders (18.5%)	Henkel AG & Co KGaA	Schwarzkopf (17.9%)	Unilever	Sunsilk (19.9%)
2	P&G	Pantene (12.2%)	P&G	Rejoice (13.5%)	P&G	Pantene (9.6%)	Unilever	Clear (10.2%)
3	Unilever	Suave (12%)	P&G	Pantene (9%)	L'Oréal	L'Oréal Paris (7.4%)	L'Oréal	L'Oréal Paris (8%)
4	L'Oréal	Garnier (7.6%)	Unilever	Clear (6.6%)	Unilever	Dove (6.7%)	L'Oréal	Garnier (8%)
5	P&G	Clairol (6.7%)	Unilever	Lux (5.6%)	Beiersdorf AG	Nivea (6.5%)	Colgate-Palmolive Co.	Palmolive (7.4%)
6	Unilever	TRESemmé	Beiersdorf AG	Slek	Kao Corp	Guhl	P&G	Pantene
7	Unilever	Dove	Jiangsu Longliqi	Longliqi	P&G	Head & Shoulders	Unilever	TRESemmé
8	Johnson & Johnson	Neutrogena	Unilever	Dove	L'Oréal	Garnier	Unilever	Dove
9	Vogue	Organix	La Fang International	La Fang	Johnson & Johnson	Terzolin	Niely do Brasil	Niely Gold
10	L'Oréal	L'Oréal Paris	Henkel AG & Co KGaA	Syoss	P&G	Clairol	Natura Cosméticos SA	Natura

Note: Brands' market shares (in percentages) from Euromonitor International are available for the top five brands (to lower-tier subscriptions to the service).

received positive evaluations from the Eastern culture subjects. In contrast, moderate-fit extensions (Kodak greeting cards and Mercedes-Benz watches) received equal responses from both cultural groups. For the Eastern culture participants, liking Coke products, and the fact that Coke and popcorn are complementary products, in that they can be consumed together, were enough to make the brand extension acceptable. The American subjects, in contrast, saw little product-class similarity between Coke and popcorn.⁴¹ As a follow-up, these same researchers replicated their earlier study, and went on to determine that American Indians were significantly more holistic in their thinking than Caucasian Americans; they reported that certain factors, such as corporate reputation, may be used more frequently by Easterners than by Westerners as a basis for judging the “fit” of a brand extension.⁴²

Perhaps because of the dominance of English-language pages on the Internet, non-English-speaking European nations wish to distinguish themselves and their cultures by designing websites that reflect their countries and specific cultures. Thus, German websites might employ bright colors and a geometrical layout to give them a “German feel”; a French website might have a black “chic” background; and a Scandinavian website might provide a variety of images of nature. A study of global American brands examined how they standardize their websites in Europe (United Kingdom, France, Germany, and Spain). The study found that although the manufacturers’ websites did have a minimal level of uniformity with respect to color, logo, and layout, the textual information and visual images were dissimilar from one market to the next. Still further, as with traditional advertising media, standardization for durable goods was higher than for nondurables.⁴³

An interesting example of brand extension is DreamWorks Animation’s China film project: *Tibet Code*, an Indiana Jones–type adventure story based on a wildly popular series of recent Chinese novels set in ninth-century Tibet. Although China’s policies on Tibet are a persistent target of Western human-rights critics, and a constant challenge to its international image, the company dismissed suggestions that *Tibet Code* served any political purpose.⁴⁴

Global Marketing Opportunities

Learning Objective

- 3 To understand how to identify global marketing opportunities.

Firms are increasingly selling their products worldwide, for a variety of reasons. First, there has been an ongoing buildup of “multinational fever,” and the general attractiveness of multinational markets, products, or services originating in one country means that they are increasingly being sought out by consumers in countries in other parts of the world. Second, many American firms have realized that overseas markets represent an important opportunity for their future growth when their home markets reach maturity. This realization is propelling them to expand their horizons and seek consumers in markets all over the world. Moreover, consumers around the globe are eager to try “foreign” products that are popular in different and far-off places.

Global markets are dynamic, and new marketing opportunities emerge continuously. For example, Chinese shoppers have been shying away from conspicuous luxury goods, such as fancy watches and designer handbags, because luxury goods have become symbols of corruption and of the country’s widening wealth gap.⁴⁵ As the country’s disposable income has risen, Russia has become a lucrative market for American fast-food chains. McDonald’s opened its first restaurant on Pushkin Square in 1990 and now operates 279 restaurants in Russia. Burger King has opened 22 restaurants, mostly in mall food courts, in 2 years. Carl’s Jr. has 17 restaurants in St. Petersburg and Novosibirsk. Wendy’s has opened 2 restaurants and plans 180 throughout Russia by 2020. The Subway sandwich chain has opened about 200 shops in Russia. Yum Brands, which owns KFC, Pizza Hut, and Taco Bell, operates a co-branded chicken restaurant chain in Russia, called Rostik’s-KFC, and Il Patio in the Italian food segment, and has about 350 restaurants in Russia.⁴⁶

Young Europeans are now embracing American fashions. After watching such U.S. television series as Gossip Girl, Glee, and Vampire Diaries, European teenagers are replacing Chanel jackets and knotted scarves with American casual tailored sweatpants and frayed oxfords. Abercrombie & Fitch now has a store on the Champs Élysées in Paris and other American fashions are following the trend.⁴⁷ Although formerly unthinkable within Japan’s strong national culture, because of declining incomes, as well as fears about radiation from a nuclear disaster in Fukushima, a growing number of Japanese consumers have been abandoning their loyalty to expensive, premium-grade homegrown rice. Instead, they have been seeking out cheaper alternatives from China, Australia, and the United States.⁴⁸ During Christmas, Printemps, a high-end Paris department store whose stylish Christmas window displays are eagerly awaited every year, showed figures of Asian male and female dancers because a large portion of the store’s shoppers are now Asians. Molson Coors, an originally American beer company, introduced more new products in Canada in 18 months than it did in the United States for the previous 15 years. Apparently, Canadians have been increasingly receptive to niche products and shunning mass-marketed goods. The company introduced Molson Canadian 67 Sublime, a lemon- and lime-infused version of the low-calorie beer. This and other products have been positioned as sophisticated and easy to drink. The company also discovered that the new products lured wine and spirits drinkers to the beer market.⁴⁹

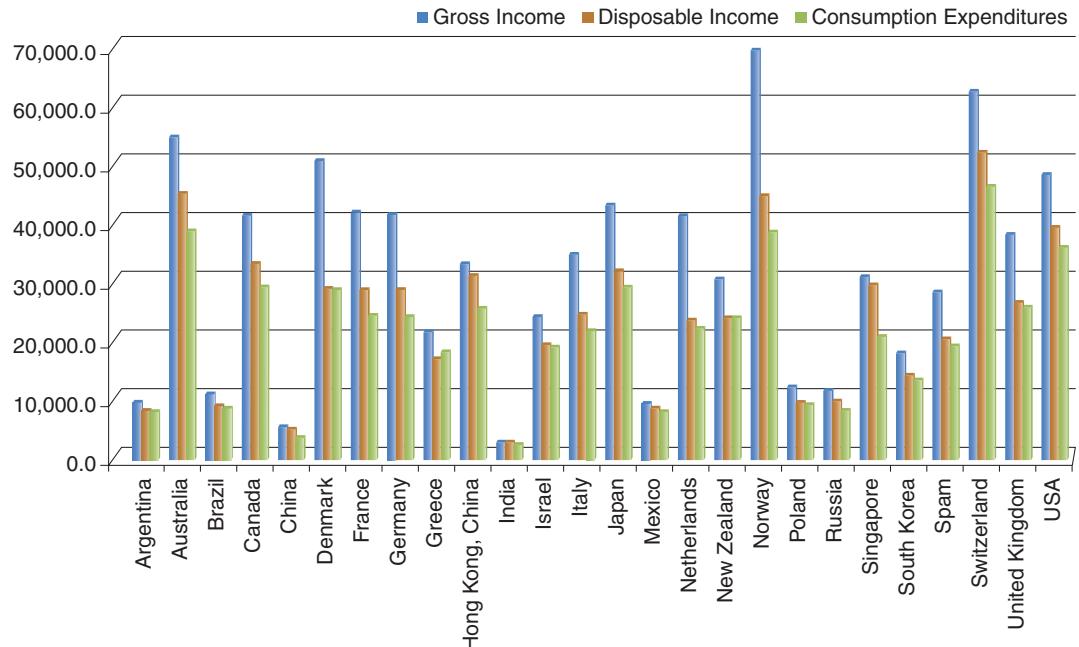
Spending Power and Consumption Patterns

The most important criterion for identifying global marketing opportunities is a country’s consumer spending and its growth prospects. Figure 13.3 shows consumer gross income, disposable income, and consumer expenditures in numerous countries. Although Norway had the highest gross income, Norwegians’ disposable income is not that much higher than that of Americans, because Norway’s tax rates are much higher than those in the United States. The small gap between disposable income and consumer expenditures in the United States reflects the nation’s modest savings rate. In Greece, consumer expenditures are slightly higher than disposable income, which indicates that Greeks have been “living beyond their means,” which is probably a function of uncertainty regarding the future of the euro in Greece. Figure 13.4 shows the percentages of anticipated growth in consumer expenditures through the end of the decade. Clearly, the most growth is expected in Asia and South America, with only modest growth rates in Europe.

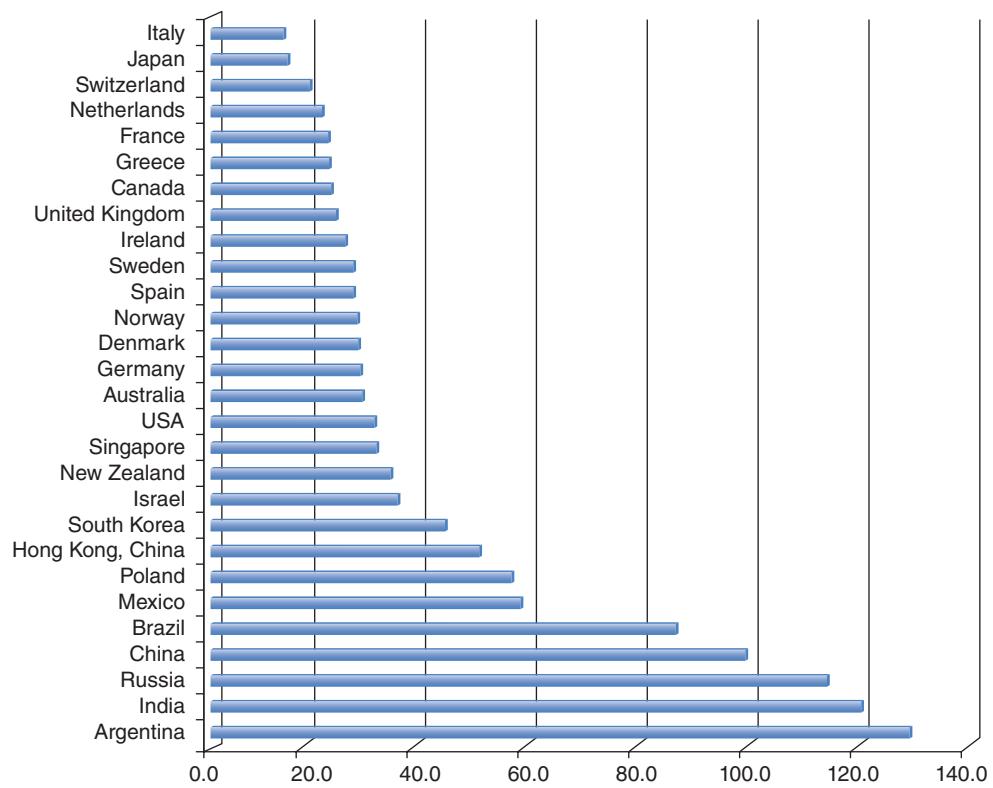
The five charts in Figure 13.5 depict the percentages of their disposable incomes that consumers in prominent nations spend on necessities. Figure 13.5A illustrates that clothing is a major expenditure for Russians and Hong Kong’s Chinese. The Swiss and Norwegians—citizens of the world’s two most affluent nations—spend a great deal on personal care products, which are expensive in these countries because of import taxes (the two nations are not members of the EU, where most import and export barriers have been greatly reduced or eliminated). The Russians and Polish are heavy consumers of meat, whereas Japan and Chinese in Hong Kong like seafood and fish (Figure 13.5B).

FIGURE 13.3

Spending Power and Consumer Expenditures

**FIGURE 13.4**

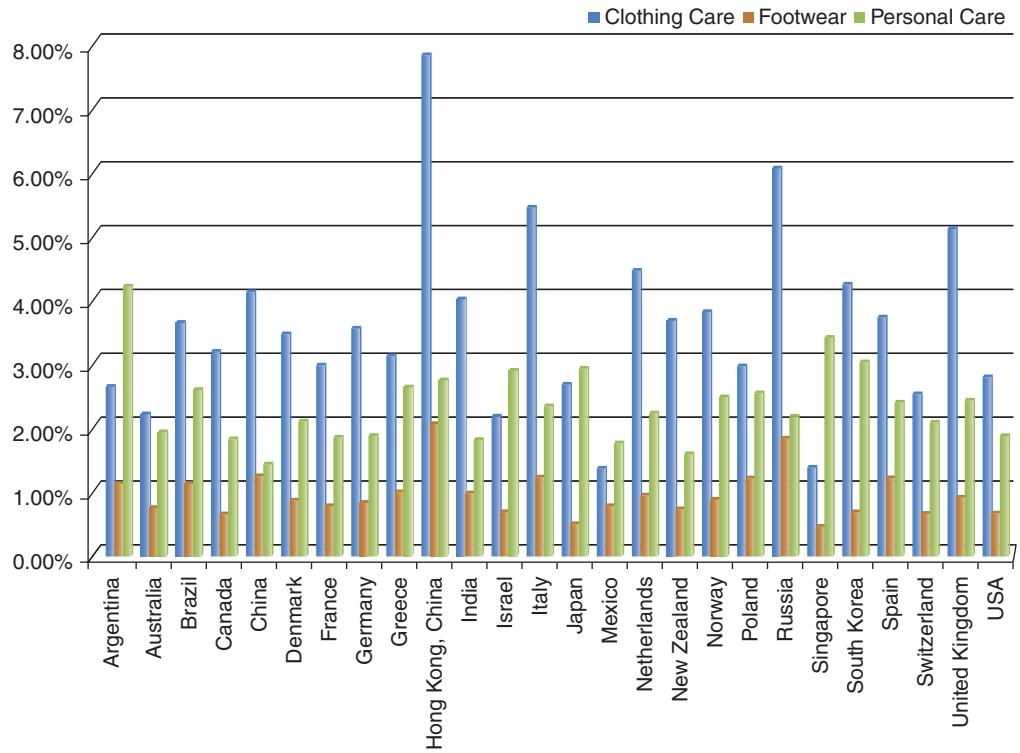
Forecasted Growth in Consumer Expenditures Between 2012 and 2020 (percentages)



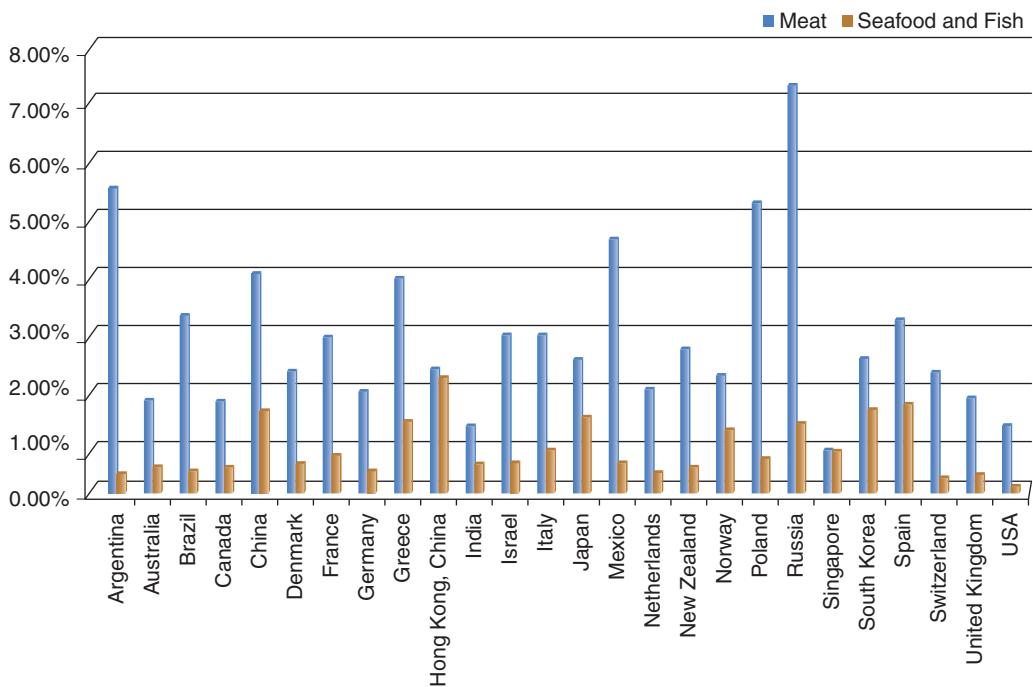
Very few nations, such as people in New Zealand, France, and Germany, consume more fruit than vegetables, because these countries are known for their fresh produce. On the other hand, people in Brazil, Mexico, India and Israel eat mostly vegetables. The data in Figure 13.5D—showing that India is the world's top consumer of breads and cereals—deserve further explanation. Consumers in India start the day with daily breads called chapatti, parantas, and dosas. The Indian breakfast is heavy and there is a feeling of fullness at the end. Kellogg introduced its cereals in India in the 1990s and positioned them as an alternative to the regularly consumed breakfast, but a Kellogg's Corn Flakes breakfast does not give that feeling of fullness. Additionally, the Indian breakfast is known for its

FIGURE 13.5A

Clothing, Footwear, and Personal Care

**FIGURE 13.5B**

Meat, Seafood, and Fish



variety (e.g., depending on the region, there can be 30 types of dosas), and often an item that is eaten one day will not be consumed during the following two or three weeks. Offering Indians the same type of corn-flake-based breakfast each day contradicts their culture. Indians have spicy and hot food for breakfast and find corn flakes in cold milk too sweet. Indians have been taught from childhood that milk has to be consumed every day and that milk should always be consumed hot. Therefore, the data in Figure 13.5D reflect Indians' love of various breads, but not cereals. Figure 13.5E shows that Mexico, India, and Brazil are the world's heaviest buyers of bottled water, because clean, fresh water is scarce in these countries.

FIGURE 13.5C
Fruit and Vegetables

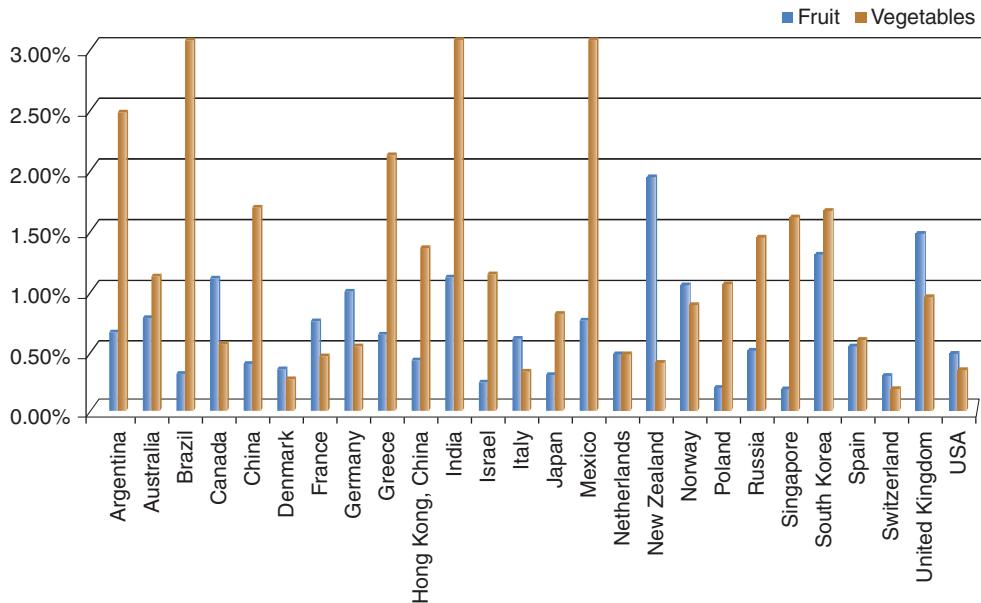
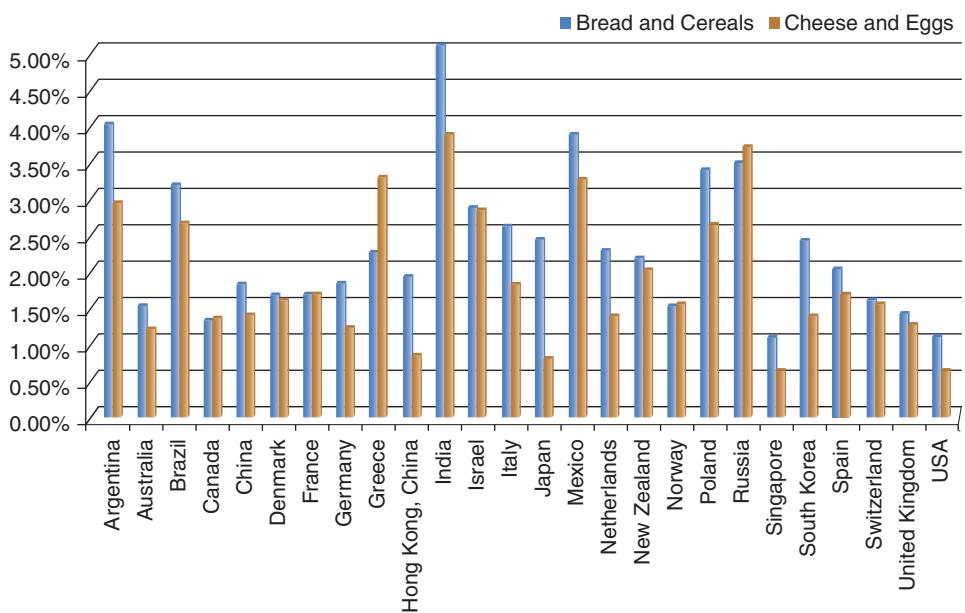


FIGURE 13.5D
Bread, Cereals, Cheese, and Eggs

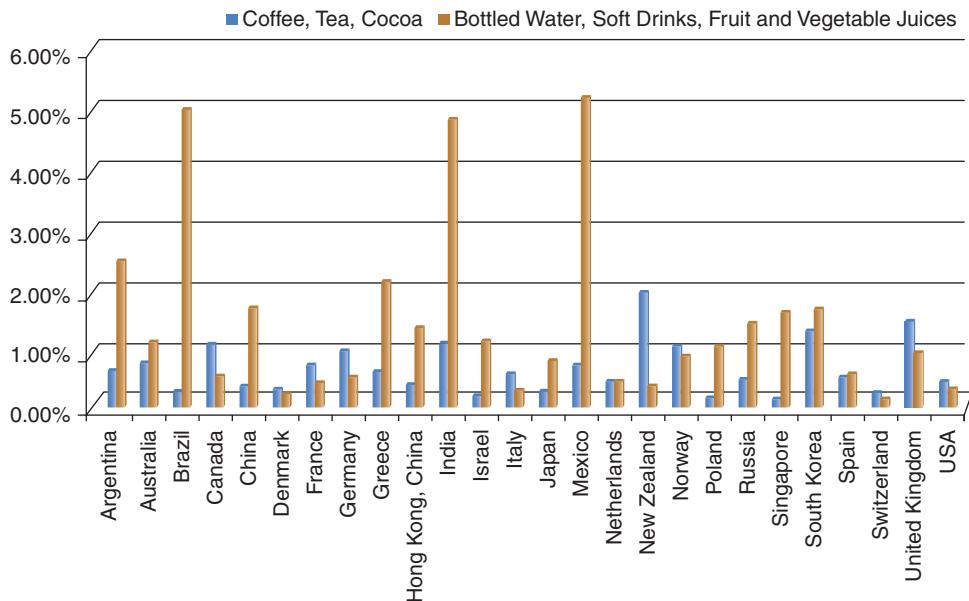


The Growing Global Middle Class

Recent projections state that the middle class will increase by 1.8 billion people over the next decade, of which 600 million will be in China. Within a decade, the middle class will grow from 30% to 52% of the world's population. By 2025, China will have the world's largest middle class, and India's middle class will be 10 times larger than it currently is.⁵⁰ The growing middle class in developing countries is a very attractive target to global marketers, who are always eager to identify more customers for their products. The news media have given considerable coverage to the idea that the rapid expansion of the middle class is based on the reality that, although per capita income may be low, there is nevertheless considerable buying power in a country such as China, where most income is largely discretionary (because of government subsidies of basic necessities). Indeed, this same general pattern of a growing middle class is taking place in many parts of South America, Asia, and Eastern Europe.

The rather rapid growth in the number of middle-class overseas has attracted the attention of many well-established marketing powerhouses, who have been facing mature and saturated

FIGURE 13.5E
Drinks and Beverages



domestic markets with little growth potential. Whereas in 1960 two-thirds of the world's middle class lived in industrialized nations, by the year 2000 some 83% of middle-class citizens were living in developing countries. These changes strongly suggest that more people are now living longer, healthier, and better lives. For example, literacy rates in developing countries have risen dramatically in the past 50 years, and today more than two-thirds, rather than only one-third, of the people living in these nations are literate.⁵¹

Although a growing middle class provides a market opportunity for products like Big Macs and fries, it should always be remembered that the same product may have different meanings in different countries. For example, whereas a U.S. consumer wants his or her "fast food" to be fast, a Korean consumer is more likely to view a meal as a social or family-related experience. Consequently, convenient store hours may be valued more by a Korean consumer than shorter service time. In China, despite a traditional emphasis on "fresh" (just picked or killed) food, the emerging middle-class consumers, with rising incomes and rising demands on their time, are often willing to spend money to save time, in the form of alternatives to home-cooked meals.⁵²

The Global Teen Market

Overall, teenagers (and their somewhat older brothers and sisters, the "young adult" segment) appear to have quite similar interests, desires, and consumption behavior no matter where they live. Therefore, in response to this perspective, consumer researchers have explored the makeup, composition, and behavior of this segment. One study considered the fashion consciousness of teenagers in the United States, Japan, and China.⁵³ The research revealed that American and Japanese teens were highly similar, differing only in that the Japanese teens were more likely than American teens to choose style over comfort (most likely because of the importance, in the Japanese Confucian society, of meeting the expectations of group members). In contrast, Chinese teens were less fashion conscious than either the American or the Japanese teens, which supports the idea that differences exist between highly developed and less highly developed nations with respect to teen fashion consciousness.⁵⁴

A famous advertising agency conducted a World Global Teen Study that reported changing trends among the world's teenagers.⁵⁵ During the 1990s, according to the BBDO research, the "coolest" teens were found in the United States. Currently, though, the "coolest" teens, the Creatives, can be found in all of the 13 countries examined. The Creatives represent about 30% of all teenagers, and are especially numerous in Western Europe (some 23% of U.S. teens are Creatives). Table 13.9 presents the top values and bottom values of both Creatives and all teenagers. Notice, for example, that while 13% of all teens value traditional gender roles, only 1% of Creatives do.⁵⁶

TABLE 13.9 Teenage Creatives' Values

CREATIVES' TOP VALUES		CREATIVES' BOTTOM VALUES		
	ALL TEENS	CREATIVES	ALL TEENS	CREATIVES
Freedom	55%	66%	Public image	30%
Honesty	49%	61%	Status	22%
Equality	39%	50%	Wealth	23%
Learning	37%	47%	Looking good	25%
Preserving the environment	31%	45%	Traditional gender roles	13%
Curiosity	34%	40%	Faith	19%
Creativity	29%	36%		2%

Cross-Cultural Segmentation

Learning Objective

- 4 To understand how to apply psychographics to segmenting multinational markets.

As the world became more integrated—largely because of shared communication media—a global marketplace has emerged. For example, as you read this you may be sitting on an IKEA chair or sofa (made in Sweden), drinking Earl Grey tea (England), wearing a Swatch watch (Switzerland), Nike sneakers (China), a Polo golf shirt (Mexico), and Dockers pants (Dominican Republic). Some global market segments, such as teenagers, appear to want the same types of products, regardless of which nation they call home: They desire products that are trendy, entertaining, and image oriented. This global “sameness” allows, for example, a sneaker marketer to launch styles appealing to segments in different countries using the same global advertising campaign. However, cross-cultural differences also force marketers to adapt products for overseas markets. As an illustration, the core benefit that McDonald’s provides is consistency and value by having a standardized, almost identical menu in each of its U.S. outlets. McDonald’s had to adapt its uniform offerings to the needs and cultures of global consumers. Thus, in India, McDonald’s does not serve beef products, and in Saudi Arabia, McDonald’s outlets include separate dining sections for men and women.

In Chapter 2, we discussed the VALS framework, which is the most prominent lifestyle segmentation system in the United States (see Figure 2.5 and Table 2.7). Several other countries created their own VALS. For example, in Japan, businesses use the Japan-VALS framework to monitor Japan’s consumer environment; generate new product ideas; segment Japanese consumers into potential target markets; differentiate brands; and develop effective pricing, distribution, and promotional strategies. The Japan-VALS segments stem from consumers’ *primary motivations* and *degree of innovativeness*, where innovativeness is measured as attitudes toward social change. Primary motivations include tradition, achievement, and self-expression. As illustrated in Figure 13.6, Japanese consumers are classified according to their degree of innovativeness, where Integrators are the most innovative and Sustainers the least.

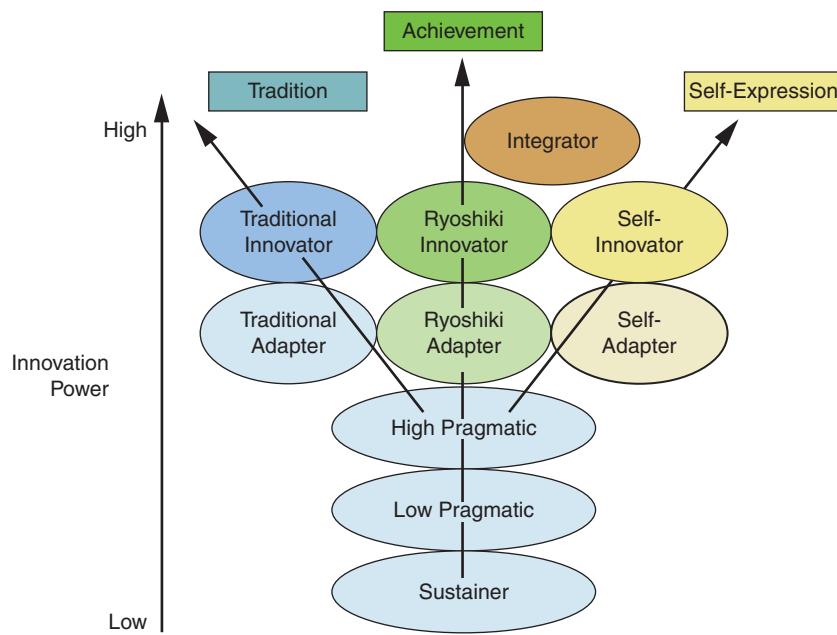
Research studies have identified many cross-cultural differences that enable marketers to segment overseas markets. For example, although more than 50% of Japanese and American women work outside the home (which enhances the need for many convenience and time-saving products), Japanese women have been slower to embrace the liberated attitudes of working women in the United States. Seen in this light, the determination of whether or not to market a time-saving cleaning device as a world brand is a critical strategic decision. Some firms might attempt to establish a global branding strategy, whereas others would design an individual or local marketing strategy—one that treats Japanese and American working women differently.

Global psychographic research often reveals cultural differences of great importance to marketers. For example, Roper Starch Worldwide, a major multinational marketing research company, interviewed 35,000 consumers in 35 countries in order to identify shared values, irrespective of national borders. The research sought to uncover the bedrock values in peoples’ lives so as to understand the motivations that drive both attitudes and behavior. After completing the interviews in North and South America, Asia, and Europe, six global value groups were uncovered:

1. **Strivers**—ambitious and materialistic.
2. **Devouts**—responsible, respectful, and conservative.

FIGURE 13.6

Japan's VALS



3. **Altruists**—unselfish in their concern for others, society, and the future.
4. **Intimates**—focus on social relationships and family.
5. **Fun Seekers**—young in age and outlook, value adventure and good times.
6. **Creatives**—seek knowledge and insight, and have a keen interest in books and new media.

Summary

Learning Objective 1: To understand how to study the values and customs of different cultures in order to develop effective marketing strategies.

Within the scope of consumer behavior, cross-cultural analysis is defined as determining to what extent the consumers of two or more nations are similar or different. Such analyses provides marketers with an understanding of the psychological, social, and cultural characteristics of the foreign consumers they wish to target, so that they can design effective marketing strategies for the specific national markets involved. An understanding of the similarities and differences that exist between nations is critical to the multinational marketer who must devise appropriate strategies to reach consumers in specific foreign markets. Some of the problems involved in cross-cultural analysis include differences in language, consumption patterns, needs, product usage, economic and social conditions, marketing conditions, and market research opportunities. Acculturation is the process by which marketers learn—via cross-cultural analysis—about the values, beliefs, and customs of other cultures and apply this knowledge to marketing products internationally.

Learning Objective 2: To understand how to decide whether to customize products for global markets or to sell standardized ones.

The greater the similarity between nations, the more feasible it is to use relatively similar marketing strategies in each nation. When the cultural beliefs, values, and customs of specific target countries are found to differ widely, then a highly individualized marketing strategy is indicated for each country. In deciding whether or not

to customize products to local cultures, marketers must consider local values, linguistic barriers, and legal issues.

Learning Objective 3: To understand how to identify global marketing opportunities.

Firms are increasingly selling their products worldwide, for a variety of reasons. Many firms have learned that overseas markets represent an important opportunity for their future growth when their home markets reach maturity. This realization is propelling them to expand their horizons and seek consumers in markets all over the world. Moreover, consumers around the globe are eager to try “foreign” products that are popular in different and far-off places. As increasing numbers of consumers come in contact with the material goods and lifestyles of people living in other countries, and as the number of middle-class consumers grows in developing countries, marketers are eager to locate these new customers and offer them the products.

Learning Objective 4: To understand how to apply psychographics to segmenting multinational markets.

Global psychographic research often reveals cultural differences of great importance to marketers. Psychographics identifies shared values, irrespective of national borders. Much of this research has sought to uncover the bedrock values in peoples’ lives, in order to understand the motivations that drive both attitudes and behavior. The VALS research methodology has been used to identify psychographic segments in other countries.

Review and Discussion Questions

- 13.1. With all the problems facing companies that go global, why are so many companies choosing to expand internationally? What are the advantages of expanding beyond the domestic market?
- 13.2. In terms of consumer behavior, are the world's countries and their cultures becoming more similar or more different? Discuss.
- 13.3. What is cross-cultural consumer analysis? How can a multinational company use cross-cultural research to design each factor in its marketing mix for a non-domestic market? Illustrate your answer with examples.
- 13.4. What are the advantages and disadvantages of global promotional strategies?
- 13.5. What are the advantages and disadvantages of localized promotional strategies?
- 13.6. Give three examples of linguistic problems that companies have faced during marketing in global markets and describe how these problems could have been avoided.
- 13.7. Give three examples of product problems that companies have faced during marketing in global markets and describe how these problems could have been avoided.
- 13.8. An American company is considering introducing yogurt in Japan. What cultural aspects should the company study before deciding whether or not to do so?
- 13.9. Coca-Cola is considering introducing very small bottles of its product in Brazil. These would cost *less* than bottled water. Discuss whether or not the company should do so.
- 13.10. As shown earlier, Hong Kong's Chinese spend more on clothing than any other nation. Research Hong Kong's culture and geographic location and explain why they do so.
- 13.11. Looking at the charts presented earlier in this chapter, select a product that members of a particular nation consume heavily. Research the country's culture and geographic location and describe why they are heavy consumers of the product selected.
- 13.12. Looking at the charts presented earlier in this chapter, select a product that members of a particular nation consume very lightly. Research the country's culture and geographic location and describe why they are light users of the product selected.

Hands-on Assignments

- 13.13. Have you ever traveled outside the United States? If you have, identify some of the differences in values, behavior, and consumption patterns that you noted between people in a country you visited and Americans.
- 13.14. Interview a student from another culture about his or her use of: (a) credit cards, (b) fast-food restaurants, (c) shampoo, and (d) sneakers. Compare your consumption behavior to that of the person you interviewed and discuss the similarities and differences you discovered.
- 13.15. Select one of the following countries: Mexico, Brazil, Germany, Italy, Israel, Kuwait, Japan, or Australia. Assume that a significant number of people in the country you chose would like to visit the United States and have

the financial means to do so. Now, imagine that you are a consultant for your state's tourism agency and that you have been charged with developing a promotional strategy to attract tourists from the country you chose. Conduct a computerized literature search of the databases in your school's library and select and read several articles about the lifestyles, customs, and consumption behavior of the people in the country you chose. Prepare an analysis of the articles and, on the basis of what you read, develop a promotional strategy designed to persuade tourists from that country to visit the U.S.

Key Terms

- acculturation 347
- cross-cultural analysis 344
- global marketing strategy 342
- hybrid marketing strategy 342
- local marketing strategy 342
- need for cognition 350
- self-construal 350
- world brand 342

Case Five:**LG Mobile/LG Electronics MobileComm USA****“Before you text, give it a ponder”**Primary Agency: **Young & Rubicam/VML**Contributing Agencies: **TRU, MindShare, Smith & Jones****Strategic Challenge****Mobile textual harassment is no joke**

For teens, texting is like talking; it's intertwined with the way they communicate and socialize. LG's research revealed that what adults and the media think of as "mobile bullying" is a behavior so ingrained in everyday teenage life that it is seen as a normal and expected part of communicating. But mobile textual harassment is in truth an enormous problem affecting millions of tweens and teens. Forty-one% admit they have sent, received or forwarded a text with rumors about someone that were untrue. Four million say they've received a threatening text, while more than 10 million teens also report having sent a "SEXT" message. Five million confess they have been pressured by a boyfriend or girlfriend to send a text with a naked photo. And an alarming 60% of kids who say they have been bullied electronically have never told their parents about the incident.

An opportunity to deliver the LG brand promise by shifting teens' attitudes

Cell phone misuse is expected to escalate as more kids get phones with web access and data plans become more affordable. While today the issue has garnered a lot of media attention, at the time of this effort no cell phone carrier, manufacturer or other commercial voice in the U.S. had become an advocate against the behavior.

At the heart of the LG brand essence "Life's Good" is an overt commitment to make a positive impact on the world. Encouraging teens to text responsibly was an ideal opportunity to continue delivering this promise, and most important, the right thing for LG to do as a technology leader. Although LG had a noble goal to help reduce mobile bullying, the advertising agency realized that it could never expect to stop the behavior, given its prevalence among youth. But, an effective campaign could change kids' attitudes about the seriousness and importance of the issue. The campaign's objective became to raise consciousness about a behavior that was unconscious.

The Advertising Agency—team agreed that if the campaign successfully changed attitudes, attitudes, it would have a positive impact on LG's business.

Strategic challenge: How could LG Mobile help change teens' attitudes about mean texting?

Objectives

The goal was to create a campaign whose positive impact on teens' attitudes about mobile bullying would also drive LG Mobile's brand perceptions, relevance and consideration among the target audience.

Taking into account that LG had never developed this type of campaign before, it was difficult to set benchmarks, benchmarks, but LG agreed that success would be changing attitudes by 15% and brand relevance and consideration by 10%. LG also aimed to increase brand equity and engagement and generate earned media.

The campaign had two types of objectives:

I. Benchmark-Based

- **Attitudinal Shift**—Change teens' attitudes and perceptions about mean texting. Grow +15% based on pre-campaign in-market survey benchmark.
- **Brand Relevance and consideration**—Increase by 10% based on pre-campaign in-market survey benchmark.

¹TRU/LG Texting Education Survey, 2010

²LG Family Texting Study, 2009

³TRU/LG Texting Education Survey, 2010

⁴LG Family Texting Study, 2009

⁵I-Safe America Cyber Bullying Survey 2003–2004

II. Other performance indicators

- **Brand Value (equity)**—Increase equity of LG Mobile among teens as a socially responsible company.
- **Brand Engagement**—Motivate teens to interact with the LG brand.
- **Earned Media (and press coverage)**—Given that the effort would have minimal media investment (\$1.7MM), LG wanted to generate unpaid media to achieve greater awareness of the issue and momentum around LG Mobile.

The Big Idea

Motivate teens to think about the personal consequences of sending a mean text.

Teens won't stop texting

LG's research . . . research (July 2009) revealed teens felt it was "ok" to share gossip because when they took a photo of a popular kid in a compromised position they were simply reporting on a truth, just like journalists. They were not able to consider the victim's feelings but all could describe a situation where they had sent a text they wished they hadn't. A time when sharing a text had personal consequences for them. Maybe it backfired. A girl wants to please her boyfriend and sends him a topless picture of herself but the guy then decides to pass it around to his friends when they break up. This they understood and wanted to avoid.

For the campaign . . . campaign to be successful, successful, it had to raise . . . to raise awareness about the personal consequences of mobile misuse. misuse. The big idea was to . . . to motivate teens to think of the personal consequences of sending a mean text, which text, which the advertising agency articulated . . . articulated strategically as "think before you text."

14

Consumer Decision-Making and Diffusion of Innovations

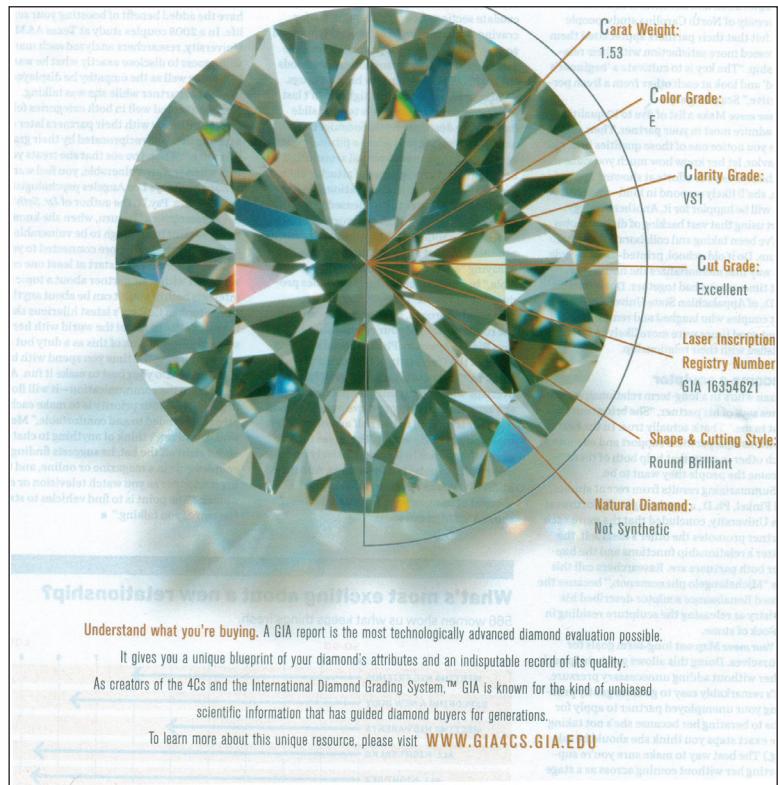
Learning Objectives

- 1 To understand the consumer's decision-making process.
- 2 To understand the dynamics of buying gifts.
- 3 To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

THIS CHAPTER integrates the concepts discussed so far into a framework that illustrates how consumers make buying decisions. Consumption decisions vary. For example, the ad featured in Figure 14.1 is by the Gemological Institute of America (GIA), a nonprofit educational institute of the jewelry industry. The tag line "Understand what you're buying" is directed at consumers seeking to buy diamonds. In consumer decision-making terms, purchasing a diamond represents **extensive problem solving** because consumers buy diamonds infrequently and have no established criteria for evaluating them. The GIA ad tells buyers what to look for in a diamond: Carat weight, clarity, color, cutting style, and other features. In contrast, the Advil ad in Figure 14.2 represents **routinized response behavior**, because consumers have experience with over-the-counter pain relievers and do not need to establish the criteria for evaluating them. More importantly, diamonds are not branded, whereas the Advil brand has a quality reputation and is instantly recognized by millions of consumers around the world. In stores, consumers reach for Advil without much thought. The ad also shows that Advil's reputation enables the brand to use **family branding**, which is marketing different versions of a product under the same brand (see Chapter 5).

When consumers have already have established the basic criteria for evaluating a product or service but still need additional information to understand the differences among brands, they engage in **limited problem solving**. This type of decision occurs when consumers purchase updated versions of products they have bought before, which often have additional features: For example, buying a new laptop computer with multiple input devices, some of which did not exist previously (e.g., a mini disk slot or a faster USB port).

FIGURE 14.1
Purchase Decision: Extensive Problem Solving



Source: Gemological Institute of America

FIGURE 14.2
Purchase Decision: Routinized Response Behavior

Millions have trusted Advil® for over 25 years.

fact: The medicine in Advil® is the #1 doctor recommendation for joint pain.*

fact: Advil® Liqui-Gels are faster and stronger on tough pain than Tylenol® Rapid Release Gels.

fact: When pain is keeping you up, Advil® PM gives you more time asleep and less time awake than Tylenol® PM.

fact: Advil® Cold & Sinus has a decongestant to reduce swelling caused by nasal inflammation, often the real problem when it comes to sinus pressure.

fact: Children's Advil® relieves fever faster and keeps it down longer than Children's Tylenol.**

For relief you can trust, reach for Advil.®
Go to Advil.com to learn the facts.

Source: Pfizer, Inc.

Consumer Decision-Making Model

Learning Objective

- To understand the consumer's decision-making process.

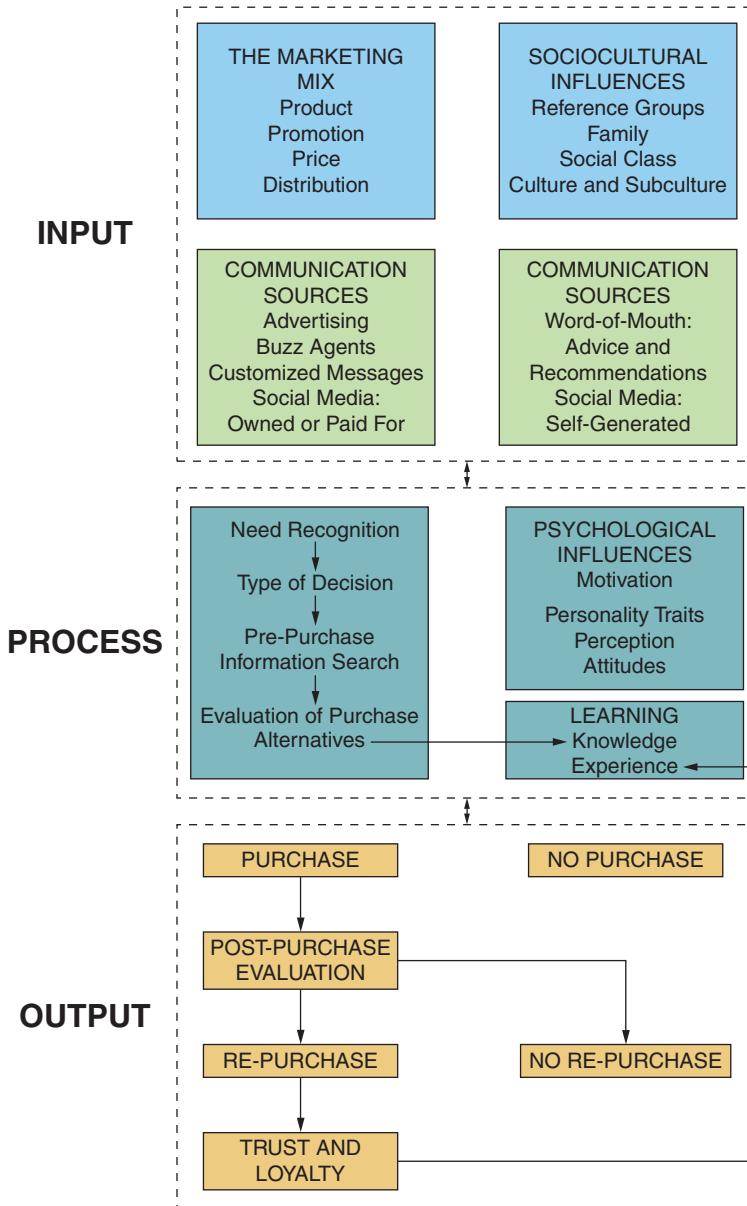
Figure 14.3 presents a model of consumer decision-making that ties together the ideas on consumer decision-making and consumption behavior discussed throughout this book. It does not presume to provide an exhaustive picture of the complexities of consumer decision-making. Rather, it is designed to synthesize and coordinate relevant concepts into a significant whole. The model includes three components: input, process, and output.

Decision-Making: Input

The input component of the consumer decision-making model includes three types of external influences:

- The marketing mix consists of strategies designed to reach, inform, and persuade consumers to buy the marketer's products repeatedly. They include the product, advertising and other promotional efforts, pricing policy, and the distribution channels that move the product from the manufacturer to the consumer.
- The sociocultural influences include the consumer's family, peers, social class, reference groups, culture, and, if applicable, subculture, which are discussed in Chapter 9 and Part Four.
- The input also includes communications, which are the mechanisms that deliver the marketing mix and sociocultural influences to consumers and are described in Part Three.

FIGURE 14.3
Consumer Decision-Making Model



The impact of the marketing mix and sociocultural influences is the input that determines what consumers purchase and how they use what they buy. Because these influences may be directed to the individual or actively sought by the individual, a two-headed arrow is therefore used to link the *input* and *process* segments of the model (see Figure 14.3).

Decision-Making: Process

The process component of the model is concerned with how consumers make decisions. To understand this process, we must consider the influence of the psychological concepts examined in Part Two of this book. The model's *psychological field* consists of the internal influences (motivation, perception, learning, personality, and attitudes) that affect consumers' decision-making processes (what they need or want, their awareness of various product choices, their information-gathering activities, and their evaluation of alternatives).

Need Recognition

Need recognition occurs when a consumer is faced with a “problem.” For instance, take a young executive who decides to purchase a new cell phone with a high-quality digital camera. He imagines that he would benefit from having a high-quality digital camera built into his phone because it would make it easier and more convenient to take more vivid and realistic photos, without having to lug around a separate digital camera. This executive has recognized a need and identified a suitable response.

There are two types of need recognition. Some consumers are *actual state* types, who perceive that they have a problem when a product fails to perform satisfactorily (e.g., a cordless telephone that develops constant static). In contrast, other consumers are *desired state* types, for whom the desire for something new may trigger the decision process.¹

Pre-Purchase Search

Pre-purchase search begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. Sometimes, recalling past purchases provides the consumer with adequate information to make the present choice. However, when the consumer has had no prior experience, he or she may have to engage in an extensive search for useful information on which to base a choice.

The consumer usually searches his or her memory (the *psychological field*) before seeking *external* sources of information regarding a given consumption-related need. Past experience is considered an *internal* source of information. The greater the relevant past experience, the less external information the consumer is likely to need to reach a decision. Many consumer decisions are based on a combination of previous experience (internal sources) and marketing and noncommercial information (external sources). The degree of perceived risk can also influence this stage of the decision process (see Chapter 4). In high-risk situations, consumers are likely to engage in complex and extensive information search and evaluation; in low-risk situations, they are likely to use very simple or limited search and evaluation.

The act of shopping is an important form of external information. According to consumer research, there is a big difference between men and women in terms of their response to shopping. Whereas most men do not like to shop, most women claim to like the experience of shopping; and although the majority of women found shopping to be relaxing and enjoyable, the majority of men did not feel that way.²

An examination of the external search effort associated with the purchase of different product categories found that, as the amount of total search effort increased, consumer attitudes toward shopping became more positive, and more time was made available for shopping. Not surprisingly, the external search effort was greatest for consumers who had the least amount of product category knowledge.³ It follows that the less consumers know about a product category and the more important the purchase is to them, the more extensive their pre-purchase search is likely to be. Conversely, consumers high in subjective knowledge (a self-assessment of how much they feel that they know about the product category) will rely more on their own evaluations rather than on others' recommendations.

It is also important to point out that the Internet has had a great impact on pre-purchase search. Rather than visiting a store to find out about a product, or calling the manufacturer and asking for a brochure, consumers can go to manufacturers' websites to find much of the information they need about the products and services they are considering. For example, many automobile websites provide product specifications, prices, and dealer cost information; reviews; and even comparisons with competing vehicles. Volvo's website, for example, lets you “build” your own car, and see how it

would look, for example, in different colors. Some auto company websites will even list a particular auto dealer's new and used car inventory. There are also websites that allow women to customize a large number of cosmetic products.

With respect to surfing the Internet for information, consider one consumer's comments drawn from a research study: "I like to use the Web because it's so easy to find information, and it's really easy to use. The information is at my finger-tips and I don't have to search books in libraries."⁴ However, a Roper Starch Survey found that an individual searching the Internet gets frustrated in about 12 minutes, on average; other research suggested that although the Internet may reduce physical effort, there is nevertheless a "cognitive challenge" that limits consumers' online information searches.⁵

What happens if a search is a failure? According to a study of "search regret," consumers' post-purchase dissonance results from an unsuccessful pre-purchase search.⁶ Furthermore, the same research revealed that failure can also have a damaging effect on retailers. However, retailers can help eliminate or reduce search regret by providing ample information, trying to reduce out-of-stock situations, and giving salespeople proper training.⁷

How much information a consumer will gather also depends on various situational factors. Table 14.1 lists several factors that increase consumers' pre-purchase information search. For some products and services, the consumer may have ongoing experience on which to draw (such as a golfer purchasing a "better" set of golf clubs), or the purchase may essentially be discretionary in nature (rather than a necessity), so there is no rush to make a decision.

Online versus Traditional Information Search

For a while now, researchers have been examining how the Internet has affected the way consumers make decisions. It is often thought that because consumers have limited information-processing capacity, they must develop a strategy for searching for information online. The strategy is based on both individual (e.g., knowledge, personality traits, demographics) and contextual factors (characteristics of the decision tasks). The three major contextual factors that have been researched are:⁸

- 1. Task Complexity** – the number of alternatives and amount of information available for each alternative.
- 2. Information Organization** – the presentation, format, and content.
- 3. Time Constraint** – the amount of time the consumer has to decide.

Brand-Sets and Attributes Considered During Evaluation

Within the context of consumer decision-making, the **evoked set (consideration set)** refers to the specific brands (or models) a consumer considers in making a purchase within a particular product category. An **inept set** consists of brands (or models) that the consumer excludes from purchase

TABLE 14.1 Factors That Increase Pre-Purchase Information Search

PRODUCT FACTORS

Long periods of time between successive purchases
Frequent changes in product styling
Frequent price changes
Volume purchasing (large number of units)
High price
Many alternative brands
Much variation in features

SITUATIONAL FACTORS

Experience: First-time purchase; No past experience because the product is new; Unsatisfactory past experience within the product category.
Social Acceptability: The purchase is for a gift; The product is socially visible.

Value-Related Considerations: The purchase is discretionary rather than necessary; All alternatives have both desirable and undesirable consequences; Family members disagree on product requirements or evaluation of alternatives; Product usage deviates from important reference groups; The purchase involves ecological considerations; Many sources of conflicting information.

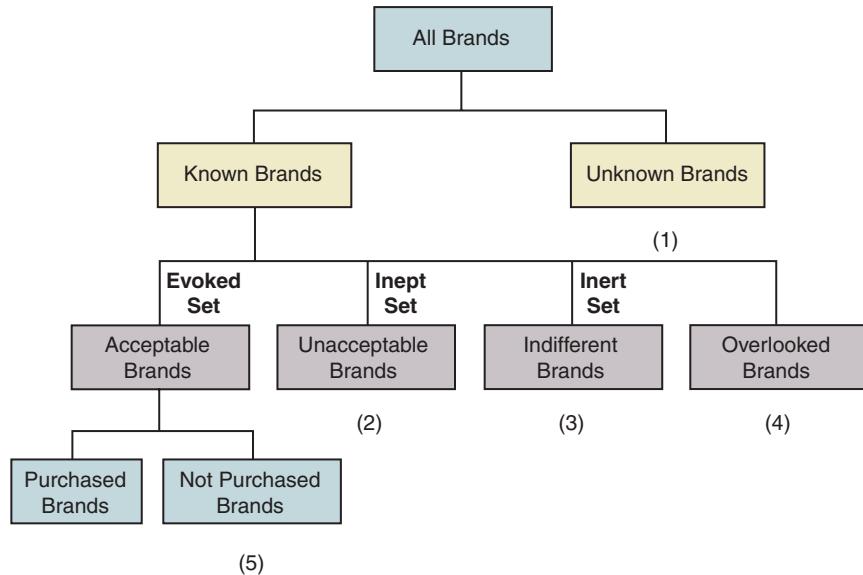
CONSUMER FACTORS

Demographics: Education, income, occupation, age, wealth, and marital status.

Personality Traits: One's degree of dogmatism, willingness to accept risk, product involvement, and novelty seeking.

FIGURE 14.4

Brand-Sets Considered During Evaluation



consideration because they are unacceptable or seen as inferior. An **inert set** consists of brands (or models) the consumer is indifferent toward because they are perceived as not having any particular advantages. Regardless of the total number of brands (or models) in a product category, a consumer's evoked set tends to be quite small on average, often consisting of only three to five brands or models.

The evoked set consists of the small number of brands the consumer is familiar with, remembers, and finds acceptable. Figure 14.4 shows the evoked set as a subset of all available brands in a product category. Marketers must ensure that their products become a part of a consumer's evoked set if they are to be considered at all. Excluded products include:

1. Unknown brands or models because of the consumer's selective exposure to advertising media and selective perception of advertising stimuli.
2. Unacceptable brands of poor quality or not having specific features or attributes or inappropriate positioning in either advertising or product characteristics.
3. Brands that are perceived as not having any special benefits.
4. Overlooked brands that have not been clearly positioned.
5. Brands that are not selected because they do not satisfy perceived needs.

In each of these instances, the implication for marketers is that promotional techniques should be designed to impart a more favorable and relevant, product image to the target consumer. This may also require a change in product features or attributes (more or better features). An alternative strategy is to get consumers in a particular target segment to consider a specific offering and possibly put it in their evoked set.

Research also suggests that the use of white space and choice of typeface in advertisements may influence the consumer's image of the product. For example, quality, prestige, trust, attitude toward the brand, and purchase intention have been shown to be positively conveyed by white space, and typefaces were perceived as being attractive, warm, and liked when they were simple, more natural, and included serifs.⁹ It has also been suggested that consumers may not, all at once, incorporate the entire number of possible choices into their evoked set, but instead may make several decisions within a single decision process. Consumers screen their options and eliminate unsuitable alternatives before they start the information search process, which makes reaching a final decision more manageable.¹⁰

In reality, the criteria consumers use to evaluate the products within their evoked sets are in the form of important product attributes. In addition to price, examples of product attributes that consumers have used while evaluating product are:

1. **E-Book readers:** Size, weight, touch screen, battery life, memory size, and the compatibility with a cell phone signal.
2. **Orange juice:** Amount of pulp, degree of sweetness, weakness or strength of flavor, color, and packaging.
3. **Wristwatches:** Alarm features, water resistance, quartz movement, and size of dial.

When a company knows that consumers will be evaluating alternatives, it sometimes advertises in a way that recommends the criteria consumers should use in assessing product or service options. We have probably all had the experience of comparing or evaluating different brands or models of a product and finding the one that just feels, looks, and/or performs “just right.” Interestingly, research shows that when consumers discuss such “right” products, there is little or no mention of price; items often reflect personality characteristics or childhood experiences; and it is often “love at first sight.” In one study, the products claimed to “just feel right” included Big Bertha golf clubs, old leather briefcases, Post-it notes, and the Honda Accord.¹¹

Research has explored the influence of brand credibility (which consists of trustworthiness and expertise) on brand choice, and has found that it improves the chances that a brand will be included in the consumer’s evoked set. Three factors that affect a brand’s credibility are: The perceived quality of the brand, the perceived risk associated with the brand, and the information costs saved by deciding to buy the brand and end the search for information.¹² Furthermore, the study indicated that trustworthiness is more important than expertise when it comes to making a choice.

Consumer Decision Rules

Decision rules are procedures that consumers use to facilitate brands and other consumption-related choices. These rules reduce the burden of making complex decisions by providing guidelines or routines that make the process less taxing. There are two types of consumer decision rules. **Compensatory decision rules** come into play when a consumer evaluates brand or model options in terms of each relevant attribute and computes a weighted or summated score for each brand. The computed score reflects the brand’s relative merit as a potential purchase choice. The assumption is that the consumer will select the brand that scores highest among the alternatives evaluated. In contrast, **noncompensatory decision rules** do not allow consumers to balance positive evaluations of a brand on one attribute against a negative evaluation on some other attribute.

There are three types of noncompensatory rules. In following a **conjunctive decision rule**, the consumer establishes a separate, minimally acceptable level as a cutoff point for each attribute. If any particular brand or model falls below the cutoff point on any one attribute, that option is eliminated from further consideration. Because the conjunctive rule can result in several acceptable alternatives, it becomes necessary in such cases for the consumer to apply an additional decision rule to arrive at a final selection (for example, accepting the first satisfactory brand). The conjunctive rule is particularly useful in quickly reducing the number of alternatives to be considered. The consumer can then apply another, more refined decision rule to arrive at a final choice.

In following a **lexicographic decision rule**, the consumer first ranks the attributes in terms of perceived relevance or importance. The consumer then compares the various alternatives in terms of the single attribute that is considered most important. If one option scores sufficiently high on this top-ranked attribute (regardless of the score on any of other attributes), it is selected and the process ends. When there are two or more surviving alternatives, the process is repeated with the second highest-ranked attribute (and so on), until the consumer reaches the point that one of the options is selected because it exceeds the others on a particular attribute.

With the lexicographic rule, the highest-ranked attribute (the one applied first) may reveal something about the individual’s basic consumer (or shopping) orientation. For instance, a “buy the best” rule might indicate that the consumer is *quality oriented*; a “buy the most prestigious brand” rule might indicate that the consumer is *status oriented*; a “buy the least expensive” rule might reveal that the consumer is *economy minded*.

A variety of decision rules appear quite commonplace. According to a consumer survey, nine out of ten shoppers who go to the store for frequently purchased items possess a specific shopping strategy for saving money:¹³

1. **Practical Loyalists**—those who look for ways to save on the brands and products they would buy anyway.
2. **Bottom-Line Price Shoppers**—those who buy the lowest-priced item with little or no regard for brand.
3. **Opportunistic Switchers**—those who use coupons or sales to decide among brands and products that fall within their evoked set.
4. **Deal Hunters**—those who look for the best bargain and are not brand loyal.

TABLE 14.2 Applying the Decision Rules to Purchasing an E-Book Reader

DECISION RULE	RATIONALE
Compensatory	"I selected the e-book reader that came out as the best when I balanced the good ratings against the bad ratings."
Conjunctive	"I selected the e-book reader netbook that had no bad features."
Disjunctive	"I picked the e-book reader that excelled in at least one attribute."
Lexicographic	"I chose the e-book reader that scored the best on the attribute that I consider to be the most important."
Affect referral	"I bought the brand with the highest overall rating."

We have considered only the basic consumer decision rules. Most of the decision rules described here can be combined to form new variations, such as conjunctive-compensatory, conjunctive-disjunctive, and disjunctive-conjunctive rules. It is likely that, for many purchase decisions, consumers maintain in long-term memory overall evaluations of the brands in their evoked sets. This would make assessment by individual attributes unnecessary. Instead, using the **affect referral decision rule**, the consumer selects the brand with the highest perceived overall rating. This type of synthesized decision rule represents the simplest of all rules.

Table 14.2 applies the decision rules to purchasing an e-book reader.

Decision Rules and Marketing Strategy

An understanding of which decision rules consumers apply in selecting a particular product or service is useful for marketers in developing promotional programs. A marketer who is familiar with the prevailing decision rule can prepare a promotional message in a format that will facilitate consumer information processing. The promotional message might even suggest how potential consumers should make a decision. For instance, an advertisement for the latest cell phone might tell potential consumers "what to look for in a new feature-rich cell phone." The ad might advise consumers to consider the attributes of long battery life, high-resolution screen, high-resolution video recording, and a particularly high-quality digital camera.

Incomplete Information and Noncomparable Alternatives

In many decision-related situations, consumers have incomplete information on which to base decisions and must use alternative strategies to compensate for the missing elements. Missing information may result from advertisements or packaging that mention only certain attributes, the consumer's own imperfect memory of attributes for no present alternatives, or because some attributes are experiential and can only be evaluated after product use. There are four ways in which consumers can cope with missing information:

1. Consumers may delay the decision until the missing information is obtained.
2. Consumers may ignore missing information and decide to continue with the decision process using only the available information.
3. Consumers may change the decision strategy to one that better accommodates missing information.
4. Consumers may infer ("construct") the missing information.

In discussing consumer decision rules, we have assumed that a choice is made from among the brands (or models) evaluated. Of course, a consumer may also conclude that none of the alternatives offers sufficient benefits to warrant purchase. If this were to occur with a necessity, such as a home water heater, the consumer would probably either lower his or her expectations and settle for the best of the available alternatives or seek information about additional brands, hoping to find one that more closely met predetermined criteria. In contrast, if the purchase is more discretionary (e.g., a new pair of shoes), the consumer probably would postpone the purchase. In this case, information gained from the search up to that point would be transferred to long-term storage and retrieved and reintroduced as input when the consumer regained interest in making such a purchase (see Chapter 5).

Decision-Making: Output

The output portion of the consumer decision-making model consists of purchase behaviors and post-purchase evaluation of the purchases. Consumers make three types of purchases. When a consumer purchases a product (or brand) for the first time and buys a smaller quantity than usual, the purchase is a trial. Thus, a trial is the exploratory phase of purchase behavior in which consumers attempt to evaluate a product through direct use. For instance, when consumers purchase a new brand of laundry detergent about which they may be uncertain, they are likely to purchase a smaller quantity than if it were a familiar brand. Consumers can also be encouraged to try a new product through such promotional tactics as free samples, coupons, and/or sale prices.

When a new brand in an established product category (cookies, cold cereal, yogurt) is found by trial to be more satisfactory or better than other brands, consumers are likely to repeat the purchase. Repeat purchase behavior represents **brand loyalty**. Unlike a trial, in which the consumer uses the product on a small scale and without any commitment, a repeat purchase usually signifies that the product meets with the consumer's approval and that he or she is willing to use it again and in larger quantities.

Trial purchases are not always feasible. For example, with most durable goods (e.g., refrigerators, washing machines, electric ranges), a consumer usually moves directly from evaluation to a purchase and long-term commitment without an actual trial. While purchasers of a new Volkswagen Beetle were awaiting delivery of their just-purchased cars, they were kept "warm" by receiving a mailing that included a psychographic tool called "Total Visual Imagery" that was personalized to the point that it showed them the precise model and color they had ordered.¹⁴

Still further, post-purchase evaluation occurs after consumers have used the product, and in the context of their expectations. When a product's performance matches expectations, consumers feel neutral. **Positive disconfirmation of expectations** occurs when the product's performance exceeds expectations and the consumer is satisfied. **Negative disconfirmation of expectations** occurs when performance is below expectations and the consumer is dissatisfied.

Cognitive dissonance (see Chapter 6) occurs when consumers try to reassure themselves that they made wise choices. In doing so, they may rationalize the decision as being wise; seek advertisements that support their choice and avoid those of competitive brands; attempt to persuade friends or neighbors to buy the same brand (and thereby confirm their own choice); or turn to other satisfied purchasers for reassurance.

The degree of post-purchase analysis that consumers undertake depends on the importance of the product decision and the experience acquired in using the product. When the product lives up to expectations, the consumers probably will buy it again. When the product performance is disappointing or does not meet expectations, they will search for better alternatives. Thus, the consumer's post-purchase evaluation "feeds back" to the consumer's psychological field and influences similar decisions in the future. Studies show that customer retention is often an outcome of the brand's reputation—especially for products that consumers find difficult to evaluate.¹⁵ Research also found that younger customers have more involvement and higher expectations of service offerings and often experience cognitive dissonance after purchasing services.¹⁶

Satisfied customers feel that they receive "value for their money." As an outcome of an evaluative judgment (i.e., the consumer purchases one of the brands or models in his or her evoked set), value implies the notion of a trade-off of benefits—the features of the purchased item—versus the sacrifice necessary to purchase it (the price of the product).¹⁷ As early as 1911, researchers suggested that one should view consumption as "voting." Just as a consumer influences a political election by the act of voting, that same consumer influences the environment and society by his or her purchases.¹⁸

Consumer Gifting Behavior

Learning Objective

- 2 To understand the dynamics of buying gifts.

Gifts are a particularly interesting part of consumer decision-making. Gifts represent more than ordinary, "everyday" purchases, because they are symbolic, and mostly associated with important events (e.g., Mother's Day, births and birthdays, engagements, weddings, graduations, and many other accomplishments and milestones). **Gifting behavior** is a gift exchange that takes place between a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily ("Just to let you know I'm thinking of you"), as well as gifts that are an obligation ("I had to get

him a gift").¹⁹ It includes gifts given to (and received from) others and gifts to oneself ("self-gifts"). Moreover, the majority of products that we refer to as "gifts" are in fact items that we purchase for ourselves.

Gifting represents symbolic communication, with meanings ranging from congratulations, love, and regret to obligation and dominance. The nature of the relationship between gift giver and gift receiver determines the gift chosen, but can also have an impact on the subsequent relationship between the giver and the recipient.²⁰ There are several types of gifts:²¹

- 1. Intergroup Gifting** occurs whenever one group exchanges gifts with another group (such as one family with another). Similarly, gifts given to families will be different than those given to individual family members. For example, a "common sense" wedding gift may include products for setting up a household rather than a gift that would be used personally by either the bride or the groom.
- 2. Intercategory Gifting** takes place when either an individual is giving a gift to a group (a single friend is giving a couple an anniversary gift) or a group is giving an individual a gift (friends chip in and give another friend a joint birthday gift). The gift selection strategies "buy for joint recipients" or "buy with someone" are especially useful when it comes to a difficult recipient situation (when "nothing seems to satisfy her"). These strategies can also be applied to reduce some of the time pressure associated with shopping for the great number of gifts exchanged during the American Christmas-season gift-giving ritual. For example, a consumer may choose to purchase five intercategory gifts for five aunt-and-uncle pairs (intercategory gifting), instead of buying ten personal gifts for five aunts and five uncles (interpersonal gifting). In this way, less time, money, and effort may be expended.²²
- 3. Intragroup Gifting** is characterized by the sentiment "we gave this to ourselves"; that is, a group gives a gift to itself or its members. For example, a dual-income couple may find that their demanding work schedules limit leisure time spent together as husband and wife. Therefore, an anniversary gift ("to us") of a long weekend in Las Vegas would be an example of an intragroup gift. It would also remedy the couple's problem of not spending enough time together. In contrast, interpersonal gifting occurs between just two individuals: the gift giver and the gift receiver. By their very nature, interpersonal gifts are intimate because they provide an opportunity for a gift giver to reveal what he or she thinks of the gift receiver. Successful gifts communicate that the giver knows and understands the receiver and their relationship. For example, a pair of "just the right" cufflinks given to a friend is viewed by the receiver as "she really knows me." In contrast, an electric can opener given as a Valentine's Day gift, when the recipient is expecting a more intimate gift, can mean the deterioration of a relationship.

Researchers have discovered that both male and female gift givers feel more comfortable in giving gifts to the same sex. However, they also experienced more intense feeling with respect to gifts given to members of the opposite sex.²³ Additionally, although females get more pleasure than males from giving gifts, and generally play the dominant role in gift exchanges, both sexes are strongly motivated by feelings of obligation. Still further, everyone knows that selecting and giving a gift often causes "gifting anxiety" on the part of the givers, the recipients, and the gifting situations. Knowledge of gender differences is therefore useful for marketers, because it implies that additional support might be appreciated at the point of purchase (while in a store) when a consumer is considering a gift for an opposite-sex recipient.

One study of gifts purchased online found that **variety-seeking** (see Chapter 5) extends to gifting, as subjects with this trait considered a wider range of product categories when buying gifts for others.²⁴ A Hong Kong study identified a continuum of gift receivers: "romantic other," "close friend," and "just friends." For example, a gift given to a "romantic other" involves a high emotional expectation, but one given to a friend has a low emotional expectation.²⁵

Intrapersonal gifting, or a self-gift, occurs when the giver and the receiver are the same individual.²⁶ A self-gift is a state of mind. If a consumer sees a purchase as the "buying of something I need," then it is simply a purchase. In contrast, if the same consumer sees the same purchase as a "self-gift," then it is something special, with special meaning. Consumers may treat themselves to self-gifts that are products (clothing, compact disks, or jewelry), services (hairstyling, restaurant meals, spa membership), or experiences (socializing with friends). For example, while purchasing holiday gifts for others, some consumers find themselves in stores that they might not otherwise visit or find themselves looking at merchandise (such as a scarf) that they want but would not ordinarily buy.

The gifting process starts with the question: "Should I give a gift to X?" The answer can be yes or no depending on a variety of factors (e.g., relationship, occasion). If the answer is yes, the gift giver continues by asking: "What shall I give X as a gift?" This leads to the next question: "Do I want

to give X something that X desires (i.e., do I want to put in some real effort researching the gift)?” If the answer is yes, the gift giver is then faced with the question: “How do I learn what X desires as a gift?” Here there are two choices: predicting the preferences of the recipient or asking the recipient what he or she desires. If the consumer answers no to the question, “Do I want to give X something that X desires?” then the gift giver has two choices (according to the model): (1) to give a gift that he or she would like (i.e., “To you for me”), or (2) to give a gift that attempts to alter or improve the gift receiver to the gift giver’s liking (i.e., “Identify imposition”). The symbolic messages associated with these gifts tend to be less valued by the recipient. If preference prediction rather than direct questioning of the recipient for a gift idea is chosen, then there will be an element of surprise. In addition, if the giver does not bother to learn the recipient’s preferences, then the outcome can also be a surprise—but maybe not a good surprise.²⁷

Diffusion and Adoption of Innovations

Learning Objective

- 3 To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

Diffusion of innovations is the macro process by which the acceptance of an innovation (i.e., a new product, new service, new idea, or new practice) takes place among members of a social system (or market segments), over time. This process includes four elements:

1. **The Innovation:** new product, model, or service.
2. **The Channels of Communication:** informal or formal, impersonal or personal groups.
3. **The social system:** a market segment.
4. **Time.**

In contrast, the **innovation adoption process** is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

Types of Innovations

The definition of what is a “new product” varies among product developers and marketing strategists. From a consumer perspective, an **innovation** represents any item that the consumer perceives as new. Many marketers maintain that new products should be classified into three categories reflecting the extent to which they require consumers to change existing consumption behavior or buying patterns.

1. A **continuous innovation** has the least disruptive influence on established behavior. It involves the introduction of a modified product rather than a totally new product. Examples include the newly redesigned Apple MacBook, the latest version of Microsoft Office, reduced-fat Oreo cookies, Hershey Cacao (i.e., a form of dark) chocolate bars, American Express gift cards, Band-Aid Tough-Strips, and the Oral-B® Advantage Glide. Figure 14.2 is an example of continuous innovation.
2. A **dynamically continuous innovation** is somewhat more disruptive than a continuous innovation but still does not alter established behavior. It may involve the creation of a new product or the modification of an existing product. Examples include digital cameras, digital video recorders, MP3 players, DVRs, USB flash drives, and disposable diapers.
3. A **discontinuous innovation** requires consumers to adopt new behavior. Examples include airplanes, radios, TVs, automobiles, fax machines, PCs, videocassette recorders, medical self-test kits, and the Internet.

Product Features That Affect Adoption

Not all new products are equally likely to be adopted by consumers. Some products catch on very quickly (e.g., affordable cell phones), whereas others take a very long time to gain acceptance or never seem to achieve widespread consumer acceptance (e.g., electric cars). Diffusion researchers have identified five product characteristics that influence consumer acceptance of new products, which are detailed next.²⁸

Relative advantage is the degree to which potential customers perceive a new product as superior to existing substitutes. For example, cellular telephones enable users to be in communication with the world and allows users to both receive and place calls and text messages. The fax machine offers users a significant relative advantage in terms of ability to communicate. A document can be

transmitted in as little as 15 to 18 seconds at perhaps one-tenth the cost of an overnight express service, which will not deliver the document until the following day. (Of course, sending the document as an attachment to an email entails no cost and, like a fax, gets delivered in seconds.)

Compatibility is the degree to which potential consumers feel a new product is consistent with their present needs, values, and practices. For instance, an advantage of 3M's Scotch Pop-up Tape Strips is that they are easier to use than roll tape for certain tasks (such as wrapping gifts), yet they represent no new learning for the user. Similarly, in the realm of shaving products, it is not too difficult to imagine that a few years ago, when Gillette introduced the Fusion razor, some men made the transition from inexpensive disposable razors and other men shifted from competitive nondisposable razors (including Gillette's own MACH3 razors) to using the new product. This newer product is fully compatible with the established wet-shaving rituals of many men. However, it is difficult to imagine male shavers shifting to a new depilatory cream designed to remove facial hair. Although potentially simpler to use, such a cream is incompatible with most men's current values regarding daily shaving practices.

Compatibility varies across cultures. For example, although shelf-stable milk (milk that does not require refrigeration unless it has been opened) has been successfully sold for years in Europe, Americans thus far have generally resisted the aseptic milk package.

Complexity—the degree to which a new product is difficult to understand or use—affects product acceptance. Clearly, the easier it is to understand and use a product, the more likely that product is to be accepted. For example, the acceptance of such convenience foods as frozen french fries, instant puddings, and microwave dinners is generally due to their ease of preparation and use. Interestingly, although DVD players can be found in most American homes, many adults require the help of their children to use the devices to record particular television programs. The introduction of cable boxes with built-in DVRs has helped to reduce the ongoing challenge involved in easily recording a TV program. A study of the adoption of mobile commerce transactions conducted via a mobile device or wireless telecommunication found that “perceived ease of use” had a positive effect on the intention to adopt.²⁹

The issue of complexity is especially important when attempting to gain market acceptance for high-tech consumer products. Four predominant types of “technological fear” act as barriers to new-product acceptance: (1) Fear of technical complexity, (2) fear of rapid obsolescence, (3) fear of social rejection, and (4) fear of physical harm. Of the four, technological complexity was the most widespread concern of consumer innovators.³⁰

Triability refers to the degree to which a new product can be tried on a limited basis. The greater the opportunity to try a new product, the easier it is for consumers to evaluate the product and ultimately adopt it. In general, frequently purchased household products tend to have qualities that make trial relatively easy, such as the ability to purchase a small or “trial” size. Because a computer program cannot be packaged in a smaller size, many computer software companies offer free working models (demo versions) of their latest software to encourage computer users to try the program and subsequently buy the program.

Aware of the importance of trial, marketers of new supermarket products commonly use substantial cents-off coupons or free samples to provide consumers with direct product experience. In contrast, durable items, such as refrigerators or ovens, are difficult to try without making a major commitment. This may explain why publications such as Consumer Reports are so widely consulted for their ratings of infrequently purchased durable goods.

Observability (communicability) is the ease with which a product's benefits or attributes can be observed, imagined, or described to potential consumers. Products that have a high degree of social visibility, such as fashion items, are more easily diffused than products that are used in private, such as a new type of deodorant. Similarly, a tangible product is promoted more easily than an intangible product (such as a service).

The Adoption Process

The innovation adoption process consists of five stages through which potential consumers pass in attempting to arrive at a decision to try or not to try a new or innovative product. The five stages are:

1. **Awareness:** The consumer becomes aware that an innovation exists.
2. **Interest:** The consumer becomes interested in the innovative product or service.
3. **Evaluation:** The consumer undertakes a “mental trial” of the innovation.
4. **Trial:** The consumer tries the innovation.
5. **Adoption:** If satisfied, the consumer decides to use the innovation repeatedly.

Although the traditional adoption process model is insightful in its simplicity, it does not adequately reflect the full complexity of the consumer adoption process. For one thing, it does not adequately acknowledge that quite often, consumers face a need or problem-recognition stage before acquiring an awareness of potential options or solutions (a need recognition preceding the awareness stage). Moreover, the adoption process model does not adequately provide for the possibility of evaluation and rejection of a new product or service after each stage, especially after trial (i.e., a consumer may reject the product after trial or never use the product on a continuous basis). Finally, it does not include post-adoption or post-purchase evaluation, which can lead to a strengthened commitment or to discontinued use.

Summary

Learning Objective 1: To understand the consumer's decision-making process.

Not all consumer decision-making situations require the same degree of information research. Extensive problem solving occurs when consumers have no established criteria for evaluating an item within a product category. Limited problem solving occurs when consumers have established the basic criteria for evaluating the product category, but need more information to decide among the brands and product models available. Routinized response behavior occurs when consumers have experience with the product category and the brands offered and buy items often and almost instinctively. A model of consumer decision-making ties together the consumption behavior discussed throughout this book. It includes three components: Input, process, and output.

Learning Objective 2: To understand the dynamics of buying gifts.

Gifts represent more than ordinary, everyday purchases, because they are symbolic, and mostly associated with important events. Gifting behavior is a gift exchange that takes place between

a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily, as well as gifts that are an obligation. It includes gifts given to (and received from) others and gifts to oneself (self-gifts). Moreover, the majority of products that we refer to as "gifts" are in fact items that we purchase for ourselves.

Learning Objective 3: To understand how innovative offerings gain acceptance within market segments and how individual consumers adopt or reject new products and services.

Diffusion of innovations is the macro process by which the acceptance of an innovation (i.e., a new product, service, idea, or practice) takes place among members of a social system (or market segments), over time. This process includes four elements: (1) The innovation (new product, model, service); (2) the channels of communication (informal or formal, impersonal or personal groups); (3) the social system (a market segment); and (4) time.

In contrast, the innovation adoption process is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

Review and Discussion Questions

14.1. To what extent does the channel of communication affect the level of success of a new innovative product? Think of examples that have been successful and unsuccessful due to channels of communication.

14.2. What are the differences among the three problem-solving decision-making approaches? What type of decision process would you expect most consumers to follow in their first purchase of a new product or brand in each of the following areas: (a) Chewing gum, (b) Sugar, (c) Men's aftershave lotion, (d) Carpeting, (e) Paper towels, (f) Smartphone, and (g) Luxury car? Explain your answers.

14.3. Consumers purchase products to satisfy their needs; these could be luxury items or products that are necessary. Many large consumer purchases require in-depth comparisons in terms of price, quality, and brand. Imagine you are looking to purchase a product that involves research and comparison. What influences your decision to purchase one particular product over another?

14.4. How can Apple use its knowledge of customers' expectations in designing a marketing strategy for a new iPad?

14.5. How do consumers reduce post-purchase dissonance? How can marketers provide positive reinforcement to consumers after the purchase to reduce dissonance?

14.6. The mobile telephone has vastly improved over the last few decades. It had its humble beginnings in the 1970s when Motorola saw the need for better communication. In today's society, users not only use mobile phones for phone calls and text messages, but many have their emails and social networks synced on their devices, staying connected at all times. Identify and explore who the first consumers of the mobile telephone were. Were they consumer innovators or non-innovators?

14.7. Think of the last time you purchased a gift for someone special. How did you know what that person would like, and what did you consider when purchasing the gift?

Hands-on Assignments

- 14.8.** Identify a product, service, or style that was recently adopted by you and/or some of your friends. Identify what type of innovation it is and describe its diffusion process up to this point in time. What are the characteristics of the people who adopted it first? What types of people did not adopt it? What features of the product, service, or style are likely to determine its eventual success or failure?
- 14.9.** It is difficult to find a global definition for the term “innovation,” as it takes many forms. Organizations such as Google and the Virgin Group have succeeded in highly competitive industries due to their ability to provide some form of innovation – this could be obvious innovations of products or services, such as the move from black-and-white televisions to today’s flat screens; innovation could also be in improved customer service and manufacturing. Toyota led the way in improving its production of automobiles, an innovation that has been adapted by many manufacturing organizations globally.
- It has been argued that there are four key approaches to defining a new product innovation. Discuss the importance of each of the approaches identified below, and provide examples.
- Firm-oriented
 - Product-oriented
- 14.10** Describe the need recognition process that took place before you purchased your last can of soft drink. How did it differ from the process that preceded the purchase of a new pair of sneakers? What role, if any, did advertising play in your need recognition?
- 14.11.** List three colleges that you considered when choosing which college or university to attend and the criteria that you used to evaluate them. Describe how you acquired information on the different colleges along the different attributes that were important to you and how you made your decision. Be sure to specify whether you used compensatory or noncompensatory decision rules.
- 14.12.** The key characteristics that influence buyer behavior toward new products are perceived risk, media influence, social characteristics, and demographic characteristics. Imagine that you are planning to purchase a brand new luxury motor vehicle, and explain how each of these factors would affect your purchase decision. Please use examples to support your responses.

Key Terms

- adoption 377
- affect referral decision rule 373
- awareness 377
- cognitive dissonance 374
- compatibility 377
- compensatory decision rules 372
- complexity 377
- conjunctive decision rule 372
- continuous innovation 376
- diffusion of innovations 376
- discontinuous innovation 376
- dynamically continuous innovation 376
- evaluation 377
- evoked set 370
- extensive problem solving 366
- family branding 366
- gifting behavior 374
- inept set 370
- inert set 371
- innovation adoption process 376
- innovation 376
- interest 377
- lexicographic decision rule 372
- limited problem solving 366
- need recognition 369
- negative disconfirmation of expectations 374
- noncompensatory decision rules 372
- observability 377
- positive disconfirmation of expectations 374
- pre-purchase search 369
- relative advantage 376
- routinized response behavior 366
- trial 377
- trial ability 377
- variety-seeking 375

15

Marketing Ethics and Social Responsibility

Learning Objectives

- 1 To understand the meaning and importance of marketing ethics and social responsibility.
- 2 To understand how marketers can exploit consumers by targeting children and encouraging over-eating and other forms of irresponsible buying.
- 3 To understand ethically questionable practices such as covert marketing, manipulative exposure to advertising, and truth-in-advertising issues.
- 4 To understand the nature and consequences of provocative advertisements.
- 5 To understand how marketers abuse consumers' privacy and the measures that can stop such practices.
- 6 To understand how marketers can advance society's interests by advocating socially beneficial conduct and discouraging adverse behavior.

MARKETING ETHICS are moral principles that govern marketers' behavior. On the personal level, these principles express the differences between right and wrong behavior and the goodness or badness of human character. The objective of most not-for-profit organizations and consumer advocacy groups is to promote good and socially beneficial behaviors such as contributing to charity, using energy responsibly, and reducing bad behaviors such as using drugs, discrimination, and driving while texting or drunk. For example, for decades, PETA (People for the Ethical Treatment of Animals) has campaigned against furriers and fashion designers that use fur and leather, discouraged consumers from using cosmetics manufactured with animal testing, and asked people to choose humane, solutions when they find mice, squirrels, raccoons, and other wild animals in their yards and homes. Figure 15.1 portrays two PETA ads promoting humans' loving coexistence with animals.

Why should marketers, whose objective is to make money, be concerned about ethics? After all, there are many federal consumer protection laws and scores of laws and regulations established by states and local governments. These laws dictate what marketers can and cannot do, and often regulate the manner in which they advertise, price and distribute their products and services. For example, some town and cities forbid placing vending machines for cigarettes and junk foods in public areas and near schools. As another example, New York City's government has been considering laws that will force all restaurants to post caloric information next to each item served and banning the sales of super-size sodas in restaurants. Furthermore, some cities no longer allow cigarette machines in bars (or anywhere else) and require retailers to ask for proof of age from young adults who try to buy cigarettes. Speaking of exploiting



FIGURE 15.1 PETA Advocates Animals' Rights

Source: (Left & Right) People for the Ethical Treatment of Animals (PETA)

children, there are laws that limit the amount of advertisements that can be shown during children's TV programs. In all of these examples, marketers' actions are regulated. Thus, why should marketers worry about what is morally right? After all, doesn't a widely quoted legal standard for engaging in a given practice state: "All that is not forbidden is allowed?"

Marketers must be concerned with ethics because not all that is allowed is in the best interest of society or, for that matter, marketers' goals. Marketing practices that overtly contradict societal interests end up with embarrassment,

loss of consumers, and, more often than not, increased regulation. In short, such practices lead to lost customers, decreased profits, and diminished consumer confidence in promotional messages and products. In this chapter, we will be straightforward and critical of amoral marketing strategies. We are proud of and enthusiastic about our field and experts in marketing and consumer behavior, and in no way antimarketing. In the following discussions, we follow the saying of Spencer Johnson, a famous contemporary writer: "Integrity is telling myself the truth. And honesty is telling the truth to other people."

The Societal Marketing Concept: Utopia or Reality?

Learning Objective

- To understand the meaning and importance of marketing ethics and social responsibility.

As stated at the very beginning of this book, the essence of marketing is fulfilling the needs of consumers more effectively than competitors. Nevertheless, sometimes this concept is at odds with society's best interests. For example, products such as tobacco and alcohol "satisfy" consumer "needs" but are harmful, and many products that are convenient to use (and thus "satisfy needs") significantly contribute to environmental deterioration and climate change (e.g., products packaged in convenient but not reusable packaging, such as single-usage protective coverings used by dry cleaners). We must also consider the cumulative persuasive impact of advertising on consumer behavior. For example, depicting perfectly tanned people is likely to result in excessive sun bathing or tanning via ultraviolet light, despite undeniable documentation that such practices significantly increase the chances of developing cancer. Many studies have shown that repeated exposure to very thin "ideal" figures in promotional messages leads to negative self-perceptions (particularly in women) and is largely responsible for the increase in eating-related disorders. More Americans with eating disorders and

cancer means higher public health expenditures, which lead to a decline in our living standards. Marketers know that ads focused on beauty and attractiveness, especially if they stress the importance of these attributes over other personal characteristics, are likely to be scrutinized by the media, consumer advocacy groups. Therefore, many advertisements now portray more realistic-looking models and beauty product ads stress that although a person's physical appearance is important, one's self-worth or "true beauty" comes from "within." A study of the sexual objectification of women in advertising showed that although the number of ads containing such portrayals has been increasing, females became less offended by these images, and that such ads had little impact on women's purchase intentions.¹

Given the fact that all companies prosper when society prospers, companies should integrate social responsibility into every marketing decision. Thus, a more appropriate conceptualization of the traditional marketing concept is the **societal marketing concept**, which advocates balancing society's interests with the needs of consumers and marketers. This concept calls upon marketers to satisfy the needs and wants of their target markets in ways that preserve and enhance the well-being of consumers and society as a whole, while also fulfilling the profit objectives of their organizations. According to the societal marketing concept, fast-food restaurants should serve foods that contain less fat and sugar, but more nutrients. In addition, marketers should not advertise foods to young people in ways that encourage overeating. Furthermore, companies should not use professional athletes in liquor or tobacco advertisements, because celebrities often serve as role models for the young and using them in ads may result in underage youngsters' use of these products.

A serious deterrent to implementation of the societal marketing concept is the short-term orientation of many business executives, which stems from the fact that managerial performance is evaluated on the basis of short-term results. Thus, a young and ambitious advertising executive may create a striking advertising campaign, using unreasonably slim females with pale faces and withdrawn expressions, in order to increase the sales of the advertised product, without considering the negative impact of the campaign, such as an increase in eating disorders among young women. The societal marketing concept maintains that companies would be better off in a stronger, healthier society, and that companies that incorporate ethical behavior and social responsibility in their business dealings attract and maintain loyal consumer support over the long term.

The purpose of studying consumer behavior is to understand why and how consumers make their purchase decisions. These insights enable marketers to design more effective marketing strategies, especially when advanced technologies allow them to collect more data about consumers and target customers more precisely. Some maintain that an in-depth understanding of consumer behavior makes it possible for unethical marketers to exploit human vulnerabilities in the marketplace and engage in other unethical marketing practices to achieve corporate business objectives.

In response to public criticisms and concerns, many trade associations representing marketers of consumer goods have developed industry-wide codes of ethics. They recognize that industry-wide self-regulation is in marketers' best interests, in that it deters government from imposing its own regulations on industries. A number of companies have incorporated specific social goals into their mission statements, and include programs in support of these goals as integral components of their strategic planning. Most companies also recognize that socially responsible activities improve their image among consumers, stockholders, the financial community, and other relevant publics. They have found that ethical and socially responsible practices are simply good business, resulting not only in a favorable image, but also ultimately in increased sales. The converse is also true: Perceptions of a company's lack of social responsibility or unethical marketing strategies negatively affect consumer purchase decisions. Figure 15.2 contains a letter from a consumer advocacy group to McDonald's. The letter accuses McDonald's of failing to keep a promise it made to eliminate trans fats from its cooking oil, and clearly illustrates the damage that socially irresponsible actions can inflict on a company's image.

Although some companies have taken steps toward more responsible marketing, others have not. For example, Coca-Cola broadened the distribution of its low-calorie drinks and said it would put calorie counts on the front of its packaging around the world as part of its global efforts to counter accusations that its sugary drinks are fueling obesity. The company also promised to sponsor physical activity and committed to not marketing its drinks to children under 12 years of age—but it did not specify exactly how it plans to do so.² Other companies engage in practices that are, intuitively, against society's interests. For example, the FDA discovered that food makers have been adding caffeine to candy, potato chips, waffles, and a range of other items. For instance, A pack of Wrigley's Alert Energy Caffeine Gum can deliver the equivalent of four cups of coffee, or about 320 milligrams of caffeine. Although the package contain a warning that it is "not recommended for children or persons sensitive to caffeine," the FDA would like food companies to agree to voluntary limits for caffeine.³

A Broken McPromise

Trans fat causes tens of thousands of heart-disease deaths each year. So why did McDonald's break its promise to eliminate trans fat from its cooking oil?

AN OPEN LETTER TO McDONALD'S USA CEO MIKE ROBERTS

Dear Mr. Roberts:

McDonald's has done a lot of things right. You've recently added some healthier menu items, and you've stopped supersizing fries and sodas.

But you broke an important promise you made in 2002 to your customers — a promise to eliminate trans fat from your cooking oil. You still fry in partially hydrogenated vegetable oil, making all of McDonald's fried foods unnecessarily high in trans fat — a potent promoter of heart disease.

According to the Center for Science in the Public Interest, trans fat is a metabolic poison that increases the "bad" cholesterol and lowers the "good"; it is responsible for tens of thousands of heart-attack deaths each year, and possibly many times more than that. The Institute of Medicine says that any amount of trans fat increases the risk of heart disease and should be kept to a minimum.

Some of your European restaurants have already switched to trans-free cooking oils. But your broken promise puts your American customers at greater risk for heart attacks and early death. Please keep your promise.

**TRANS
FREE
AMERICA**

TransFreeAmerica.org is a project of the Center for Science in the Public Interest, the nonprofit nutrition and food-safety watchdog group. The goal is to eliminate partially hydrogenated vegetable oil, the leading source of dietary trans fat, from the food supply.

Burger King, Wendy's, KFC, Krispy Kreme, Applebee's, and many other chains cook with this artificial ingredient despite the scientific evidence linking trans fat to heart disease. And while many food manufacturers are reformulating their products to reduce levels of trans fat, most restaurant chains aren't changing their oil. Learn more about trans fat — and help this campaign — at:

www.TransFreeAmerica.org

Source: *Center for Science in the Public Interest*

FIGURE 15.2 Irresponsible Marketing Can Damage a Company's Image

In this chapter, we describe several unethical forms of marketing and suggest what can be done to prevent them. The topics covered here are exploitative marketing, crafty (i.e., less than honest) marketing communications, provocative marketing, and abuses of consumers' privacy. On the positive side, we discuss forms of marketing focused on social responsibility.

Exploitive Marketing

Learning Objective

- 2 To understand how marketers can exploit consumers by targeting children and encouraging overeating and other forms of irresponsible buying.

There are many targetable segments that can be easily exploited because they are more vulnerable than most other consumers, because of less education, old age, low income, and no political power. Next, we examine two particular forms of exploitative marketing: Targeting children and encouraging overeating and irresponsible buying.

Marketing to Children

Consumer socialization is the processes by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace. A comprehensive review of twenty-five years of research on consumer socialization identified three stages:

1. *Perceptual* (3–7 years old), during which children begin to distinguish ads from programs, associate brand names with product categories, and understand the basic script of consumption.

2. **Analytical** (7–11 years), during which children capture the persuasive intent of ads, begin to process functional cues regarding products, and develop purchase influence and negotiation strategies.
3. **Reflective** (11–16 years), when children understand advertising tactics and appeals, become skeptical about ads, understand complex shopping scripts, and become capable at influencing purchases.⁴

Children become brand aware as they age and begin to prefer brands more than nonbranded items.⁵ Brand knowledge starts with child-oriented product categories such as toys and food, and by age 8 children can name multiple products in categories targeted to them. Children's consumption requests start with food-related items and grow to include toys, clothing, sporting goods, and video games as children age. Children have the most influence over child-related items and children from higher socioeconomic classes influence parents more than those of lower socioeconomic status.⁶ Overall, the older the child, the more influence he or she has on a parent's purchase behavior. Older children are better negotiators and learn strategies such as bargaining and persuasion that are more effective with parents than emotional strategies such as begging and crying.⁷ Some children perceive themselves as having more influence over purchases, particularly with regard to food items, than do their parents.⁸

The growth of the Internet and electronic technology resulted in a significant increase in the amount of time children spend with various forms of media. A study reported that, among children aged 8 to 18, the time spent with electronic devices increased by 1 hour and 17 minutes from 2004 to 2010. Some studies showed that children spend a total of 7 hours and 38 minutes a day in front of televisions, computers, iPods, mobile phones, or video games. Including multitasking, children are exposed to 10 hours and 45 minutes of media content during that time. Furthermore, fewer than half of the children studied reported having parental rules regarding media viewing.⁹

More media consumption provides marketers with increased opportunities to target children with marketing messages designed to influence their purchase behavior. Food and beverage marketing has been a particular public policy concern because of its influence on the diets and health of children. A study by the Committee on Food Marketing and the Diets of Children and Youth found that television advertising influences children aged 2 to 11, and that a lot of these promotions were for high-calorie, low-nutrient foods associated with adiposity.¹⁰ Research sponsored by the Center for Science in the Public Interest discovered that marketing of high-calorie, low-nutrition foods to children has been increasing dramatically and becoming more aggressive and sophisticated.¹¹ The report concluded that such marketing has undermined parental authority regarding food consumption and called for restrictions on the marketing of foods to children. In the absence of regulation, parents play a mediational role in children's consumption and media exposure and may welcome intervention by public policy makers.

Self-Regulation versus Laws

Advertising to children is subject to self-regulation, according to guidelines developed by the Children's Advertising Review Unit (CARU) of the Council of Better Business Bureaus. Among others, the CARU guidelines state that product presentations or claims must not mislead children about the product's performance or benefits, that presentations must not exploit the child's imagination or create unrealistic expectations, that products must be shown in safe situations, and that ads must refrain from encouraging behavior that is inappropriate for children. Because, according to stimulus-response theory, children can easily form associations between stimuli and outcomes, the guidelines also direct marketers to avoid ads that: (1) Encourage children to pressure their parents to buy the products advertised, and (2) make children feel that ownership of a given product will make them more accepted by peers. Regarding loyalty-building measures such as kid's clubs, premiums, and sweepstakes, the CARU guidelines acknowledge that children do not always understand the true purpose of such measures, and direct marketers to ensure that loyalty programs do not exploit children.¹²

CARU's news releases illustrate many possible misuses in advertising to children. For example, in response to CARU's routine monitoring of children's advertising and its subsequent request, a marketer of cotton candy machines agreed to modify a TV commercial that featured children operating an electrical candy machine without parental supervision and while dancing or talking on the phone. In another case, after viewing a commercial showing Oreo cookies going into a toaster and popping out as KoolStuf pastries, a 4-year-old child inserted Oreos into a toaster and, when they did not pop

out, tried to retrieve them with a pair of scissors. The child's mother complained to CARU, which brought the incident to the attention of Oreo's marketer, who subsequently agreed to modify the commercial. Procter & Gamble agreed to modify a TV spot for Pringles that CARU believed encouraged excessive consumption of the snack food.¹³

A major concern is that food marketers "teach" children to eat more than they should and thereby cause the surging obesity and health problems among young consumers. Marketers spend at least \$10 billion annually on promoting foods and beverages to America's children. At the same time, the number of obese or overweight children has at least doubled over the past 15 years and keeps going up steadily and alarmingly. Over the past few years, lawmakers have called for legislation regulating food advertising to children; presumably to avoid such regulation, several companies have voluntarily modified their marketing practices. For example, Kraft Foods stopped TV advertising of certain products to children, and increased its advertising of sugar-free drinks and smaller packages of cookies. McDonald's, a company frequently accused of selling junk foods with too much fat and poor nutritional quality, eliminated some of its "super-sized" offerings and began selling more salads. It even offers apples as a dessert alternative to calorie-laden pies. More recently, McDonald's had a program that awarded food prizes to small kids who got good grades on their report cards; the program was advertised on book jackets and discontinued after McDonald's was criticized by parents and consumer advocacy groups and even ridiculed by some media.¹⁴

Rules proposed by the Obama administration, which would take effect in 2016, would only allow foods that contain no trans fat, have and not more than 1 gram of saturated fat and 13 grams of added sugar per "eating occasion" to be marketed to children. Also, the foods could not contain more than 210 milligrams of sodium per serving. The sodium restrictions would tighten by 2021. Additionally, the foods must provide a "meaningful contribution to a healthful diet," including ingredient from at least one major healthy food group such as fruit, vegetables, whole grain, fish, eggs, and beans. The proposed guidelines also expand the traditional definition of "children" from kids under the age of 12 to children aged 2 through 17, although the final rules for teenagers will likely be "narrower in scope and possibly limited to in-school marketing activities and social media." While some experts say that the guidelines do not go far enough, advertisers have been fighting them aggressively and it is unlikely that all will be mandated legally.¹⁵

Nevertheless, the rate of self-regulation has accelerated. In an effort to stop the spread of anti-soda measures in city halls after New York City moved to limit portion sizes and other cities levied taxes on sugary beverages, soda makers will start displaying the calorie contents of their drinks on vending machines and point consumers toward less sugary versions.¹⁶ McDonald's began posting calorie counts on all its menus—a move that could put pressure on other fast-food restaurants to do the same. The company also unveiled several menu additions aimed at making its offerings more healthful. They include an egg-white McMuffin, a grilled chicken option for the Happy Meal, and seasonal fruits and vegetables like blueberries and cucumbers. The Walt Disney Company announced that all products advertised on its child-focused television channels, radio stations, and websites must comply with a strict new set of nutritional standards. Several years earlier, Disney sharply curtailed the use of its name and characters with foods high in sugar, salt, and fat. Mickey Mouse stopped appearing on boxes of Pop-Tarts, and Buzz Lightyear and his Toy Story pals disappeared from McDonald's Happy Meals. Nickelodeon and Discovery Kids instituted similar restrictions shortly thereafter.¹⁷

Trying to be more socially responsible is not always possible or easy. General Mills reduced the sugar in most of its kids' cereals to 10 grams per serving from levels as high as 15 grams. However, surveys showed that to get kids to like the cereals, not only do the cereal's frosted oats need to taste sweet enough, but they also have to float in milk for at least 3 minutes. The company knew that 9 grams of sugar per serving was the point where the sweetness is not enough for a kid to eat regularly. The company has been reducing the sugar amounts in its cereals gradually, so that consumers get used to a lower sweetness level a little at a time (see discussion of the JND in Chapter 4).¹⁸

California passed a state law that banned the sale or rental of violent video games to minors. However, the Supreme Court overturned this law because it is unconstitutional, even if it is designed to protect children.¹⁹ Side by side with overeating, children's lack of physical activity greatly contributes to children's high rates of overweight and obesity.

Clearly, there are merits to the argument that, ultimately, any consumption behavior, including excessive eating, is the responsibility of the adults who consume overly rich foods or allow their children to consume them and not of the marketers who produced the foods. However, children are a vulnerable population. In addressing this issue and fearing that "McDonald's-made-me-fat" lawsuits

will gain momentum, the food companies have pursued legislation that will not allow obese persons to sue them for personal damages.²⁰

Regarding advertising to children, there is a consensus that even if children understand the purpose of promotional messages, marketers must take special care in advertising to them because of the amount of time kids spend viewing TV and online. Generally, advertising to children in the United States is less regulated than in European countries. Regulating marketing to children does not always work. Table 15.1 indicates that numerous practices generally forbidden in marketing to children online are widely employed by websites targeting children.²¹ As yet another example of abusing children's privacy, a study of 40 popular and free child-friendly apps, conducted by The Wall Street Journal, discovered that nearly half transmitted a device ID number, which is a major tracking tool. Some 70% passed along information about how the apps were used, and, in some cases, specified which buttons were clicked and in which order. Although the FTC regulations do not allow gathering information from apps and online services "directed to children" under 13 without parental knowledge, the FTC has no strict definition of this regulation.²²

Inspiring Overeating and Irresponsible Spending

Marketing is a form of persuasion. In order to learn how to convince consumers to adopt a product or induce consumption, marketers have carefully studied the situational factors surrounding the buying decision. For example, people become hungrier in cold environments, so it is always cold in supermarkets (some nutritionists advise consumers to go food shopping directly after a filling meal). Marketers know that the longer consumers stay in the store and wander around, the more they buy. Therefore, in supermarkets and other stores, the displays are moved around systematically; that's why you often discover that the cereal aisle has been moved since you last visited the supermarket. Men are much more likely than women to deviate from shopping lists and prior consumption plans. That's why supermarket personnel are instructed to approach any men they see just standing around and offer help. Fairly recently, many Web retailers noticed that their online sales peak between 6:30 and 10:30 p.m., across time zones. Apparently, consumers who are drinking alcohol have fewer inhibitions and are likely to spend more freely. Thus, many online retailers started offering special sales and sending promotional emails during this time period.²³

TABLE 15.1 Regulating Online Marketing to Children

PART A: COMMON PRACTICES IN MARKETING FOODS TO CHILDREN ONLINE THAT ARE GENERALLY FORBIDDEN UNDER FEDERAL OR SELF-REGULATION

1. Promoting foods of low nutritional quality; not providing enough nutritional labeling; misleading nutritional claims.
2. Embedding food ads in games and facilitating children's learning to consume the foods advertised.
3. Creating "buzz" about the products and encouraging children to send ads to their friends (i.e., viral marketing).
4. Offering children brand-related items that they can use after leaving the Web sites and tying the online advertising with other exposures to the brands.
5. Not including "ad breaks" and reminders that the content watched is advertising.
6. Offering children that may be too young opportunities and prizes if they register at the Web site.
7. Offering direct inducements to purchase (e.g., access to a secret site).

PART B: AN ILLUSTRATION OF THE LIMITED SUCCESS OF SELF AND FEDERAL REGULATION REGARDING WEB SITES TARGETING CHILDREN

CONTENT ANALYSIS FINDINGS	CURRENT GUIDE AND REGULATORY EFFORTS
64% of Web sites encouraged children to send email greetings or invitations to visit the Web site to their friends.	Advertising should not urge children to ask parents or others to buy products. (CARU)
53% of Web sites offered unlimited viewing of television advertisements.	Advertisements are limited to 10.5–12 minutes per hour. (Children's Television Act of 1990 [47 U.S.C. § 303])
CONTENT ANALYSIS FINDINGS	CURRENT GUIDE AND REGULATORY EFFORTS
76% of Web sites offered at least one brand "extra," and 52% offered two or more: 43% offered sweepstakes; and 31% offered premiums to stimulate sales.	Advertisers should take special care in using these kinds of promotions to guard against exploiting children's immaturity. (CARU)

(Continued)

TABLE 15.1 Regulating Online Marketing to Children (Continued)

CONTENT ANALYSIS FINDINGS	CURRENT GUIDE AND REGULATORY EFFORTS
39% of Web sites offered specific purchase incentives, such as game rewards.	Advertisers should avoid using sales pressures in advertising to children. (CARU)
18% of the Web sites provided ad break reminders that the content was advertising.	The Federal Communications Commission requires ad breaks for children's television programming.
47% of the Web sites offered a tie-in to movie or television shows and characters.	Television advertising should not use program personalities (live or animated) adjacent to their shows. (CARU and Federal Communications Commission)

Source: Part A. Journal of Public Policy and Marketing. Elizabeth S. Moore, American Marketing Association, 2007. Part B: Journal of Public Policy and Marketing. Kathryn Seiders, American Marketing Association, 2007.

Designing foods that encourage overeating is a scientific process. For example, marketers know that some processed foods actually make people feel hungrier after eating them. Research has identified the “bliss point” at which consumers like, say, sweetness, the most; at lower and higher levels of sweetness, consumers dislike the product’s taste. Marketers have been using their knowledge of humans’ responses to taste to design foods that produce the highest levels of craving. The cardinal rule in processed foods is “when in doubt, add sugar.” Oscar Mayer introduced a desert Lunchable in the form of Fun Pack, which, in addition to bologna and white bread, includes a Snickers bar, a package of M&M’s (or a Reese’s Butter Cup), and a sugary drink.²⁴

A report based on data from the Center for Disease Control and Prevention (CDC) projected that obesity rates, across states, would reach at least 44% by 2030, and in 13 states that number would exceed 60%. Obesity raises the risk of numerous diseases, from type 2 diabetes to endometrial cancer, meaning more sick people and higher medical costs in the future. The increasing burden of illness will add \$66 billion in annual obesity-related medical costs over and above today’s \$147 billion to \$210 billion. Another study found that by 2030, 42% of U.S. adults could be obese, adding \$550 billion to healthcare costs over that period.²⁵

Marketers are directly responsible for Americans’ decreasing physical activity and their consumption of unreasonably large quantities of unhealthy and non-nutritious foods. One study demonstrated that consumers believe that foods that are *less* healthy taste *better*, are enjoyed *more*, and are preferred when a hedonic meal takes place.²⁶ In the course of getting us to eat more, marketers have studied our eating habits in detail and used the results in packaging and determination of portion sizes. Marketers have also used their knowledge of perception to increase the quantities of foods consumers eat by the way these items are packaged or presented. For example, studies showed that:²⁷

1. Both children and adults consume more juice when the product is presented in short, wide glasses than in tall slender glasses.
2. Candies placed in clear jars were eaten much quicker than those presented in opaque jars.
3. Sandwiches in transparent wrap generated more consumption than those in opaque wraps.
4. The visibility and aroma of tempting foods generated greater consumption.
5. Presenting foods in an organized manner, such as mixed assortments in bowls (or “grab bags”), buffets, potlucks, or dinner-table settings leads to more eating.
6. Assortment size or duplication, in forms such as multiple product tastings, multiple offerings of party snacks, duplicate buffet lines, and family dinners with multiple dishes, stimulate eating.
7. Minimal variations in the size of serving bowls whenever multiple options and sizes are present lead to eating more.
8. People generally do not keep track of how much food they consume. When told, they are often surprised at how much they have consumed.
9. Large inventories of foods at home increase the quantity believed to be appropriate for a given meal.
10. Small packages do not necessarily decrease consumption and can sometimes actually increase it. Responsible companies should sell small packages individually, rather than bundling them together in a larger container, because the availability of multiple small packages leads to overconsumption.

Another form of encouraging irresponsible consumption is banks' targeting of teenagers and college students and providing them with too much easy credit, which puts them into financial difficulties for years. For example, because of very aggressive marketing of credit cards to college students, college loan debt has been rising: The average graduate leaves college with more than \$18,000 in credit card debt, often coupled with a low credit rating.²⁸ One study showed that, on average, students received their first credit card at age 18 (some did so when they were as young as 15). More than 10% owned more than 5 cards. Most of these young people did not keep credit card receipts, did not check their monthly statements against their purchases, and were unaware of the interest rates they were charged; about 10% paid only the minimum required payment every month.²⁹ Recognizing that the marketing of credit cards to college students has become far too aggressive and against society's best interests, many states have passed, or are in the process of passing, strict rules limiting the marketing that banks and credit card companies can do on college campuses. In response to criticism, several banks began limiting the promotion of credit cards directed at students.³⁰

One study identified several personality traits that contribute to students' misuse of credit cards and outlined promotional appeals that marketers can use in encouraging more responsible credit card usage among students.³¹ Interestingly, two important personality traits were impulsiveness and materialism, which have also been linked to compulsive buying and addictive tendencies.³² The study proposed that both marketers and public policymakers must educate younger customers about avoiding the trap of credit card misuse.

Manipulative or Uninformative Nutritional Labeling

Nutritional labels are placed on all packaged food items sold in the United States. Nevertheless, many critiques have pointed out that the current format of such labels is unclear and somewhat manipulative. For example, the labels list information on a "per-serving" basis. However, the Food and Drug Administration regulations allow manufacturers some discretion in setting serving sizes. For example, Kellogg's Frosted Flakes uses a serving size of 3/4 cup. Healthy Choice Chicken Tortilla Soup (microwaveable bowl) has a serving size of one cup, and Ritz Crackers have a serving size of five crackers. According to its label, a pint of Häagen-Dazs ice cream contains four servings. However, do most consumers eat only a fourth of a container of Cookies & Cream, then put the rest away for another day? A large package of Cool Ranch Doritos lists a single serving as one ounce, or roughly 12 chips, but consumers are highly unlikely to keep a chip count as they dig into bags. Although 160 calories and 2 grams of saturated fat sounds like a small price to pay for enjoying a serving of Oreo cookies, technically speaking, a serving is only 3 cookies.³³ Listing smaller serving sizes enables marketers to reduce the reported calories, fat, sugar, and carbohydrates in a product serving, and encourage consumers to consume more calories than they think they do. A study indicated that consumer attention to nutrition information focuses on calorie information but not serving size. In addition, manipulating service sizes reduces consumers' consumption-related "guilt."³⁴

Under mounting criticism, the Food and Drug Administration has been under pressure to force marketers to list realistic serving sizes on packaged food labels. According to the Center for Science in the Public Interest (CSPI), a consumer advocacy group, the worst manipulators of the serving sizes ratios are labels for canned soups, ice cream, coffee creamers, and nonstick cooking sprays—all of which grossly underestimate the calories, sodium, and saturated fat the average person typically consumes when eating these foods. For instance, on its label, a single serving of Campbell's Chunky Classic Chicken Noodle soup is one cup—just under half a can—and contains about 790 milligrams of sodium. In a national survey of 1,000 consumers, only 10% of people said they would eat a one-cup portion. About 64% said they would eat an entire can at one time, taking in 1,840 milligrams of sodium in a sitting. That is roughly 80% of the 2,300 milligrams recommended as the upper limit for daily salt intake, and well above the 1,500 milligrams that health officials have said may cause hypertension. Sixty-one percent said they would also eat the entire can of a condensed soup, like Campbell's Chicken Noodle, which lists 2.5 servings per can. A single serving contains 890 milligrams of sodium, and the full can has 2,390 milligrams. About 27% of respondents said they would eat just half a can in one sitting. The Healthy Request line that Campbell's has introduced consists of soups that contain less than 480 milligrams of sodium per serving. Nevertheless, the amount of sodium that people actually end up consuming when they eat an entire can is enormous, according to the CSPI.³⁵

A project at the University of California, Berkeley, School of Journalism conducted a competition to redesign food packages, and two of the best designs are shown in Figures 15.3 and 15.4. The design in Figures 15.3A and B uses colorful boxes to depict the relative proportion of ingredients in a product. It is visually dramatic and its use of colors is clever. However, it may not work with

**FIGURE 15.3A** Colorful Boxes Designate Ingredients

Source: Creator: Renee Walker. Project managers: Lily Mithalik and Diana Jau, University of California, Berkeley School of Journalism.

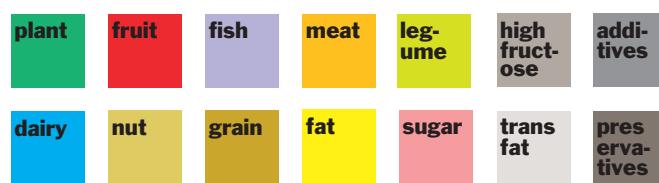
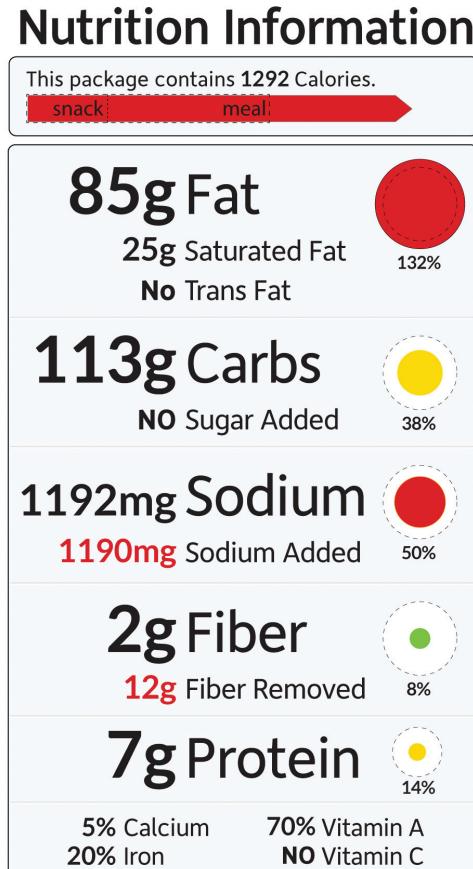
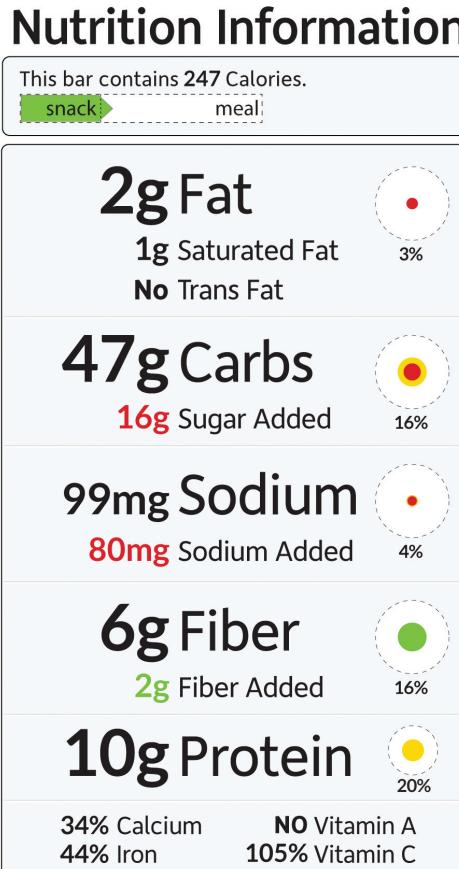


FIGURE 15.3B Food Groups Key

Bag of Normal Salted Potato Chips



Typical PowerBar



Source: Creator: Joe Brunelle. Project managers: Lily Mihalik and Diana Jou, University of California, Berkeley School of Journalism.

FIGURE 15.4 Total Instead of Serving Size Calories

complicated foods. The design in Figure 15.4 replaces serving size calories with total calories per package or bottle. It represents food ingredients using bold, colorful rectangles showing how much of which ingredients are in the food. A green, yellow, and red color-coding system denotes reasonable, questionable, or unhealthy amounts of carbohydrates or fat. The label is very attractive, but probably requires too much space on the food package.³⁶

The definitions used in nutritional labeling are not always logical. For example, food labeled “organic” must meet verifiable standards set by the federal government, while that labeled “natural” is subject to no such requirements. Ironically, although sales of both “organic” and “natural” foods, which cost more than other foods, have been growing, surveys found that consumers prefer foods described as “natural” to those labeled “organic.” In one case, a line of Nature Valley food products claims they are “natural,” although the items include high fructose corn syrup, high maltose corn syrup, and maltodextrin (a thickener that can also impart a slight sweetness to food). These ingredients are highly processed, do not exist in nature, and cannot be considered natural even under a very lenient definition. According to some studies, these ingredients

cause hyperactivity and attention deficit among young children. Realizing the negative connotation associated with “high fructose corn syrup,” the Corn Refiners Association asked the FDA to allow it to change the ingredient name to “corn sugar” on nutrition labels, but the FDA denied permission.³⁷

Another interesting labeling battle revolves around bioengineering companies like Monsanto and DuPont, which have spent millions of dollars to fight a California ballot initiative aimed at requiring the labeling of genetically modified foods. Strangely, marketers of the biggest organic brands in the country—Kashi, Cascadian Farm, Horizon Organic—also have joined the antilabeling effort and contributed a lot of money to the effort to defeat the initiative. In contrast, the smaller, independent businesses and farms that most shoppers envision when they buy an organic peach or shampoo—companies like Nature’s Path, one of Kashi’s largest competitors—have been strongly supporting the labeling initiative.³⁸

Direct-to-Consumer Pharmaceutical Advertising

The promotion of pharmaceutical products directly to consumers has been permitted since 1997—and has increased the consumption of numerous categories of medications. In studies, consumers confirmed that they obtained most of the information about these medications from TV commercials rather than from their physicians.³⁹ Recognizing that direct-to-consumer advertising has become too aggressive, the pharmaceutical industry has developed voluntary restrictions regarding this marketing method. The Senate has called for a temporary moratorium on advertising new drugs to consumers, and a major pharmaceutical company has volunteered not to advertise new drugs to consumers during their first year on the market.⁴⁰ Online search engines further complicate the direct selling of medications to consumers. The FDA urged pharmaceutical companies to include risk information about drugs in the companies’ search advertisements in the form of a short text that appears besides the results of one’s Google search. But, since Google limits such ads to 95 characters, it is unclear how this can be done.⁴¹ Because they can market products directly to consumers, pharmaceutical companies are more eager than ever to “extend the life” of products that have become consumer favorites, as the dates for patent expiration and the availability of generic versions of these products near. For example, Pfizer began selling a chewable form of Viagra; other companies are testing erectile dysfunction drugs that melt under the tongue and act more quickly than pills that are swallowed.⁴²

Crafty Promotional Messages and Techniques

Learning Objective

- 3** To understand ethically questionable practices such as covert marketing, manipulative exposure to advertising, and truth-in-advertising issues.

Marketers can also manipulate consumers’ interpretations of marketing stimuli through the context in which those stimuli are featured. For example, in QVC’s Extreme Shopping, during which rare and expensive products are offered, consumers perceived \$200 art prints as reasonably priced when the prints were shown immediately after much more expensive items.⁴³ Inadvertently, marketers can also affect the content and duration of news and other information-focused broadcasts. For example, many marketers carefully screen the context in which their messages are shown, because they recognize that advertisements are perceived more positively when placed within more positive programs. Thus, they may choose not to place ads in news broadcasts or programs that cover serious issues, such as wars and world hunger, where some of the content is bound to be unpleasant. Because broadcasts are driven by advertising revenue, media companies may choose to shorten the coverage of serious and disagreeable topics.

A crafty marketing strategy, which is perfectly legal, occurs when marketers reduce the amount of products in packaging, but leave the prices unchanged. They do so because their margins are going down (e.g., because of higher raw-materials prices) and they are reluctant to raise prices. Marketers recognize that consumers are much more likely to notice price increases than small and below the JND (see Chapter 4) reductions in the packages’ quantities of food, drink, and household products. Although legal, such reductions can be viewed as misleading and manipulative. For example, many cereal boxes and bags of chips became lighter over the years, which companies refer to as “weight outs.” A Snickers bar was reduced from 2.07 ounces to 1.86 ounces (Mars said this was done to reduce calories to 250 per bar), and the bottle size of Tropicana Pure Premium orange juice declined from 64 to 59 ounces. Kimberly-Clark introduced a box of Kleenex that has 13% fewer sheets, a measure referred to as “desheeting.” The company said that the new Kleenex tissues

are 15% “bulkier” and fewer tissues are needed to get the job done. Similarly, the number of sheets in various Cottonelle toilet paper roles declined from 176 to 230 sheets to between 166 and 216 sheets per role.⁴⁴

Covert Marketing

Covert marketing (masked or stealth marketing) consists of marketing messages and promotional materials that appear to come from independent parties when, in fact, they are sent by marketers. Some maintain that covert marketing strategies often violate the FTC’s definition of deceptive advertising, endorsement guidelines, and other regulations pertaining to marketing, and believe that the FTC should establish clearer rules to reduce the use of masked advertising.⁴⁵ Others argue that the widespread use of covert advertising abuses consumers’ efforts to avoid advertising and will result in increased consumer distrust of product information; of particular concern here is the increased number of communications that are created by marketers but made to resemble genuine word-of-mouth.⁴⁶

Popular methods of covert marketing include:

1. Actors posing as customers telling people the product benefits and giving them a chance to examine or try the product.
2. Paying bartenders for praising brands of alcoholic beverages and recommending them to customers.
3. Employees posing as customers online—in chat-rooms, blogs, etc.—and spreading positive word-of-mouth about the product and even providing samples. They also encourage people to tell others about the samples they have received.
4. Emails disguised as “urgent” messages or personal thank-you notes.
5. As discussed in Chapter 4 (on consumer perception), inserting advertising messages into the content of programs and disguising advertising messages as entertainment.

Product Placement: Advertising Embedded within Entertainment

Marketers increasingly use techniques that blur the distinctions between **figure and ground** and make it difficult for consumers to clearly distinguish advertising from entertainment content (see Chapter 4). For example, to combat fast-forwarding by consumers who wish to avoid TV commercials, marketers are increasingly turning to **product placements**, where the line between television shows and ads is virtually nonexistent. Six-packs of Mountain Dew were given to the winners of personal challenge contests on Survivor, and the judges of American Idol always have a Coca-Cola within easy reach. A new product developed by Burger King went on sale the day after it was featured on The Apprentice, and another show of this series focused on developing an ad for Dove Cool Moisture Body Wash. In addition, some news programs contain embedded ads, and promotional messages were also inserted into the dialogue of entertainment programs. While forecasts indicate that companies are going to steadily increase expenditures on branded entertainment, a newly formed consumer advocacy group, Commercial Alert, is lobbying for legislation that will require advertisers to disclose upfront ads that are designed as product placements.

Marketers also blend promotion and program content by positioning a TV commercial so close to the storyline of a program that viewers are unaware they are watching an advertisement until they are well into it. Because this was an important factor in advertising to children, the Federal Trade Commission has strictly limited the use of this technique. TV stars or cartoon characters are now prohibited from promoting products during the children’s shows in which they appear. An **advertorial** is another potential misuse of figure-and-ground and occurs in print ads that closely resemble editorial matter. In broadcast media, **infomercials**, are 30-minute (or even longer) commercials that appear to the average viewer to be documentaries, and thus command more attentive viewing than obvious commercials would receive.

Many surveys have examined the impact of product placements in films on brand awareness, attitudes, and purchase intent. However, there is no evidence that firms’ investments in film product placements are worthwhile.⁴⁷ Some studies showed that prominent placements, though more memorable, do not have much influence on consumption, whereas subtle placements, though less memorable,

nonetheless have a greater impact on consumption. Thus, if they intend to continue using this tactic, marketers must design placements that have strong effect on memory as well as behavior.⁴⁸

False or Misleading Advertising

The ethical issues related to advertising focus on the accuracy of the information provided and the potential misuse of promotional messages' persuasive abilities. Regarding accuracy, a toothpaste ad stating that "brand A is the best" is considered an acceptable form of advertising "puffery" because consumers generally understand that there is no credible way to determine what "best" means. A toothpaste ad stating that the brand is "endorsed by the American Dental Association" is an objective statement of fact that includes easily verifiable information. However, is an ad stating that the brand "provides more cavity protection than any other toothpaste" permissible advertising puffery, or is it false or misleading? The answer depends on how most reasonable consumers are likely to interpret the ad. Do they believe that there is a scientific way to measure the degree of cavity protection and that the maker of the brand has conducted a scientific study of all brands of toothpaste on the market and that the study proved the ad's claim? It is clear that determining how most reasonable consumers are likely to interpret an ad is a complex undertaking, and therefore there is no definitive answer to the question: At what point does puffery become deceptive? As discussed in Chapter 7, humor is the most popular advertising appeal. Regrettably, one study discovered that deceptive claims were found in about three-quarters of humorous ads, and that humor was often used to mask deceptive claims.⁴⁹

Truth-in-advertising laws protect consumers from false advertisements. Over time, the FTC has developed guidelines as to what constitutes **deceptive advertising**, and it holds marketers responsible for determining their ads' potential to mislead consumers. However, although the FTC is responsible for stopping false or misleading ads, it is apparent that such ads continue to exist. For example, the FTC's website featured a "Red Flag" button alerting consumers that "misleading weight loss advertising is everywhere" and warning them against weight-loss claims that are too good to be true. Sample claims include that the product causes "substantial weight loss no matter how much you eat" or promises of "a weight loss of two pounds or more a week for a month or more without dieting or exercise."⁵⁰ The FTC encourages and investigates complaints by consumers and companies regarding false or misleading ads, but its public advice for consumers regarding weight-loss products illustrates that it cannot stop all misleading ads. The FTC can also require companies that have misled consumers to run **corrective advertising**. For example, years ago Listerine's maker was forced to correct the claim that the product prevents colds. A study indicated that corrective advertising sometimes resulted in consumer distrust toward other products sold by the company, and also toward similar products sold by unrelated marketers; this result suggested that corrective promotional messages may often not achieve their desired objectives.⁵¹

In addition to the FTC, there is the National Advertising Review Council (NARC), a self-regulatory group that monitors complaints from companies and consumers regarding truth in advertising and often determines what ads can or cannot state. For example, NARC determined that Colgate-Palmolive provided supportive evidence for the claim that its Oxy-Plus product "blasts away grease faster" than P&G's Ultra Dawn, but decided that there was no evidence supporting GlaxoSmithKline's claim that Super PoliGrip provides the "strongest hold ever"—a claim that the company subsequently withdrew. NARC also supported a challenge to promotions for cancer treatment which claimed that "Chemotherapy doesn't work for everyone."⁵² In some cases, powerful companies can persuade media to stop running ads they deem deceptive. For example, Anheuser-Busch persuaded ABC, CBS, and NBC to stop running Miller Beer ads depicting consumers comparing beers and saying that the Miller beers have more flavor.⁵³ Table 15.2 gives examples of false or deceptive promotions.⁵⁴

Apparently, a large number of promotional violations occur in the marketing of medications. One study identified the three major categories of violations:⁵⁵

1. Unsubstantiated effectiveness claims: Representing the drug as more effective than the evidence available suggests; representing the drug as useful in a broader scope than the research evidence indicates.
2. Omitted risk information: Failure to reveal risks resulting from using the drug correctly; failure to present information on side effects; stating the risks in unclear language.
3. Unsubstantiated superiority claims: Presenting the drug as more effective or safer than others in spite of the fact that there is no evidence supporting such a claim.

TABLE 15.2 Deceptive or False Promotional Claims

PRODUCT	ISSUE	DESCRIPTION
Dannon Yogurt	Claimed health benefit	In response to consumer demand for products containing certain strains of live bacteria, Dannon's promotions for its probiotic dairy drinks—Activia and DanActive—claimed that bacterial cultures will help prevent colds or alleviate digestive problems. The FTC forced Dannon to drop the ad because it could not claim that the product will relieve digestive issues unless it also mentioned that a person has to eat at least three servings daily to get this benefit. The FTC allowed Dannon to state that Activia helps regulate the digestive system and DanActive helps to support the immune system.
Nestlé	Claimed health benefit	The FTC stopped Nestlé's advertising claiming that its Boost Kids Essential beverages help kids avoid colds and reduce school absences.
Pom Wonderful	Claimed health benefit	The marketer of this pricy pomegranate juice advertised that the product reduces the risk of heart disease, prostate cancer, and impotence. The FTC charged the marketer with making false and unsubstantiated claims.
Procter & Gamble Nyquil	Forbidden product attributes	Procter and Gamble wanted to add Vitamin C to its Vicks cold formulas. The FDA does not allow the addition of dietary supplements to drugs, because that may give consumers the impression that these drugs were evaluated and approved by the FDA.
Skechers Toning Shoes	False claim	The company claimed that its shoes help consumers tone muscles and lose weight. One of the taglines said: "Get in shape without setting a foot in the gym." The FTC fined the company \$50 million.
Ab Circle Pro	False claim	Ads for the Ab Circle Pro, a circular disk on which people swing back and forth, said that a 3-minute daily workout was equivalent to 100 sit-ups and would allow consumers to lose 10 pounds in 2 weeks. The FTC forced the company to give customers refunds.
Lancôme	Questionable claim	L'Oréal's Lancôme claimed that one of its products "boosts the activity of genes and stimulates the production of youth proteins." This implies that the product affects the way the human body works, which is a standard used to classify new drugs, not cosmetics. The FDA rebuked the company.
Twitter	Full disclosure	The FTC said that Twitter ads should include full disclosure, just like TV and print ads. For example, ads should include the average effectiveness of a weight-loss shake or note that a celebrity was paid to push a product. Making room for this kind of text in a 140-character tweet on Twitter is unrealistic, but other ways to include full disclosure are being considered.

Source: Amy Schatz and Ilan Brat, "Dannon Settles Complaints Over Yogurt Ads," December 16, 2010 online.wsj.com; Edward Eyatt, "Regulators Call Health Claims in Pom Juice Ads Deceptive," nytimes.com September 27, 2010; Associated Press, "FDA Warns P&G for Adding Vitamin C to Nyquil," nytimes.com October 14, 2009; Brent Kendall, "Sketvhers Settles With FTC Over Deceptive-Advertising of Toning Shoes," online.wsj.com May 16, 2012; Anemona Hartocollis, "Dispute Over City's Ads Against Sodas," nytimes.com October 28, 2010.

What Is “Deceptive”?

It is often difficult to determine what constitutes "misleading" or "deceptive" advertising. For example, Sterling, a jewelry marketer, took legal action to stop Zale, its competitor, from advertising its product line as the "most brilliant diamonds in the world." Advertising can include *subjective* claims, such as "our wine has the most unique taste among red wines." However, Sterling claimed that the brilliance of a diamond *can* be systematically, reliably, and scientifically measured, and therefore the claim "most brilliant diamonds" is not a subjective claim. The court sided with Zale because there are no objective standards by which to measure a diamond's "cut" or "brilliance." Other subjective claims in the jewelry sector—that are perfectly legal ads—include "the first diamond ever to be certified visibly brighter" and "the world's most perfectly cut diamond."⁵⁶ The New York City Health Department put together a media campaign about how drinking a can of soda a day "can make you 10 pounds fatter a year." Although few would argue that soda is nutritious, and there is a body of evidence showing a high correlation between rising obesity and the consumption of sugary drinks, some health experts question the scientific validity of directly linking sugar consumption to gaining weight, because the reasons behind weight gain vary widely.⁵⁷ Organix is a manufacturer of hair-care products. Although the company has never claimed that its products are organic, critics maintain that the name is misleading. Furthermore, when Vogue—the company owning Organix—became available for sale, potential buyers expressed concerns regarding its Organix brand.⁵⁸

Provocative Marketing

Learning Objective

- 4 To understand the nature and consequences of provocative advertisements.

Regrettably, too many marketing messages convey socially undesirable stereotypes and images. Some years ago, the makers of an American icon—G.I. Joe—introduced a substantially more muscular version of the doll and were subsequently accused of sanctioning the use of muscle-building drugs by teenagers. Similarly, the makers of Barbie—a doll that has gradually become thinner and bustier—were accused of conveying an unrealistic body image to young girls. Some objectionable ads can be the result of good intentions. For example, a not-for-profit organization in New York City ran an ad campaign aimed at raising public awareness of such children’s disorders as autism, depression, and eating-related illnesses. The ads featured “Ransom Notes” depicting how the diseases held the families of the sick children captive by taking over their lives. Although many agreed that this advertising approach was effective in the context of the campaign’s objectives, some parents of children afflicted with the illnesses featured found the ads too emotional and personal, and the campaign was discontinued. With social media outlets such as Twitter and Facebook making it even easier for complaints about provocative ads to go viral, many marketers began testing their Super Bowl commercials on audiences in advance of the big game. A research firm that specializes in **neuromarketing**, the study of advertising’s effect on brain activity, worked with several Super Bowl advertisers. The firm strapped electrodes to focus group participants to see how different parts of their brains reacted to the commercials. While some experts question the validity of this research, marketers have been increasingly using the techniques.⁵⁹

In trying to illustrate that some ads may bring about undesirable, although unintended, behavior, a New Jersey professor showed his students a magazine ad featuring a fit, smiling young man on a sidewalk in New York City with yellow cabs, pedestrians, and buildings in the background. The bright-red headline read, “Just once a day!” All other copy elements of the ad were concealed to disguise the actual product advertised. When the professor asked his students to guess what kind of product the ad was promoting, the consensus of the guesses was that the ad was for some kind of a pill, probably a vitamin. In fact, the ad was for a medication that is used as part of an HIV therapy regimen by persons who are HIV positive. Because visual images are very persuasive, is it possible that the fit young man and the bright-red “Just once a day!” caption could convey to young adults that being HIV positive is an easily manageable condition, and that one can therefore engage in unsafe sex with impunity? However, marketers have limited options, even if some misperceive the ads. Clearly, featuring an individual who looks unhealthy in an ad for a pharmaceutical designed to control a serious medical condition will not be effective. The Food and Drug Administration has alerted marketers of HIV medications to the fact that some of their ads, which often show healthy-looking persons involved in rigorous physical activity, may be conveying the notion that because the drugs can restore or maintain one’s health, they implicitly encourage unsafe sex.

Many studies have focused on the use of objectionable themes in advertising. For example, one study of TV commercials directed at children discovered that diverse ethnicities were underrepresented compared to Caucasians and pointed out the need for more diverse ethnic representation in children’s TV advertising. This is an important recommendation because children are generally deeply engaged in TV viewing and advertising’s portrayals influence their views of social ethnicity.⁶⁰ A study of promotional elements found that images and words unsuitable for children produced the most consumer complaints, followed by bad language. The study also discovered that consumers felt more insulted by offensive themes than by the products, services, or ideas featured in the ads, and that consumers viewed ads delivered via intrusive media as more offensive than those delivered via other media.⁶¹ Table 15.3 includes examples of provocative marketing.⁶²

Although marketers continuously sponsor ads portraying values or behaviors that some (or many) consumers find distasteful or wrong, the importance of public scrutiny must not be underestimated. For example, one broadcast of the Super Bowl included many ads portraying crude humor and gags that were later criticized by many (and also amplified by the coincidental “wardrobe malfunction” of a female entertainer during the half-time show). As a result, advertisers during the following year’s Super Bowl broadcast took special care to develop ads that were more mainstream and traditional—not an easy task, as Super Bowl ads (expected to be creative and unique)—are the most analyzed group of ads in American broadcasting.⁶³ In recent years, marketers have been testing Super Bowl commercials well in advance, with different publics, and changing any elements that appeared controversial.

TABLE 15.3 Examples of Provocative Marketing

PRODUCT	PROVOCATION	DESCRIPTION
Blast by Colt 45	Appealing to underage drinkers	Blast by Colt 45—a fruit-flavored beverage—was endorsed by the rapper Snoop Dogg, who also mentioned the brand in one of his songs. Sweetened alcoholic beverages are sometimes called “cocktails on training wheels” and young drinkers call them “alcopops.”
Four Loko	Deadly combination masked as “an energy drink”	A company marketing a fruit-flavored malt beverage with 12% alcohol content and caffeine targeted college students. Some drinkers ended up in hospitals. While under FDA investigation, the company took the caffeine out of the product.
Adidas	Selling the same product for different prices in two countries	The shirts of New Zealand’s premier rugby team—marketed by Adidas—were being sold online in the United States for approximately 50% less than their New Zealand price.
Nivea skincare	Despicable advertising	An ad for the product featured a black man holding a decapitated head with an afro and beard. The ad’s tagline was: “Re-civilize yourself.”
Groupon	Insensitive humor	One ad made fun of the people of Tibet, who are abused under Chinese rule; another ad made fun of endangered species.
A vodka named Wodka	Tasteless and negative stereotypical portrayals in advertising	An ad for Wodka—a very cheap vodka brand sold in Brooklyn, N.Y.—read: “Christmas quality, Hanukah pricing,” and also featured one dog wearing a yarmulke and another one wearing a Santa hat. Another ad read: “Escort quality, hooker prices.”
Benetton	Creative but objectionable	Benetton—made famous by creative but highly explicit advertising—came up with an “UNHATE” campaign featuring world leaders kissing other leaders whom they oppose, such as President Obama kissing Venezuela’s leader and the prime minister of Israel kissing the Palestinian leader.

Sources: WSJ Staff, “Oh, Benetton. You and Your Controversial Ad Campaigns,” [online.wsj.com](#) November 16, 2011; Jonathan Hutchinson, “The Price of a Jersey Sets Rugby Fans Against Adidas,” [NYTIMES.com](#) August 24, 2011; Andrew Newman, “A Line of Brews Draws a Star Endorser,” [nytimes.com](#) April 17, 2011; Abby Goodnough, “Caffeine and Alcohol Drink Is Potent Mix for Young,” [nytimes.com](#) October 26, 2010; Sarah Nir, “Nivea Pulls Ads After Online Outcry,” [nytimes.com](#) August 12, 2011.

Abusing Consumers’ Privacy

Learning Objective

- 5 To understand how marketers abuse consumers’ privacy and the measures that can stop such practices.

Consumers’ loss of privacy is an increasingly problematic ethical issue, as marketers identify and reach out to increasingly smaller audiences through innovative media and more sophisticated tracking. The collection and dissemination of this information raises many privacy issues and various governmental bodies have proposed measures to ensure consumers’ privacy. For example, some senators proposed a Commercial Privacy Bill of Rights, but the proposal fails to require businesses to provide consumers with data about themselves, which they can do very easily.⁶⁴

Some retailers started testing new technology that allowed them to track customers’ movements by following the Wi-Fi signals from customers’ smartphones. The retailers gather data about in-store shoppers’ behavior, using video surveillance and signals from their cellphones and apps to identify customers’ genders, how many minutes they spend in the candy aisle and how long they look at merchandise before buying it. Retailers can also identify returning shoppers, because mobile devices send unique identification codes when they search for networks. Thus, stores can tell how repeat customers behave and the average time between visits. When customers found out about being tracked, many complained and said that they felt “stalked” and “creepy” while shopping under surveillance.⁶⁵

The **e-score** is a digital calculation that evaluates people’s buying power and value as consumers. However, these scores are largely invisible to the public. Fueled by Google Analytics, this digital ranking of American society is unlike anything that came before it. Nevertheless, unlike personal credit reports, consumers cannot find out what their e-scores are.⁶⁶

The Federal Trade Commission recommended a “do not track” mechanism that is similar to the national “do not call” registry. It also proposed legislation regulating so-called data brokers, which compile and trade a wide range of personal and financial data about millions of consumers from online and offline sources. The suggested legislation would give consumers access to information collected about them and allow them to correct and update such data. Another proposal is to let consumers choose whether they want their Internet browsing and buying habits monitored.⁶⁷ The Digital Advertising Alliance—a group of digital advertising trade organizations—designed a turquoise triangle in the upper right-hand corner of banner ads. The AdChoices icon allows users who click on the turquoise triangle to opt out of having their behavior tracked online. The group’s website has received about 100,000 inquiries about the icon. Facing several bills introduced in Congress calling for tighter regulation of mobile and digital privacy, as well as more control over online advertising to children, the group launched a campaign educating consumers about the turquoise triangle.⁶⁸

Online marketers monitor and track consumers more closely and accurately than most people realize or would probably allow. For example, Facebook had a program called “beacon,” which traced where users were going and sent their friends alerts about the goods that the users who were monitored bought or viewed online. After a public outcry, Facebook incorporated into the program a feature allowing users to opt out of it easily.⁶⁹ More recently, Facebook—which has 500 million users globally—unveiled a set of controls that it said would help people understand what they were sharing online, and with whom, and would simplify its opt out system.⁷⁰ Radically, newer versions of several browsers come with the don’t-track-me option automatically enabled. During installation, a notice appears in a customization menu giving users the choice to keep that preselected don’t-track-me preference as is, or switch it off.⁷¹ Adlock is the name of software that, presumably, allows consumers to surf online and block some ads, but without ever missing the advertising that they were meant to see.⁷² A survey presented at the Amsterdam Privacy Conference indicated that most Americans surveyed did not want any information at all collected about which websites they visit, and that they did not find online advertisements useful. Nearly 90% said they had never heard of a proposal by the Federal Trade Commission, known as a “do not track” mechanism, that would let users opt out of having their personal data collected for serving tailored advertisements.⁷³

We must also note that the popularity of “do not track” threatens the barter system wherein consumers allow sites and third-party ad networks to collect information about their online activities in exchange for open access to maps, email, games, music, social networks, and much more. Marketers have been fighting to preserve this arrangement, saying that collecting consumer data powers effective advertising tailored to a user’s tastes. In turn, according to this argument, those tailored ads enable smaller sites to thrive and provide rich content. A general council for the Interactive Advertising Bureau—an industry group—said that eliminating relevant advertising would make the Internet less diverse, less economically successful, and significantly less interesting.⁷⁴ Furthermore, although consumers lose a lot of privacy online, such is not always the case. In websites using “first party” behavioral advertising, the site collects consumer information to deliver targeted advertising at its site, but does not share any of that information with third parties. Additionally, **contextual advertising**, which targets advertisements based on the Web page a consumer is viewing or a search query the consumer has made, involves little or no data storage.

Finding and reading websites’ privacy policies is difficult. Buried deep within the legalese used in privacy policies is information on how Web publishers collect and handle the data they use to show ads to their visitors. PrivacyChoice—a company that has analyzed and indexed the data in hundreds of privacy policies across the Web—has developed a scale ranking websites from 0 to 100, based on how a site collects and uses personal data. Websites and their users can easily compare privacy practices across the Internet and make smarter decisions about their own data. This tool would also result in more protective privacy practices by sites and tracking companies.⁷⁵

Little-known software installed on millions of smartphones is raising even more questions about what data are being collected from mobile devices, where the data are going, and what they are being used for. The package—from a company named Carrier IQ Inc.—collected information on one carrier’s smartphone with Google Inc.’s Android operating system. The software, which was not transparently visible to consumers, tracks actions such as when buttons are pressed and collects personal data such as the content of text messages. Google said that it is not affiliated with Carrier IQ.⁷⁶

Even without special software, cell phones undermine privacy. Marketers can learn not only *who* you are (e.g., your personal characteristics) and *what* specific purchases you make, but can also learn *where* you are at any given moment because your cell phone, mobile email device, and the GPS integrated into your car or sports watch are “electronic bracelets” that monitor your movements. If you travel abroad with a roaming cell phone, upon landing at your destination, you may quickly receive a text welcoming you to that destination and offering you additional services designed for travelers. Clearly, in the not-too-distant future, when you drive a car equipped with a GPS with the radio on, the commercial that you will hear may alert you to, say, a McDonald’s two exits down the highway. Another driver in a different location and listening to the same radio station would hear a different ad. In several large cities, advertisers use cabs equipped with GPS and advertising billboards on their roofs to create ever-changing advertising messages; the changing ad displays corresponded to the businesses the cabs pass as they travel (in some cabs, screens inside the cabs also display ads).

In one futuristic movie thriller set in 2054, the hero passes a billboard featuring the American Express card, which, after scanning his retina, becomes a hologram (presumably visible only to him) portraying his picture and personal data and urging him to use the card. He then enters a Gap store, where he is met by voices greeting him by name, asking how he liked his previous purchases, and suggesting items that he may like based on his past purchases. New types of coupons, printed from the Internet or sent to mobile phones, are packed with information about the customers who use them,

and follow the customers to malls. The coupons look standard, but their bar codes often include identification information about the customer, his or her Internet address, Facebook page information, and even the search terms the customer used to find the coupon in the first place. In the mall, if a man walks into a Filene's Basement to buy a suit for his wedding and shows a coupon he retrieved online, the company's marketing agency can figure out whether he used the search terms "Hugo Boss suit" or "discount wedding clothes" before his purchase. The coupons can, in some cases, be tracked not just to an anonymous shopper but to an identifiable person: A retailer could know that Amy Smith printed a 15%-off coupon after searching for appliance discounts at Ebates.com on Friday at 1:30 p.m. and redeemed it later that afternoon at the store.⁷⁷

In summary, experts point out that given the vast flow of information that consumers entrust to the Internet every day, it is hard to believe there is no general law to protect people's privacy online. Companies harvest data about people as they surf the Net, assemble it into detailed profiles, and sell it to advertisers or others without ever asking permission. Because there are no uniform international laws to deal with violations of online privacy, and because no one specifically monitors for potential violations of consumers' rights to privacy online, there is no consensus as to whether government regulation or voluntary measures could alleviate this concern.⁷⁸

Promoting Social Causes

Learning Objective

- 6** To understand how marketers can advance society's interests by advocating socially beneficial conduct and discouraging adverse behavior.

Many not-for-profit organizations, including consumer advocacy groups, exist primarily to promote socially beneficial behaviors such as contributing to charity or using energy responsibly, and reducing such negative behaviors as abusing drugs, discriminating on the basis of race or sexual orientation, and driving while texting or drunk. Many companies try to increase their credibility by being "good corporate citizens" and integrating socially desirable practices into their operations. For example, Disney agreed not to feature any smoking in Disney-branded films.⁷⁹ One study indicated that a societal marketing program had a powerful impact on creating positive consumer attitudes toward the sponsoring company.⁸⁰ Another study found that a solid perceptual fit between the sponsoring organization and the cause(s) promoted enhances both consumers' involvement in the causes and their purchase intentions.⁸¹

Advocating Beneficial and Discouraging Detrimental Conduct

The primary objective of many not-for-profit organizations is to promote socially desirable behaviors and discourage ones that produce negative outcomes. For example, The Advertising Council—a group founded during World War II and dedicated to the advancement of socially worthy causes through advertising—ran a campaign that discouraged the use of derogatory phrases regarding a person's sexual orientation. The campaign's title was "Think Before You Speak," and its objective was to reduce the harassment and bullying of teenagers who are gay, lesbian, bisexual, or transgender (see Figure 15.5).⁸² With the alarming increase of "digital harassment" among teenagers, The Advertising Council initiated a campaign entitled "That's Not Cool," alerting young adults that excessive and unwelcome sending of text messages can quickly become illegal stalking.⁸³ The Christopher

FIGURE 15.5

Using Derogatory Terms: "Think Before You Speak"



Source: Courtesy of GLSEN, the Gay, Lesbian & Straight Network and the Ad Council's "Think Before You Speak" campaign



FIGURE 15.6 New York City's Government Promotes Hurricane Preparedness

Source: "Ready New York Advertisement" ©2004, New York City Office of Emergency Management. All Rights Reserved

Reeve Foundation is a not-for-profit group dedicated to raising money for treating people who live with spinal impairment and finding a cure for spinal injury; the group ran an ad campaign under its new slogan: "Today's Care. Tomorrow's Cure."⁸⁴

Sometimes, even government organizations try to induce public behavior that they see fit. For example, because many TV series and films are shot on the streets of New York City, some hurried New Yorkers have grown increasingly annoyed at the delays and inconveniences caused by film crews, who must often close and obstruct city blocks and sidewalks during filming. The New York City mayor's office ran a campaign asking New Yorkers to play host to film crews even if they are reluctant to do so; the ads featured New Yorkers who work in the film industry and stressed the economic benefits of the industry's strong presence in the city.⁸⁵ The ad by New York City's Office of Emergency Management (shown in Figure 15.6) encourages the city's residents to become more aware of the city's vulnerability to hurricanes and be prepared for such weather.

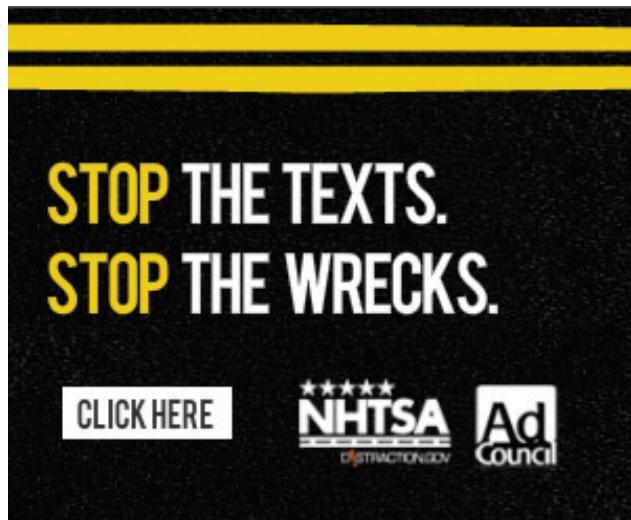
One of the most heavily discouraged detrimental behaviors in the past few years has been texting or using mobile phones while driving. Cellular carriers have even been working on technologies that would automatically disable mobile phones in moving cars.⁸⁶ Scores of not-for-profit organizations, companies, and local governments have been campaigning against this highly dangerous and often fatal practice using such ads as the one featured in Figure 15..

The list of worthy social causes has been increasing steadily. Table 15.4 includes a list of recent promotions of lesser-known socially beneficial causes.

Cause-Related Marketing

Some firms engage in **cause-related marketing**, where they contribute a portion of the revenues they receive from selling certain products to causes that are socially desirable and supported by the American public. The Hertz ad in Figure 15.8 is an excellent example of such marketing. The ad welcomes

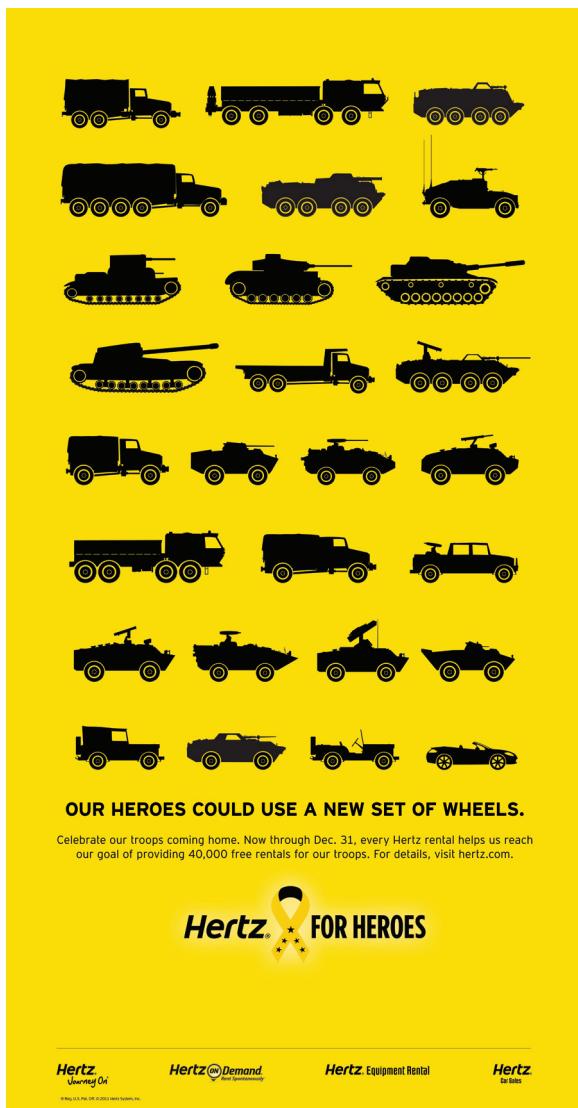
FIGURE 15.7
Discouraging Texting While Driving



Source: Ad Council

TABLE 15.4 Promoting Socially Worthy Causes

ORGANIZATION	CAUSE	CAMPAIGN'S DESCRIPTION
Soprano's actor Joe Pantoliano	Mental illness awareness	Established a foundation and raised money by selling a DVD of a documentary he directed and fees from personal appearances.
Blood Center of Central Texas	Donating blood	Humorously suggest that the good deed of donating blood could offset everyday bad behavior.
United Methodist Church in Nashville	Eliminating Malaria	"A world of people united in the fight against a needless killer."
Keep California (not-for-profit group)	Keeping California's beaches clean	Using humor and filmed on the same beach where "beach blanket" movies were shot in the 1960s, the commercial satirizes the teenagers who appeared in those films.
The Advertising Council	Encouraging parents to read with their children	"Read to your child today and inspire a lifelong love of reading." The campaign features Curious George—an iconic monkey character—featured in a series of children's books.
American Heart Association	Using hands-only CPR	A "hands symphony" theme in TV spots. The campaign's website lets users create their own hand symphonies and an instructional application of the CPR is offered to users of smartphones.
Advertising Council	Greater involvement of fathers in their children's lives	Targeting American-Indian, Asian-American, and Hispanic fathers, the tagline is "Take time to be a dad today." Studies have shown that children of "absent fathers" do poorly in school and have lower levels of self-esteem.

FIGURE 15.8
Hertz's Cause-Related Marketing

Source: The Hertz Corporation

soldiers returning home from combat overseas and asks consumers to rent Hertz cars so that the company can offer free rentals to returning troops. Fashion designers such as Armani and Ralph Lauren have donated selected portions of their sales to AIDS research and other charities. To acknowledge National Breast Cancer Awareness Month in October, many beauty and cosmetics companies earmarked a portion of the price of their “pink-ribbon” products to breast cancer charities. A few years ago, following a tsunami in Southeast Asia, several designers sold tsunami-relief T-shirts; many others encouraged consumers to make donations to a fund that was set up to help the storm’s victims, and even included links to this fund on their websites. Other kinds of corporate-sponsored special events include marching bands, fireworks displays, parades, laser shows, and traveling art exhibits.

These sponsorships convey a subtle message to consumers: “We’re a great (kind, good-natured, socially responsible) company; we deserve your business.” One study demonstrated the importance of the fit between the sponsored cause and the company’s positioning strategy, and showed that a low fit can harm the company’s image.⁸⁷ In another study, an ad with a cause-related message elicited more favorable consumer attitudes than a similar ad without a cause-related message.⁸⁸ Yet another study showed that cause-related advertising is more effective among consumers who are more involved.⁸⁹

Consumer Ethics

Marketers implement ethical strategies in order “to do the right thing,” to improve their image in the eyes of their constituencies, to reduce scrutiny, and as an alternative to government legislation. A study focused on measuring consumers’ views and perceptions of companies that have been accused of such practices as exploitation of the Third World, animal testing, damage to the environment, and recycling. The researchers developed a scale that measures consumers’ views regarding ethical business issues and companies that adopt morally “right” strategies. It includes questions about the personal, social, and money aspects of adopting ethical views, as well as potential positive and negative outcomes (see Table 15.5).⁹⁰

TABLE 15.5 A Scale Measuring Ethical Awareness and Concerns towards Marketing-Related Issues

Respondents used a 7-point scale ranging from “strongly agree” to “strongly disagree.”

PERSONAL POSITIVES

- My friends are concerned with this issue.
- People who matter to me would respect me for being concerned about this issue.
- This is an issue that I like to be associated with.
- I feel better about myself if I take some form of action against firms that violate this issue.

SOCIAL POSITIVES

- It would be better for everyone in the long run if people favoured products that address this issue.
- It would help if people bought from firms that address this issue.
- Society would benefit from the removal of products that violate this issue.
- People could make fairer choices if they were aware of which companies had high ethical principles regarding this issue.

PERSONAL NEGATIVES

- It would be too much hassle to buy only from businesses that do not violate this issue.
- It is not my responsibility to punish firms that ignore this issue.
- It would take the pleasure out of shopping if I had to choose only from products that support this issue.
- It would make shopping less convenient if I had to choose only from products that support this issue.

SOCIAL NEGATIVES

- People would be annoyed if they were pressured into being concerned with this issue.
- People are too busy today to be concerned with this issue.
- People might think it was a waste of time to try to influence big business over this issue.
- Having to take account of this issue would make shopping less convenient for people.

MONEY ISSUES

It does not cost me any more money to take this issue into account when shopping (item reversed for these analyses).

It costs more to take account of this issue when shopping.

Another facet of consumer ethics is *buyers'* dishonest behavior in the marketplace. For example, many stores started charging restocking fees, limiting return policies, and tracking abnormal return patterns because of buyers who bought items, used them, and then returned them for a refund (some stores encountered shoplifters who tried to return stolen merchandise). Also, in the digital world, software piracy is a major problem. One study that focused on ways to reduce consumers' software theft discovered that increasing the risk of getting caught is unlikely to reduce this practice and may actually increase piracy levels. The study also found that consumers were less likely to pirate and more willing to pay for software if the websites involved offered them extra value, such as downloadable ringtones and videos.⁹¹

Airlines enable and inadvertently encourage many forms of "creative"—possibly unethical—customer behavior. For instance, to avoid checked luggage fees, some passengers use vacuum-seal bags inside carry-on bags. The bags, which shrink down to a compact package when air is pulled out by a vacuum cleaner, allow them to fit considerably more items in a carry-on than would normally be possible. Others buy special trench coats, vests, and other garments made with large built-in pockets that allow people to carry everything from folded shirts to an iPad. When flights are cancelled because of weather, some passengers stay with friends and then present the airlines with bills from expensive hotels. Some passengers whose bags were lost claimed that their bags were filled with furs, computers, and lots of couture clothing. Some fliers who travel with wheelchairs or motorized scooters claim that their devices were damaged in the cargo hold during the flight.⁹²

Summary

Learning Objective 1: To understand the meaning and importance of marketing ethics and social responsibility.

The marketing concept is sometimes incompatible with society's best interests. The societal marketing concept requires that all marketers adhere to principles of social responsibility in the marketing of their goods and services. Since all companies prosper when society prospers, companies must integrate social responsibility into all marketing decisions, and many have adopted the societal marketing concept. A serious deterrent to more widespread implementation of the societal marketing concept is the short-term orientation of most business executives and corporate boards in their drive to quickly increase market share and profits.

Learning Objective 2: To understand how marketers can exploit consumers by targeting children and encouraging overeating and other forms of irresponsible buying.

The study of consumer behavior allows marketers to understand why and how consumers make their purchase decisions, but it also enables unethical marketers to exploit human vulnerabilities in the marketplace and engage in other unethical marketing practices. Such practices include targeting vulnerable consumers such as children, teenagers, the elderly, and less-educated consumers, who may not have the knowledge or experience to evaluate the products or services being promoted and the potential negative consequences of using them.

Learning Objective 3: To understand ethically questionable practices such as covert marketing, manipulative exposure to advertising, and truth-in-advertising issues.

Marketers can manipulate consumers' interpretations of marketing stimuli through the context in which those stimuli are featured. Covert marketing consists of marketing messages and promotional materials that appear to come from independent parties but are, in fact, sent by marketers. Some maintain that covert marketing strategies often violate the FTC's definition of deceptive advertising, endorsement

guidelines, and other regulations of marketing, and believe that the FTC should establish clearer rules to reduce the use of masked advertising. The FTC has developed guidelines as to what constitutes deceptive advertising, and it holds marketers responsible for determining their ads' potential to mislead consumers. Although the FTC is responsible for stopping false or misleading ads, and the agency encourages and investigates complaints by consumers and companies regarding false or misleading ads, it cannot locate and stop all misleading ads. The FTC can also require companies that have misled consumers through their advertising to run corrective advertising.

Learning Objective 4: To understand the nature and consequences of provocative advertisements.

Too many marketing messages convey socially undesirable stereotypes and images, some of which tend to encourage risky or illegal behavior or create unrealistic perceptions. Many studies have focused on the use of objectionable themes in advertising and discovered that negative portrayals of certain people or objects affect consumers' perceptions.

Learning Objective 5: To understand how marketers abuse consumers' privacy and the measures that can stop such practices.

Consumers' loss of privacy is an increasingly problematic ethical issue as marketers identify and reach out to increasingly smaller audiences through innovative media and more sophisticated tracking. The collection and dissemination of this information raises many privacy issues and various governmental bodies have proposed measures to ensure consumers' privacy. "Do not track" and opt-out mechanisms, regulation of data brokers and harvesters, and increased consumer access to the information collected about them are options for combatting the invisible tracking that is being done via Internet, cell phone, and coupon use.

Learning Objective 6: To understand how marketers can advance society's interests by advocating socially beneficial conduct and discouraging adverse behavior.

Many not-for-profit organizations, including consumer advocacy groups, exist primarily to promote socially beneficial behaviors. Many companies try to increase their credibility by being “good corporate citizens” and integrating socially desirable practices into their operations. Some firms engage in cause-related marketing,

where they contribute a portion of the revenues they receive from selling certain products to causes which are socially desirable and supported by the American public. A good fit between the company and the cause appears to be crucial to the effectiveness of these campaigns.

Review and Discussion Questions

- 15.1.** Some say that targeting *any* group of consumers who are willing and able to purchase a product is simply good marketing. For example, advertising sweet and fatty foods to young children is perfectly okay because children like sweets, and when parents buy these products at their children’s request, the needs of both the kids and their parents are met and satisfied. What is your reaction to this view?
- 15.2.** A soft-drink company distributed cell phones to preadolescents in low-income areas. The phones routinely received advertising messages for the drink. Following criticism, the company said that the benefits to the disadvantaged children from having the cell phones (e.g., safety) outweighed any “exploitive targeting” considerations. Do you agree or disagree with the company’s position? Explain your answer.
- 15.3.** At a time when many consumers can avoid advertising messages via time shifting devices, marketers increasingly use product placements (also known as branded entertainment). In your view, is this a wise strategy or not? Explain your answer.
- 15.4.** Is it right to advertise prescription medications *directly* to consumers? Why or why not?
- 15.5.** Why is it important to study consumer ethics?
- 15.6.** What are the privacy implications of companies’ increasingly widespread monitoring of online consumers?

Hands-on Assignments

- 15.7.** Find, and discuss ads that depict each of the following:
- Exploitive targeting of children
 - Overaggressive advertising
 - Direct-to-consumer advertising of pharmaceuticals
 - Cause-related marketing
 - Societal marketing by a not-for-profit group
 - Societal marketing by a for-profit company
 - Socially undesirable representation
- 15.8.** Online, find three examples of advertising embedded within entertainment content and discuss them.
- 15.9.** Compile a list of consumption behaviors that *you* consider unethical. For each behavior listed, explain why you view it as wrong. Also, for each behavior listed, discuss the possible reasons a person engaging in that practice may use to justify it.
- 15.10.** Visit the news section at www.caru.org. Select three of the press releases featured there (other than those discussed in this chapter) and illustrate how they depict the unethical applications of learning or perception (see Chapters 4 and 5) in targeting children.

Key Terms

- advertorials 392
- cause-related marketing 399
- consumer socialization 369
- contextual advertising 397
- corrective advertising 393
- covert marketing (masked or stealth marketing) 392
- deceptive advertising 393
- e-score 396
- figure and ground 392
- infomercials 392
- JND 385
- marketing ethics 380
- neuromarketing 395
- product placements 392
- societal marketing concept 382
- truth-in-advertising laws 393

16

Consumer Research

Learning Objectives

- 1 To understand how to develop research objectives
- 2 To understand how to collect secondary data
- 3 To understand qualitative and quantitative research methods
- 4 To understand how to combine qualitative and quantitative research
- 5 To understand how to analyze data and report research findings

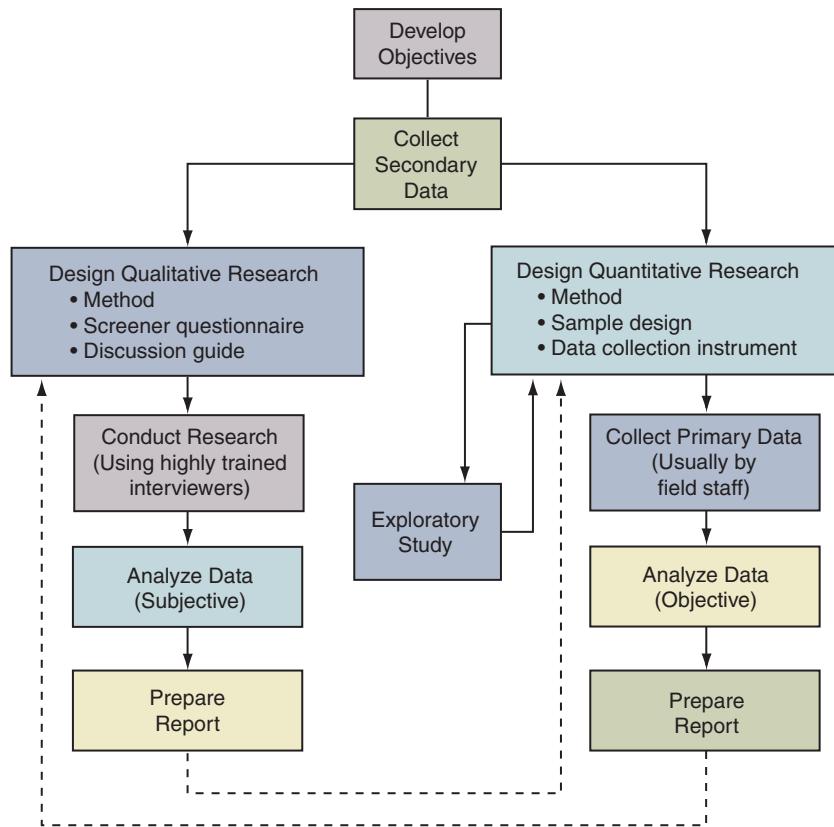
DISNEY'S CINDERELLA is one of the best-known characters in the world. Like any company, Disney needs to come up with new ideas and offerings to expand its markets, especially when the company is rapidly transmitting its contents to children via many forms of media, and not only through movies and theme parks, as was the case when Cinderella was first introduced. Besides, the elements of the Cinderella story originated in ancient Greece and the character no longer reflects modern role models. Therefore, for five years, a team of child psychologists, sociologists, and storytelling experts worked to create a new royal girl: Sofia the First.

Sofia is the product of years of research involving interviews and observations of children playing with toys, discussing role models with parents, and testing storylines as the new princess was coming to life. This effort represents **consumer research**, which is the process and tools used to study consumer behavior (see Figure 16.1). As the research progressed, Disney uncovered the traits that today's children aged 2 to 5 expect in a modern princess, which, in many ways, is an "anti-Cinderella." Sophia could not be a young woman looking for a man, in order to avoid the stereotype of girls needing a prince to save them. Evil stepmothers too could not be present. Sophia is the daughter of Miranda, an unmarried shoe-cobbler, living in a village in the kingdom of Enchancia. Miranda meets and marries Enchancia's King Roland. Sophia has to adjust to a royal way of life, new school, and two stepsiblings.

The development team tested the plotlines on preschoolers before writing the scripts. While testing one storyline, the researchers found out that kids did not understand the phrase "slumber party," and renamed the episode "The Big Sleepover." As the children listened to the story, the researchers filmed them and took notes, which they later on used in developing the plots. The show's producers made Sofia the child of a single mother because doing so offered an easy way to explore themes of kids adapting to new living arrangements, which many young children can identify with. In addition, the writers introduced multicultural

FIGURE 16.1

The Consumer Research Process



family dynamics: Although Miranda was not born in Encancia, she married its king. Nevertheless, Sophia is still a Disney princess. She's pretty, lives in a castle, wears gowns, and even got advice from Cinderella, who visited her in the first episode.¹

This chapter begins with an examination of exploratory research and secondary data. Then, we describe **primary**

research, defined as new research especially designed and collected for purposes of a current research problem. The two categories of primary consumer research are: **Qualitative research**, which consists primarily of focus groups and depth interviews, and projective methods; and **quantitative research**, which includes observational research, experimentation, and survey research.

Developing Research Objectives

Learning Objective

- To understand how to develop research objectives

The first and most difficult step in the consumer research process is to accurately define the objectives of the research. Is it to segment the market for electronic readers? Is it to examine consumer attitudes about the experience of online shopping? What percentage of households shop for food online? Whatever the key research question, it is important for the marketing manager and the research manager to agree at the outset as to the specific purposes and objectives of the proposed consumer study. A clearly written statement of research objectives ensures that the information needed is indeed collected and costly errors are avoided.

If the purpose of a study is to come up with new ideas for products or promotional themes, the researchers use qualitative research. Qualitative studies consist of focus groups and/or one-on-one depth interviews, in which sampled consumers are individually interviewed by professionally trained interviewers. Alternatively, for example, if the purpose of the study is to find out how many consumers match the demographics or psychographics of the target market, or the characteristics of consumers who buy given brands and whether or not they are brand loyal, marketers conduct quantitative research.

Commonly, marketers use qualitative research before conducting large quantitative studies, because their results enable marketers to define the research objectives of the large and expensive studies more precisely.

Collecting Secondary Data

Learning Objective

- 2 To understand how to collect secondary data.

The second step in the consumer research process is to search **secondary data**, defined as existing information that was originally gathered for a research purpose other than the present research. The rationale for secondary data searches is simply that it makes good sense to investigate whether currently available information will answer—in part or even in full—the research question at hand. It seems unwise to expend the effort and money, and rush into collecting new information before determining if there is any available information that would provide at least a good starting point. In other words, if secondary data can in part or full answer the question, new primary research can either be cut back or even avoided altogether. Secondary consumer-related data can be secured from internal sources within the company or organization, or external sources for free or at a cost. The following subsections explore secondary data.

Internal Secondary Data

Internal information or data could consist of previously collected in-house information that was originally used for some other purpose. It might have originally been gathered as part of a sales audit, or from past customer service calls, or letters of inquiry from customers, or collected via warranty cards. Increasingly, companies use internal secondary data to compute **customer lifetime value profiles** for various customer segments. These profiles include customer acquisition costs (the resources needed to establish a relationship with the customer), the profits generated from individual sales to each customer, the costs of handling customers and their orders (some customers may place more complex and variable orders that cost more to handle), and the expected duration of the relationship.

External Secondary Data

External secondary data come from sources outside of the firm or organization. They take many different forms. Some are free and can be found in a public library, other information is available for only a nominal fee, and still other data or information are quite expensive to secure. The following sections discusses some of the specific types of consumer behavior secondary information available from outside of the firm.

Government Secondary Data

Much data are collected by government bodies or their agencies, and are generally made available for a very nominal cost. For instance, within the United States, a major source of these data is the federal government, which publishes information collected by scores of government agencies about the economy, business, and virtually all demographics of the U.S. population. The best depositories of marketing-applicable information are FedStats, the U.S. Census Bureau, and the CIA's World Factbook. State and local governments, as well as studies prepared by the United Nations and various foreign governments, are also very useful for examining selective consumer behavior topics.

Periodicals and Articles Available from Online Search Services

Business-relevant secondary data from periodicals, newspapers, and books are readily accessible via online search engines. Two quite popular examples are ProQuest and LexisNexis. These two engines provide access to major newspapers such as The Wall Street Journal and The New York Times; business magazines such as Business Week, Forbes, Fortune, and Harvard Business Review; and marketing journals and applied publications focused specifically on marketing, such as Advertising Age, Brandweek, Marketing News, Journal of Marketing, Journal of Marketing Research, Journal of Consumer Research, and European Journal of Marketing. These materials are available in public and private libraries, especially business specialty libraries.

Syndicated Commercial Marketing and Media Research Services

Commercially available information about consumers is collected by syndicated research services that sell it to subscribing marketers. For example, Nielsen's MyBestSegment provides demographic and lifestyle profiles of the consumers residing in each U.S. Zip Code, Ipsos Mendelsohn offers its Affluent Media Survey to advertisers and their ad agencies, and Mediemark collects information on

magazine audience profiles. Future research into consumers' exposure to media will consist of monitoring consumers via digital cable set-top boxes. Presently, digital cable boxes are primarily used to send signals to consumers' TVs to enable them to watch movies on demand and expanded channel lineups. However, the boxes can easily record all the programs that consumers tune into, channel surfing, avoiding commercial breaks, and recordings for later viewing, using digital video recorders that cable companies increasingly offer to subscribers. So far, cable companies have been reluctant to monitor consumers' viewing closely due to privacy concerns. However, some companies are exploring methods that will transform data from digital cable boxes into information that can be used for precise targeting of consumers while still protecting their privacy.²

Consumer Panels

For decades, marketers have purchased information from secondary data providers who collected consumer behavior data from household or family **consumer panels**. The members of these panels were paid for recording their purchases and media viewing habits in diaries. The diaries' data were then combined with additional information about households collected by, say, the U.S. Census. Marketers and advertising agencies paid the panel providers a subscription fee for their findings. Often the information not only told marketers about the families, purchases of the marketers' products, but also included the same information about competitors' brands.

Today, online technology enables panel research companies to collect increasingly sophisticated data from respondents. For example, a manufacturer of customized snowboards discovered that 10,000 snowboarding fans used its site's discussion forum to chat about their hobbies and buying habits, and also to rate different designs of snowboards. The snowboard marketer then started selling the data it collected from this online panel to other marketers interested in targeting the young, mostly male, respondents who so enthusiastically revealed so much about themselves while discussing snowboards online. Similarly, automobile manufacturers purchase consumer behavior panel data about recent car purchases from independent panel companies. Again, information about a marketer's own brands and competitors' brands, as well as information about the demographic differences among households that purchase various brands, gives the data buyers' insights for creating an effective marketing campaigns.

Obtaining secondary data before engaging in primary research offers several advantages. First, secondary data may provide a solution to the research problem and eliminate the need for primary research altogether. Even if this is not the case, secondary data used in exploratory research may help to clarify and refine the objectives of the primary study and provide ideas about selecting research tools and the difficulties that may occur during the full-scale study.

Although secondary information can be obtained more cheaply and quickly than primary data, it has some limitations. First, information may be categorized in units that are different from those that the researcher seeks (e.g., clustering consumers into the 15–20 and 21–25 age groups is useless to a researcher interested in consumers 17–24 years old). Some secondary data may not be accurate because of errors in gathering or analyzing it, or because the data were collected in a biased fashion to support a particular point of view. Also, secondary data may be outdated.

Designing Primary Research

Learning Objective

- 3 To understand qualitative and quantitative research methods.

Figure 16.1 shows that after considering the collection of secondary research, the diagram splits into two paths, with the left-side route taking a path of qualitative research, and the right-side route taking a path of quantitative research. The split reflects the purpose of the research objectives. If the purpose is to get new ideas (e.g., for positioning or repositioning a product), a qualitative study is often undertaken; alternatively, if descriptive and quantitative information is sought, some form of a quantitative study should be undertaken. The merits of using the different measurement instruments of qualitative and quantitative research are described in the two following subsections.

Qualitative Research

Contemporary qualitative consumer research is the result of understanding that consumers are not rational decision makers who objectively evaluate the goods and services available to them and select

those that give them the highest utility (satisfaction) at the lowest cost. Qualitative consumer researchers are also known as **motivational researchers**. The central tenet of their orientation was that consumers were not always consciously aware of why they made the decisions they did. Even when they were aware of their basic motivations, consumers were not always willing to reveal those reasons to others, or even to themselves.

The leader of the motivational research movement was the Viennese psychoanalyst Dr. Ernest Dichter, who, after arriving in New York in the late 1930s, began to apply qualitative Freudian psychoanalytic techniques to uncover the hidden or unconscious motivations of consumers.³ By the late 1950s and early 1960s, this research orientation became quite popular, and focus groups and depth interviews were used by many advertising agencies and consumer products companies in order to better understand consumer needs and motivations. Today, focus groups and depth interviews are very well-established research tools that are regularly used not only to secure insights about consumers' underlying needs and motivations, but also to gain consumer input for new product development efforts (including the creation of new products and even future advertising messages).⁴ Because sample sizes are necessarily often small, findings cannot be generalized to larger populations. Nevertheless, qualitative research contributes extensively to the initial identification and development of new promotional campaigns and new product development that can eventually be further refined through a variety of quantitative research methods.

In designing and implementing an appropriate research strategy for conducting a qualitative study, the researcher must consider the purpose of the study, the type of interviews that are likely to be most appropriate given the purpose of the research, and the types of data instruments most suitable for securing the information needed. Although the specific research methods used may differ in composition, most forms of qualitative research questioning have their roots in psychoanalytic and clinical aspects of psychology. Specifically, they feature open-ended and free-response types of questioning and use of visual materials to stimulate respondents to reveal their innermost thoughts and beliefs.

The key methods used in qualitative studies are depth interviews and/or focus group sessions.

Depth Interviews

A **depth interview**, also frequently referred to as a “one-on-one” interview, is a lengthy, nonstructured interview (often 20 to 60 minutes in duration) between a single respondent and a highly trained researcher (often the same person who moderates focus group sessions). Commonly, the interviewer’s strategy is to minimize his or her own talking time and provide as much time as possible for the consumer being interviewed to express his or her thoughts and behaviors, and respond to specific verbal and visual materials (e.g., mock-up of a potential print ad campaign). The researcher also must establish an atmosphere that encourages the consumer respondent to relax and open up in order to provide valuable insights. In many cases, the researcher’s role is to probe the respondent by encouraging the person to talk freely about the product category and/or brand under study.

Generally, a series of the depth interviews takes place in a professionally set up interviewing room. These rooms are designed to provide audio and video recording equipment, and a one-way mirror for clients to view the interview without disrupting it (the researcher tells the participants that they are being observed).

Depth interview studies provide marketers with valuable ideas about product design or redesign, as well as insights for positioning or repositioning products. As already suggested, as part of a depth interview research project, a variety of stimulus materials is developed to enhance the discussion between the researcher and the respondent. They may take the form of written concept statements (describing a new product idea), drawings, or photos of new products, actual product samples, or rough renditions or videotapes of print ads or TV commercials. The purpose of such “stimulus materials,” is to assist the respondent in expressing his or her inner thoughts and to encourage a more precise or accurate response to what is being investigated. Over the course of a day of conducting depth interviews, a researcher is likely to be able to complete about five to eight hours of interviews, depending on the length of each interview. Examples of probing questions for depth interviews are listed in Figure 16.2.

Focus Groups

A “discussion group” or **focus group** often consists of 8 to 10 participants who meet with a moderator-researcher-analyst to “focus on” or “explore” a particular product or product category (or any other

FIGURE 16.2

Examples of Probing Questions for Focus Groups and Depth Interviews

Source: Naomi R. Henderson, "The Power of Probing," *Marketing Research* (Winter 2007): 39.

Request for elaboration: "Tell me more about that." "Give me an example of . . ."

Request for definition: "What do you mean by . . .?" "What does the term _____ mean to you?"

Request for word associations: "What other word(s) do you link with _____?" "Give me some synonyms that also describe _____."

Request for clarification: "How does that differ from . . .?" "In what circumstances do you . . .?"

Request for comparison: "How is _____ similar to _____?" "Which costs more, X or Y?"

Request for classification: "Where does _____ fit?" "What else is in the category of _____?"

"Silent" probe: This is a non-verbal probe and is characterized by such actions as raised eyebrows or hand gestures such as moving the right hand in a rolling motion that signifies "Tell me more."

topic or subject of research interest). During a focus group session (often two hours in duration), participants are encouraged to discuss their reactions to product and service concepts, or new advertising or marketing communications campaigns.

Because a focus group generally takes about two hours to complete (sometimes they can last for three or more hours), a researcher can generally conduct two or three focus groups (with a total of about thirty respondents) in one day; in contrast, it might take that same researcher five or six days to conduct 30 individual depth interviews. Analysis of responses from both depth interviews and focus groups requires a great deal of skill on the part of the researcher. Like depth interviews, focus group sessions are invariably audiotaped and videotaped, to assist in the analysis and to provide the client with a record of the sessions. Like depth interviews, focus groups are usually held in specially designed conference rooms with one-way mirrors that enable marketers and advertising agency staff to observe the sessions without disrupting or inhibiting the respondents.

For focus groups (and also depth interviews), respondents are recruited on the basis of a carefully drawn consumer profile that is detailed in a form called a **screener questionnaire**. The purpose of the "screener" is to ensure that the appropriate individuals are invited to participate in the research study, and that those who are not in the target market are not invited. An appropriate respondent is often paid \$100 or more for his or her participation in the research process. In organizing focus group sessions, sometimes users of the company's brands are clustered in one or more groups, and their responses are compared to those of nonusers interviewed in separate sessions. Figure 16.3 presents a screener questionnaire that was used to recruit participants for focus groups for a study that dealt with introducing a premium line of canned vegetable soups. The screener questionnaire is designed to identify target consumers to be invited to participate in either an all-male or all-female focus group session. Individuals who are "screened out" (called "terminated" in research terminology) are those who do not meet the specifications for participation.

Some marketers prefer focus groups because they feel that the dynamic interaction between participants that takes place in focus groups tends to yield a greater number of new ideas and insights than depth interviews. Also, timing is sometimes very critical. In such cases, again, focus groups might be selected because it generally takes less time to complete a series of focus groups than a project of individual depth interviews. Other marketers (and in particular advertising agency professionals) prefer individual or depth interviews because they believe that individually interviewed respondents are free of group pressures and are less likely to give socially acceptable (and not necessarily truthful) responses. Moreover, the single participant is more likely to remain attentive during the entire interview, and—because of the greater personal attention received—is more likely to reveal private thoughts.

Discussion Guides

A **discussion guide** is a step-by-step outline that sets out the line of questioning the researcher needs to cover with the respondent in a depth interview, or a group of respondents during a focus group session.

FOOD PREFERENCE STUDY SCREENER

ASK TO SPEAK WITH A FEMALE OR MALE HOUSEHOLD MEMBER WHO IS BETWEEN 18 AND 35 YEARS OF AGE. WHEN THE CORRECT PERSON IS LOCATED INTRODUCE YOURSELF.

Hello, I'm _____, from _____. We are involved in a research project that is interested in knowing more about people's feeling and preferences with regard to food products. I want to assure you that this is research and not a "sales pitch." May I ask you a few questions?

1. CHECK ONE:

Female []-POTENTIAL FOR GROUP 1
Male []-POTENTIAL FOR GROUP 2

RECRUITER: Q1. RECRUIT 12 FEMALES AND 12 MALES.

2. In which of the following age groups are you? (READ CHOICES)

Under 18 years of age []-TERMINATE
18 to 24 years of age []
25 to 29 years of age []
30 to 35 years of age []
Over 35 years of age []-TERMINATE

RECRUITER: Q2. SECURE A GOOD MIX ACROSS THE AGE SPAN INDICATED.

3. Do you or anyone else in your household work for any of the following types of businesses? (READ CHOICES)

	No	Yes
A market research firm or agency	[]	[]-TERMINATE
An advertising or public relations firm or agency	[]	[]-TERMINATE
A company that sells, manufactures, or distributes any type of food products	[]	[]-TERMINATE

4. a. Have you ever participated in a depth interview, focus group, or discussion group?

Yes []-ASK Q4b.
No []-SKIP TO Q5.

b. When was the last time you participated in a depth interview, focus group, or discussion group?

Within the past 6 months []-TERMINATE
More than 6 months ago []-CONTINUE

5. For classification purposes, please tell me how much formal education you have completed. (DO NOT READ CHOICES)

Less than a college graduate []-TERMINATE
At least a college graduate []

RECRUITER: Q5 ALL RESPONDENTS ARE TO BE COLLEGE GRADUATES.

6. Also, for classification purposes, please tell me into which of the following categories your total family's or personal income falls.

(READ CHOICES)
Under \$25,000 []-TERMINATE
\$25,000 to \$49,999 []
\$50,000 or more []

RECRUITER: Q6 ALL PARTICIPANTS MUST HAVE INCOMES OF AT LEAST \$25,000.

7. Which of the following food products have you eaten within the past 5 days? READ FULL LIST.

	Yes	No
Frozen pizzas	[]	[]
Prepackaged cold cuts	[]	[]
Pre-sliced packaged cheeses	[]	[]
Canned soup	[]	[]
Potato chips	[]	[]
Canned fruit	[]	[]
Peanut butter	[]	[]
Frozen vegetables	[]	[]

RECRUITER: Q7. RESPONDENT MUST SAY "YES" TO CANNED SOUP; OTHERWISE TERMINATE.

FIGURE 16.3 Screener Questionnaire for Recruiting Respondents for a Consumer Study

8. FOR SOUP AND ANY ONE OTHER FOOD ITEMS ANSWERED "YES" ("EATEN") IN Q7, ASK:

a. During the course of one week how often do you eat _____?

Number of time _____

b. During the course of one week how often do you have soup _____?

Number of time _____

RECRUITER: Q8b. MUST SAY "AT LEAST TWO TIMES," OTHERWISE TERMINATE.

9. Now, I would like you to use your imagination. If you could serve dinner to a famous person from the past, who would it be? What would you serve for dinner?

RECRUITER: Q9 IS AN ARTICULATION QUESTION. THE RESPONDENTS SHOULD SHOW "CREATIVITY/GOOD IMAGINATION," AND BE ABLE TO ADD TO THE GROUP DISCUSSION.

10. As part of our current research we are conducting a discussion with 8 to 10 individuals. The discussion is called a "focus group." During the interview, you will have an opportunity to express your views and interact with the other participants on a variety of lifestyle and food consumption topics.

The focus group will last for a full **2 hours**. You will receive \$100.00 to help defray the cost of your time and travel.

We would like to invite you to participate in the focus group session. It should prove to be an interesting and enjoyable session. The focus group will be held at (NAME OF FACILITY), which is located at (GIVE ADDRESS). It will take place on (DATE) at (GIVE CHOICE OF TIME). Can we count on having you attend?

Yes []-RECORD PARTICIPANT INFORMATION.

REPEAT DAY, DATE, TIME, AND GIVE
DIRECTIONS TO LOCATION.

No []-TERMINATE

THANK YOU FOR AGREEING TO PARTICIPATE, WE WILL CALL YOU THE DAY BEFORE THE RESEARCH TO REMIND YOU.

Record: A **female** participant, recruited for the 6:00 PM focus group _____
A **male** participant, recruited for the 8:00 PM focus group _____

FIGURE 16.3 (Continued)

Some moderator-researchers prefer to closely follow (question by question) the order set out in a discussion guide; other moderator-researchers "go with the flow" and allow the single respondent or focus group participants to go in the direction of what turns out to be particularly important to them. Surprisingly, a good researcher, following either the "question-by-question" or "go-with-the-flow" approach, will tend to finish with more information than was originally anticipated by the client. Indeed, it is common for qualitative research to produce strategically important insights that were not anticipated or even sought before the actual qualitative research was conducted. Such "extra" insights are a special benefit of both depth interviews and focus groups: namely, that they can provide extremely valuable and unanticipated information. Figure 16.4 shows a discussion guide created for a focus group used in a study of creating the new line of premium vegetable soups. Whereas the screener questionnaire was designed to recruit a sample of the target consumer participants for the focus group sessions on the proposed premium line of vegetable soups, the discussion guide was created to help the moderator lead the discussion and manage the flow of the key themes or "lines of questioning."

It is extremely rare for a moderator-researcher to conduct depth interviews or focus group sessions without the aid of a discussion guide. A discussion guide is a kind of "agenda" of topics and issues to be covered over the course of each depth interview or focus group session. However, qualitative research is much like jazz music: The expertise lies in the ability to improvise depending on the circumstance of the interview or the makeup of the group session.

Projective Techniques

When it comes to tapping into the underlying motives of individuals, **projective techniques** are a useful tool, borrowed from psychoanalytic theory and practice and adapted for studying the unconscious associations of consumers who may be concealing or suppressing some of their thoughts or reactions. Thus, projective exercises consist of a variety of disguised "tests" that contain ambiguous stimuli, such as incomplete sentences, untitled pictures or cartoons, word-association tests, and other-person characterizations. They are all designed to make it easier for consumers to express themselves and reveal their inner motivations. Projective techniques are sometimes administered as part of focus group research, but more often are used during depth interviews. Some of the most commonly used projective methods are featured in Table 16.1.

**FOCUS GROUP:
CREATING A SUPERIOR LINE OF VEGETABLE SOUPS**

Discussion Guide

I. INTRODUCTION

- A. Introduce myself and my role
- B. Tell participants about their roles
- C. Identify session video-sound recording system and one-way mirror
- D. Have each participant introduce him/herself—briefly talking about work, about household composition and interests/hobbies
- E. Describe the “basic” purpose of the focus group discussion—TO CREATE A LINE OF SUPERIOR VEGETABLE SOUPS

II. SOUP BACKGROUND: EARLIEST MEMORIES

- A. As you were growing up, what were your early memories of eating soup? Anything else?
- B. In particular, what do you think of vegetable soup? In the “world of soup,” where does “vegetable soup” fit in comparison to other soups? What do you think?
- C. When you think of a “line of vegetable soups,” what comes to mind? Are there six or more different vegetable soups?
- D. Right now, what is your favorite vegetable soup?
- E. Over the years, has your favorite vegetable soup been changing? In what ways?
- F. How has your favorite vegetable changed from childhood to adulthood? Any other changes?
- G. How would you characterize the difference between a really good restaurant vegetable soup, and a “homemade” vegetable soup? Which do you prefer? Why?

III. SOUP CONSUMPTION CIRCUMSTANCES

- A. For you, is vegetable soup “a meal” or is it “a part of a meal”? Why is it this way for you?
- B. What is the difference between vegetable soup as a “meal” and as “part of meal”? Anything else?
- C. Is there such a person as a “soup person”? Describe such a person. Give me a profile of a “soup person.” How do “soup people” tend to differ from non-soup people? Any other thoughts?

IV. SOUP SELECTION AND DECISION MAKING

- A. In your household, how is the decision made as to which brand of soup is purchased and eaten? (Probe for various aspects of family choice and influence.)
- B. Is there a single brand of soup that your family all agrees on? Which brand? Why?
- C. How do you approach the selection of soup? Would you consider yourself to be: A specialist? An experimenter? A habitual purchaser?
- D. What is your idea of a “soup connoisseur”? Describe such a person. Tell me more.
- E. When it comes to food store soups, which is your favorite? Why?
- F. In your mind’s eye, what is a perfect vegetable soup?

V. SOUP TASTING EXERCISE

INTRODUCTION: “WE HAVE FIVE DIFFERENT VEGETABLE SOUPS FOR EACH OF YOU TO TRY, TONIGHT.”

AFTER TRYING EACH ONE, I WANT YOU TO WRITE ON YOUR PADS YOUR THOUGHTS ABOUT THE PARTICULAR VEGETABLE SOUP.

- A. What is your reaction to the **first** (repeat for each) vegetable soup that I gave you to try? Any other thoughts or feelings?
- B. How would you describe it to a person who has not tasted it?
- C. If this soup was available in a retail store, would you buy it? Why/Why not?
- D. Any ideas as to how to make the soup taste even better?
- E. **REPEAT FOR THE NEXT VEGETABLE SOUP, UNTIL EACH OF THE FIVE ARE SAMPLED.**
- F. **[WRITE ON YOUR PAD]** Which of the five soups did you like the best? Which soup did you like the least? Again, write your answers down on your pad.
- G. **[AROUND THE ROOM]** So, which one was the best?
- H. Let’s reflect on your reactions to the five soups.
- I. **[WRITE ON YOUR PAD]** Considering the five vegetable soups, are there any other distinctive vegetables that need to be featured to make the overall selection better?

VI. ANY FINAL FEELINGS/THOUGHTS

- A. Any final ideals or thoughts about the line of premium vegetable soups?
- B. What would make it better? Anything else?
- C. Where would you expect to purchase such a line of vegetable soups?

FIGURE 16.4 Focus Group Discussion Guide

Online Focus Groups

Over the past 5 to 10 years, there has been a substantial amount of interest in, trial of, and acceptance of online focus groups and depth interviews. However, what is being called an “online focus group” can vary greatly. On the one hand, they can be very similar in nature and quality to a traditional focus group (i.e., sessions held in a local focus group facility, with moderator and participants interacting

TABLE 16.1 Projective Techniques

	DESCRIPTION	APPLICATIONS
Word Associations	The researcher has a list of words, some of them to be studied and some just as “filler.” The researcher asks the respondent(s) to react, one-at-a-time, to each word by stating or (in a focus group setting) writing on a pad the first word that comes to mind, and to explain the link.	The word association exercise tends to be used when marketers seek to know what certain words (or a phrase) mean to consumers. The exercise is used to determine if a word or words have a sufficiently positive meaning or relevance to a product, or even a proposed product’s name or description.
Sentence Completions	The researcher has a series of incomplete sentences that the respondent(s) needs to complete with a word or phrase.	The sentence completion exercise is an alternative to the word association exercise (it is used for the same purpose). In reality, it is easier to use and generally provides for more useable consumer insights than the word association exercise.
Photo/Visual for Storytelling	The researcher creates/selects a series of photos of consumers, different brands or products, range of print ads, etc., to serve as stimuli. The respondents are asked to discuss or tell a story based on their response to a photo or some other visual stimulus.	The product or consumer ideas secured from responding to the photos/visuals, in the form of “free association” or “storytelling” reveals how the participants feel about a topic, brands, or consumer within the context of the photos or other visual forms (e.g., cartoons). Ideas for new products or communication themes are possible outcomes.
Role-Playing	Is quite similar to storytelling; however, instead of telling a story, the participant(s) will be given a situation and asked to “act out” the role(s), often with regard to a product or brand, or particular selling situation.	Role-playing is appropriate in a focus group environment where different participants can be asked to role play and to act out different interacting roles.

together). In such cases, they are often real focus group sessions that are “broadcasted” to individual client’s laptops, or to a “sister” research facility in the client’s hometown, and viewed by a gathering of clients. On the other hand, there is the option to select an online specialty research company, such as Harris Interactive, that provides focus group recruiting services from its very large panel of online consumers ready to participate. In addition, Harris Interactive has the capability of offering clients access to a “virtual version” of traditional focus groups. Specifically, it can provide a “virtual focus group room” environment: one where consumer participants and a moderator can log on to participate in an online focus group session. In certain ways, it can be similar to a regular offline focus group session.

The Scope of Quantitative Research

Marketers use quantitative research to understand the acceptance of various products or specific brands, as well as the impact of promotional messages on consumers. In other cases, the objectives are to assist marketers in pinpointing consumers’ level of satisfaction with a product, service, distributor, or retailer, or possibly to attempt to identify areas in which the consumer has unmet needs, or even to attempt to better “predict” future consumer needs or behavior. The broad category of quantitative research includes experimentation, survey techniques, and observation. The findings are descriptive and empirical, and, if collected using appropriate sampling, can be generalized to larger populations. Because the data collected are quantitative, they lend themselves to sophisticated statistical analysis. Next, we consider three basic research designs: observational research, experimentation (in a laboratory or in the field, such as in a retail store), and surveys.

Observational Research

Watching or carefully observing consumers’ actions of purchasing and consuming, especially in realistic surroundings (e.g., in stores, in malls, watching TV, and even in their home environments), is an extremely insightful way to learn what is valuable or meaningful to consumers. Indeed, **observational research** is an important research tool because marketers recognize that often the best way to gain an in-depth understanding of the relationship between people and products is by watching them in the process of buying and/or using the products.⁵ Observing consumers in action enables researchers to comprehend what the product symbolizes to a consumer and provides greater insight into the bond between people and products that is the essence of brand loyalty. It is also important in uncovering issues or problems with a product. Many large corporations and advertising agencies use trained researchers/observers to watch, note, and sometimes videotape consumers in stores, malls, or even (with permission) in their

own homes. For example, in studying responses to a new mint-flavored Listerine, the marketers hired a research firm that paid 37 New York City families to let it install cameras in their bathrooms to videotape mouthwash usage. The study found that consumers who used Scope gave the product a swish and spit it out. In contrast, users of the new Listerine kept the mouthwash in their mouths for much longer (one subject even held the mouthwash in his mouth as he left home and got into the car, and only spit it out after driving a couple of blocks).⁶ Procter & Gamble (P&G) sent video crews to scores of households around the world, which enabled P&G executives in Cincinnati to watch a mother in Thailand feed her baby. They discovered that the mother was multitasking while feeding her baby and even glanced at her TV from time to time. Understanding such behavior can lead to the development of products and packages that will give P&G a strong competitive advantage in the marketplace.⁷

As an alternative to having trained observers view consumers, some firms prefer to use mechanical or electronic devices, such as counting or video-recording devices to capture customers' behaviors or responses to a particular marketing stimulus. For example, when Duane Reade—a large chain of drugstores in and around New York City—considers a location for a new store, the company uses electronic beams or hand counters to count the numbers of passersby at different times and under different weather conditions.⁸ Government planners use data collected from electronic E-ZPass devices in passenger cars to decide which roads should be expanded, and banks use security cameras to observe problems customers may have in using ATMs.

Increasingly, consumers use automated systems in their purchases because these instruments make purchases easier and often provide rewards for using them. For example, consumers who use supermarket frequent shopper cards often receive special offers for promotional discounts tailored for them at checkout counters. Moviegoers who order tickets online can pick them up at ATM-like devices at movie theaters and avoid waiting in line at the box office. As consumers use more and more highly convenient technologies, such as credit and ATM cards, EZ-Passes, frequent shopper cards, cellular phones, and most of all online shopping, there are more and more electronic records of their consumption patterns. Consequently, observation of consumer behavior via electronic means has grown significantly and, as illustrated in the earlier discussion of portable people meters and two-way digital cable boxes, electronic observation of consumption behavior will become increasingly sophisticated.

Gambling casinos have been in the forefront of developing systems that track individual customer data collected during the various stages of a customer's visit, and cross-matching them with data collected during previous visits by that customer (including spending usage). They use this data to classify visitors into categories based on their "loyalty levels," and implement corresponding rewards that are delivered almost immediately. For example, normally about 50,000 people a day visit the Foxwoods Resort Casino in Connecticut. Most of them use magnetic cards called "frequent player cards." Sophisticated electronic network systems monitor the gaming patterns, eating habits, and room preferences of all visitors. Within seconds of a player taking a seat at a table, the casino's manager can read the guest's history on the screen, including alcoholic beverages preferred and gambling habits. Because there are electronic tags in the chips issued to each player, when a player leaves the table, his or her record is updated instantly and made available at any contact point for that customer throughout the entire casino complex. Thus, the casino can instantly reward customers who are good for business by giving free meals and room upgrades and inviting them to gamble in designated VIP lounges. The customers love the frequent player cards because the cards enable them to keep track of their spending, and the casinos benefit from each swipe of the card because it provides more information about each customer. The casino has two identical computer systems and, if needed, can switch to a backup immediately and thus avoid the loss of many thousands of dollars incurred during an even brief period of operating without computers.⁹ More casinos are employing increasingly sophisticated software to create real-time and personal rewards to day-trippers who bet relatively small amounts of money—\$50 to \$100 per visit—but visit the casinos frequently. Casinos have recognized that although these consumers wager little money per trip, they view gaming as their primary entertainment, and observing their behavior and immediately using the data to encourage them to spend more money is likely to increase profits greatly over time.¹⁰

Another form of mechanical observation that entails monitoring the sales of products. A key component of Walmart's competitive advantage is the retailing giant's use of technology in its product audits. At any given moment, the company knows what is selling, how fast, and how much of the product remains in its inventory. Maintaining small inventories and moving products quickly enable the company to lower its prices and attract more customers. Walmart's record profits are derived from low per-item profits multiplied by selling billions of products quickly, and also moving products rapidly to where consumers are likely to buy them. For example, after observing that the sales of strawberry Pop-Tarts increased dramatically before a hurricane and that the top preseller before a hurricane was beer, the company quickly transports large quantities of these items to the locations a storm is set to hit.¹¹

Marketers also use **physiological observation** devices that monitor respondents' patterns of information processing. For example, an electronic eye camera may be used to monitor the eye movements of subjects looking at a series of advertisements for various products, and electronic sensors placed on the subjects' heads can monitor their brain activity and attentiveness levels involved in viewing each advertisement. Neuroscientists monitoring cognitive functions in 12 different regions of the brain while consumers watched commercials for different products claimed that the data collected show the respondents' levels of attention and the decoding and recall of the promotional messages.¹²

Experimentation

Experiments (causal research) identify cause-and-effect relationships among factors. For instance, it is possible to test the relative sales appeal of many types of variables, such as package designs, alternative price points, or different promotional offers, by experiments designed to identify cause and effect. In the simplest form of such experiments, only one variable is manipulated (called the *independent variable*), while all other elements are kept constant. A **controlled experiment** ensures that any difference in the outcome (the *dependent variable*, which is most often sales) is due to different treatments of the variable under study and not to extraneous factors. For example, one study tested the effectiveness of using an attractive versus unattractive endorser in promoting two types of products: products that are used to enhance one's attractiveness (e.g., a men's cologne) and products that are not (e.g., a pen). The endorser used was a fictitious character named Phil Johnson who was described as a member of the U.S. Olympic water polo team. The photograph depicting the attractive endorser was a scanned image of an attractive athletic man, whereas the picture depicting the unattractive endorser was the same image graphically modified to reduce attractiveness. The subjects viewed each endorser-product combination for 15 seconds (simulating the viewing of an actual print ad) and then filled out a questionnaire that measured their attitudes and purchase intentions toward the products advertised. In this study, the combinations of the product (i.e., used/not used to enhance one's attractiveness) and the endorser's attractiveness (i.e., attractive or not attractive endorser) were the "manipulated treatments" (i.e., the independent variables), and the combination of the attitudes and purchase intentions toward the product was the dependent variable. The study discovered that the attractive endorser was more effective in promoting both types of products.¹³

A major application of causal research is **test marketing**. Sometimes, even after conducting depth interviews, focus groups, and survey research, the marketing firm realizes that it still needs to secure additional real-world feedback for a new product, service, or marketing communications program that it is considering, before it commits itself to a full-scale marketing rollout. In such situations, test marketing is a logical next step. Test marketing typically includes the selection of a representative single market area and then the conduct of a market introduction (only in that market) to test actual consumer response to the marketing effort under actual marketing conditions. From the test-marketing effort, the marketing firm hopes to be able to project how the entire market may respond to its marketing effort, without the full risks associated with skipping a test-marketing stage. Still further, some research firms carry out small-scale experiments that test consumer responses to alternative marketing strategies. This can be done prior to selecting a new product, redesigning a package, changing the price of a product, or trying out a new marketing campaign—all of these are marketing actions that can benefit from small-scale experimentation that manipulates variables in a controlled setting in order to predict sales or gauge the possible responses to the product.

Unlike a test market, which is usually in the real world, many experiments are conducted in a lab environment. Today some researchers employ "virtual reality methods." For example, in a market test, respondents can view, on a computer screen, supermarket shelves that are stocked with many products, including different versions of the same product; they can "pick up" an item by touching the image, examine it by rotating the image with a track ball, and place it in a shopping cart if they decide to buy it. The researchers observe how long the respondents spend in looking at the product, the time spent in examining each side of the package, the products purchased, and the order of the purchases. In general terms, it is quite important for marketers to continuously experiment and test-market their products and services.¹⁴

Survey Research

If researchers wish to ask consumers about their purchase preferences and consumption experiences, they can do so in person, by mail, by telephone, or online. Each of these survey methods has certain advantages and certain disadvantages that the researcher must weigh when selecting the method of contact.

Personal interview surveys (that are face-to-face) most often take place in a public space or a retail shopping area, such as within the public area of a mall, or a rented space within an office located in a mall. The latter, referred to as "mall intercepts," are used more frequently, as a replacement for

TABLE 16.2**The Advantages and Disadvantages of Mail, Telephone, Personal Interview, and Online Surveys**

	MAIL	TELEPHONE	PERSONAL INTERVIEW	ONLINE
Cost	Low	Moderate	High	Low
Speed	Slow	Immediate	Slow	Fast
Response Rate	Low	Moderate	High	Self-selected
Geographic Flexibility	Excellent	Good	Difficult	Excellent
Interviewer Bias	N/A	Moderate	Problematic	N/A
Interviewer Supervision	N/A	Easy	Difficult	N/A

the in-home interviews that used to be commonplace, because of the high incidence of not-at-home working women and the reluctance of many people today to allow a stranger into their homes.

Telephone interview surveys are also used to collect consumer data; however, evenings and weekends are often the only times to reach telephone respondents, who tend to be less responsive—if not actively hostile—to calls that interrupt dinner, television viewing, or general relaxation. Other problems arise, however, from the increased use of answering machines, telephone company voice-mail systems, and caller ID to screen calls. Some market research companies have tried to automate telephone surveys, but many respondents are even less willing to interact with an electronic voice than with a live interviewer. Table 16.2 compares the survey contact methods.

Mail surveys are conducted by sending questionnaires directly to individuals at their homes. One of the major problems of mail questionnaires is a low response rate, but researchers have developed a number of techniques to increase returns, such as enclosing a stamped, self-addressed envelope, using a provocative questionnaire, and sending notifications in advance as well as follow-up letters. Also, to deal with the ongoing problems of low response rates to unsolicited mail surveys, some consumer marketing companies are establishing their own ongoing consumer panels and periodically mail or email a questionnaire to consumer panel participants to fill out. As a motivation to complete the task, and ensure a satisfactory response rate, it is commonplace to pay respondents a prearranged participation fee for each round of completed surveys. Sometimes panel members are also asked to keep diaries of their purchases.¹⁵

Email surveys are an increasingly popular alternative to using the postal service as a means of distributing questionnaires to target consumers. One of the key attractions of using email is that it is as easy and quick to distribute a survey around the world as it is to distribute it down the block. Moreover, with an accurate list of email addresses, it is very inexpensive to distribute even a large number of questionnaires. We can expect that as the world increasingly turns to the Web for many types of social communications, we will see continued growth of emailing as a way to distribute surveys.¹⁶

Furthermore, there has been a rapid increase in the number of consumers who are interested in participating in **Internet surveys**. Potential respondents are directed to the marketer's (or researcher company's) website by online ads or targeted email invitations. Often, responses to online surveys are from consumer respondents who are self-selected, and therefore the results cannot be projected to the larger population. Most computer polls ask respondents to complete a profile consisting of demographic questions that enable the researchers to classify the responses to the substantive product or service questions.

Quantitative Research Data Collection Instruments

Data collection instruments are developed as part of a study's total research design to systematize the collection of data and to ensure that all respondents are asked the same questions in the same order. Data collection instruments include questionnaires, personal inventories, and attitude scales. These instruments are usually pretested and “debugged” to assure the validity and reliability of the research study. A study is said to have **validity** if it does, in fact, collect appropriate data needed to answer the questions or objectives stated in the first (objectives) stage of the research process. A study is said to have **reliability** if the same questions, asked of a similar sample, produce the same findings. Often a sample is systematically divided in two, and each half is given the same questionnaire to complete. If the results from each half are similar, the questionnaire is said to be reliable.

TABLE 16.3 Guidelines for Wording Questions

1. *Avoid leading questions.* For example, questions such as “Do you often shop at such cost-saving stores as Staples?” or “Weren’t you satisfied with the service you received at Staples today?” introduce bias into the survey.
2. *Avoid two questions in one.* For example, “In your view, did you save money and receive good service when you last visited Staples?” is really two questions combined; they should be stated separately.
3. *Questions must be clear.* For example, “Where do you usually shop for your home office supplies?” is unclear because the term usually is vague.
4. *Use words that consumers routinely use.* For example, do not use the verb to rectify; use the verb to correct.
5. *Ensure that respondents are able to answer the question.* For example, it is unlikely that any respondent can accurately answer a question such as “How many newspaper or TV ads for Staples did you read or see during the past month?”
6. *Make sure that respondents are willing to answer the question.* Questions about money, health issues, personal hygiene, or sexual preferences can embarrass respondents and cause them not to answer. Sometimes asking the question in a less personal fashion can help generate more responses. For example, rather than asking older consumers whether they experience incontinence, the researcher should ask, “Millions of Americans experience some level of incontinence. Do you or anyone you know experience this difficulty?”

Questionnaires

For quantitative research, the primary data collection instrument is the questionnaire, which can be sent through the mail or online to selected respondents for self-administration or can be administered by field interviewers in person or by telephone. To motivate respondents to take the time to respond to surveys, researchers have found that questionnaires must be interesting, objective, unambiguous, easy to complete, and generally not burdensome. To enhance the analysis and facilitate the classification of responses into meaningful categories, questionnaires include both substantive questions that are relevant to the purposes of the study and pertinent demographic questions. Questionnaires consist of two types of questions:

1. **Open-ended questions** require answers in the respondent’s own words (e.g., essay type questions).
2. **Closed-ended questions** require respondents to check the appropriate answer from a list of options (e.g., multiple-choice and true or false questions).

Open-ended questions yield more insightful information but are more difficult to code and to analyze; closed-ended questions are relatively simple to tabulate and analyze, but the answers are limited to the alternative responses provided (i.e., to the existing insights of the questionnaire designer).

Wording of the questions represents the biggest challenge in constructing questionnaires; Table 16.3 includes guidelines for writing clear and effective questions. The sequence of questions is also important: The opening questions must be interesting enough to “draw” the respondent into participating; the questions must proceed in a logical order; and demographic (classification) questions should be placed at the end, where they are more likely to be answered. The format of the questionnaire and the wording and sequence of the questions affect the validity of the responses and, in the case of mail questionnaires, the number (rate) of responses received.

There are many types of questionnaires that are commonly used in carrying out consumer research studies. In the real world of consumer research, one form of consumer survey is a **magazine readership survey**, like the one for *EARTH* (a fictitious magazine) that is presented in Figure 16.5. Such surveys are conducted to provide the publisher, editors, and circulation directors with reader feedback, as well as to provide the marketing and sales staff with information that would enable them to create a more convincing marketing package for selling advertising pages to potential advertisers and their advertising agencies. In particular, a standard use of the data secured from magazine readership surveys is preparation of a profile of a publication’s readers so that potential advertisers can determine whether the publication delivers the audience that is most likely to respond positively to their advertising.

Attitude Scales

Researchers often present respondents with a list of products or product attributes, toward which they are asked to indicate their relative feelings or evaluations. The instruments most frequently used to capture this evaluative data are called **attitude scales**. The most frequently used attitude scales are Likert scales, semantic differential scales, behavior intention scales, and rank-order scales.

The **Likert scale** is the most popular form of attitude scale because it is easy for researchers to prepare and to interpret, and simple for consumers to answer. They check or write the number corresponding to their level of “agreement” or “disagreement” with a series of statements, each referring

EARTH Magazine: IPSOS MENDELSON READERSHIP SURVEY

ABOUT YOU AND EARTH MAGAZINE

1. Where did you purchase this issue of *EARTH Magazine*?

- | | | | |
|----------------------------------|----------------------------|---|----------------------------|
| Local newsstand | <input type="checkbox"/> 1 | Bookstore (e.g., Borders, Barnes & Noble) | <input type="checkbox"/> 3 |
| Airport terminal newsstand | <input type="checkbox"/> 2 | Other | <input type="checkbox"/> 4 |

2. Why did you buy this issue of *EARTH Magazine*? (Please 'X' all that apply.)

- | | | | |
|--|----------------------------|-------------------------------|--|
| Intrigued by headlines on cover wrap | <input type="checkbox"/> 1 | For a regular feature: | For a regular feature (Cont'd): |
| Attracted by the cover art | <input type="checkbox"/> 2 | Index | <input type="checkbox"/> 1 |
| Curious about a specific article | <input type="checkbox"/> 3 | Notebook | <input type="checkbox"/> 2 |

Heard about issue through:

- | | | | |
|------------------------|----------------------------|------------------|----------------------------|
| Word-of-mouth | <input type="checkbox"/> 4 | Puzzle | <input type="checkbox"/> 4 |
| Print medium | <input type="checkbox"/> 5 | Findings | <input type="checkbox"/> 5 |
| Broadcast medium | <input type="checkbox"/> 6 | Annotation | <input type="checkbox"/> 6 |
| Internet | <input type="checkbox"/> 7 | Reviews | <input type="checkbox"/> 7 |
| | | Forum | <input type="checkbox"/> 8 |

3. How many issues of *EARTH Magazine* did you buy on the newsstand/bookstore in the last 12 months?

- | | | | |
|------------------|----------------------------|--------------------|----------------------------|
| 1 issue | <input type="checkbox"/> 1 | 8–9 issues | <input type="checkbox"/> 5 |
| 2–3 issues | <input type="checkbox"/> 2 | 10–11 issues | <input type="checkbox"/> 6 |
| 4–5 issues | <input type="checkbox"/> 3 | 12 issues | <input type="checkbox"/> 7 |
| 6–7 issues | <input type="checkbox"/> 4 | None | <input type="checkbox"/> 8 |

4. How long have you been a reader of *EARTH Magazine*?

- | | | | |
|--------------------------|----------------------------|--------------------------|----------------------------|
| Less than 6 months | <input type="checkbox"/> 1 | 1 to under 2 years | <input type="checkbox"/> 3 |
| 7–12 months | <input type="checkbox"/> 2 | 2 years or more | <input type="checkbox"/> 4 |

5. How many of the last 4 issues of *EARTH Magazine* have you read or looked into?

- | | | | |
|---------------------------|----------------------------|-------------------------------------|----------------------------|
| 4 out of the last 4 | <input type="checkbox"/> 1 | 1 out of the last 4 | <input type="checkbox"/> 4 |
| 3 out of the last 4 | <input type="checkbox"/> 2 | None out of the last 4 | <input type="checkbox"/> 5 |
| 2 out of the last 4 | <input type="checkbox"/> 3 | | |

6. On average, how much time do you spend reading or looking into a typical issue of *EARTH Magazine*?

- | | | | |
|------------------------------------|----------------------------|------------------------------------|----------------------------|
| Less than 1 hour | <input type="checkbox"/> 1 | 3 hours to less than 4 hours | <input type="checkbox"/> 4 |
| 1 hour to less than 2 hours | <input type="checkbox"/> 2 | 4 hours or more | <input type="checkbox"/> 5 |
| 2 hours to less than 3 hours | <input type="checkbox"/> 3 | | |

7. Have you ever made a purchase as a result of advertising you saw in *EARTH Magazine*?

- | | | | |
|-----------|----------------------------|----------|----------------------------|
| Yes | <input type="checkbox"/> 1 | No | <input type="checkbox"/> 2 |
|-----------|----------------------------|----------|----------------------------|

8. How do you rate *EARTH Magazine* overall compared to other publications you read?

- | | | | |
|---------------------------|----------------------------|---------------|----------------------------|
| One of my favorites | <input type="checkbox"/> 1 | Average | <input type="checkbox"/> 4 |
| Very good | <input type="checkbox"/> 2 | Poor | <input type="checkbox"/> 5 |
| Good | <input type="checkbox"/> 3 | | |

EARTH MAGAZINE WEBSITE

1. Have you visited the *EARTH Magazine* website in the past 12 months?

- | | | | |
|-----------|----------------------------|----------|--|
| Yes | <input type="checkbox"/> 1 | No | <input type="checkbox"/> 2 → Please go to Question 4 |
|-----------|----------------------------|----------|--|

2. How often do you visit the *EARTH Magazine* website?

- | | | | | | |
|-----------------------------|----------------------------|------------------------|----------------------------|--------------------------------|----------------------------|
| Once a month | <input type="checkbox"/> 1 | Once a week | <input type="checkbox"/> 3 | 4–5 times a week | <input type="checkbox"/> 5 |
| Less than once a week | <input type="checkbox"/> 2 | 2–3 times a week | <input type="checkbox"/> 4 | More than 5 times a week | <input type="checkbox"/> 6 |

3. On average, how much time do you spend on the *EARTH Magazine* website per visit?

- | | | | | | |
|---------------------------|----------------------------|---------------------|----------------------------|------------------------|----------------------------|
| Less than 5 minutes | <input type="checkbox"/> 1 | 10–19 minutes | <input type="checkbox"/> 3 | 30–59 minutes | <input type="checkbox"/> 5 |
| 5–9 minutes | <input type="checkbox"/> 2 | 20–29 minutes | <input type="checkbox"/> 4 | One hour or more | <input type="checkbox"/> 6 |

4. Would you be willing to pay for archived issues of *EARTH Magazine* going back to 1950 if they were available on the *EARTH Magazine* website?

- | | | | |
|-----------|----------------------------|----------|---|
| Yes | <input type="checkbox"/> 1 | No | <input type="checkbox"/> 2 → Please go to "About You" section below |
|-----------|----------------------------|----------|---|

5. (If yes) How much would you be willing to pay per year for archived issues of *EARTH Magazine*?

- | | | | | | |
|-----------------|----------------------------|-----------------|----------------------------|--------------------|----------------------------|
| \$1–\$9 | <input type="checkbox"/> 1 | \$20–\$29 | <input type="checkbox"/> 3 | \$40–\$49 | <input type="checkbox"/> 5 |
| \$10–\$19 | <input type="checkbox"/> 2 | \$30–\$39 | <input type="checkbox"/> 4 | \$50 or more | <input type="checkbox"/> 6 |

FIGURE 16.5 Magazine Readership Survey

Source: *EARTH Magazine Readership Survey* (New York, Ipsos Mendelsohn, 2008).

ABOUT YOU					
1. Are you: a man <input type="checkbox"/> 1 a woman <input type="checkbox"/> 2					
2. Please 'X' your age group.					
Under 21	<input type="checkbox"/> 1	35 to 44	<input type="checkbox"/> 3	55 to 64	<input type="checkbox"/> 5
21 to 34	<input type="checkbox"/> 2	45 to 54	<input type="checkbox"/> 4	65 or older	<input type="checkbox"/> 6
3. Are you ...					
Married	<input type="checkbox"/> 1	Single	<input type="checkbox"/> 3	Separated	<input type="checkbox"/> 5
Partnered	<input type="checkbox"/> 2	Widowed	<input type="checkbox"/> 4	Divorced	<input type="checkbox"/> 6
4. Please 'X' the highest level of education you have attained.					
Some high school or less	<input type="checkbox"/> 1	Some college	<input type="checkbox"/> 3	Postgraduate study	<input type="checkbox"/> 5
High school graduate	<input type="checkbox"/> 2	College degree	<input type="checkbox"/> 4	Postgraduate degree	<input type="checkbox"/> 6
5. Please indicate your employment status.					
Employed full time (35 hrs or more per week)	<input type="checkbox"/> 1	Not currently employed	<input type="checkbox"/> 3	Please skip to Question 6	
Employed part time (less than 35 hrs per week)	<input type="checkbox"/> 2	Retired	<input type="checkbox"/> 4		
What is your job title, position, or rank? (Please be specific: e.g., partner, CEO, president, vice president, etc.) _____					
What do you do for a living? (Please be specific: e.g., accountant, bookkeeper, lawyer, architect, etc.) _____					
6. What was your total estimated household income, before taxes, for last year? (Please include income for all household members and from all sources, including salaries or wages, profits, capital gains, rentals, social security, etc.)					
Less than \$50,000	<input type="checkbox"/> 1	\$50,000 to \$749,999	<input type="checkbox"/> 1	\$2,500,000 to \$2,999,999	<input type="checkbox"/> 1
\$50,000 to \$99,999	<input type="checkbox"/> 2	\$750,000 to \$999,999	<input type="checkbox"/> 2	\$3,000,000 to \$3,999,999	<input type="checkbox"/> 2
\$100,000 to \$199,999	<input type="checkbox"/> 3	\$1,000,000 to \$1,499,999	<input type="checkbox"/> 3	\$4,000,000 to \$4,999,999	<input type="checkbox"/> 3
\$200,000 to \$299,999	<input type="checkbox"/> 4	\$1,500,000 to \$1,999,999	<input type="checkbox"/> 4	\$5,000,000 or more	<input type="checkbox"/> 4
\$300,000 to \$499,999	<input type="checkbox"/> 5	\$2,000,000 to \$2,499,999	<input type="checkbox"/> 5		
Please join us! The <i>EARTH Magazine Reader Advisory Panel</i> is an exclusive panel made up of <i>EARTH Magazine</i> readers. Through future surveys, your perspective on consumer trends — from tech innovations, culture, and travel — will have a direct impact on what you see and read in the pages of <i>EARTH Magazine</i> . If you would like to join our Reader Advisory Panel, please print your e-mail address below:					
Your e-mail address: _____ @ _____					
THANK YOU VERY MUCH					
Please mail the completed survey in the reply envelope (no postage necessary).					

FIGURE 16.5 (Continued)

to the object under investigation. The scale consists of an equal number of agreement/disagreement choices on either side of a neutral choice. A principal benefit of the Likert scale is that it gives the researcher the option of considering the responses to each statement separately or of combining the responses to produce an overall score.

The **semantic differential scale**, like the Likert scale, is relatively easy to construct and administer. The scale typically consists of a series of bipolar adjectives (such as “good/bad,” “hot/cold,” “like/dislike,” or “expensive/inexpensive”) anchored at the ends of an odd-numbered (e.g., five- or seven-point) continuum. Respondents are asked to evaluate a concept (or a product or company) on the basis of each attribute by checking the point on the continuum that best reflects their feelings or beliefs. Care must be taken to vary the location of positive and negative terms from the left side of the continuum to the right side to avoid consumer response bias. Sometimes an even-numbered scale is used to eliminate the option of a neutral answer. An important feature of the semantic differential scale is that it can be used to develop graphic consumer profiles of the concept under study. Semantic differential profiles are also used to compare consumer perceptions of competitive products and to indicate areas for product improvement when perceptions of the existing product are measured against perceptions of the “ideal” product.

The **behavior intention scale** measures the likelihood that consumers will act in a certain way in the future, such as buying the product again or recommending it to a friend. These scales are easy to construct, and consumers are asked to make subjective judgments regarding their future behavior.

With **rank-order scales**, subjects are asked to rank items such as products (or retail stores or websites) in order of preference in terms of some criterion, such as overall quality or value for

the money. Rank-order scaling procedures provide important competitive information and enable marketers to identify areas where improvement is needed in product design and product positioning. Figure 16.6 provides examples of the attitude scales described.

Customer Satisfaction Measurement

Gauging the level of customer satisfaction and its determinants is critical for every company. Marketers can use such data to retain customers, sell more products and services, improve the quality and value

LIKERT SCALE

Next to each of the following statements, please record the number that best describes the extent to which you agree or disagree with each statement.

- | | | | | |
|-------------------|-------------------|-------------------------------|----------------------|----------------------|
| 1. Strongly Agree | 2. Somewhat Agree | 3. Neither Agree nor Disagree | 4. Somewhat Disagree | 5. Strongly Disagree |
|-------------------|-------------------|-------------------------------|----------------------|----------------------|

It's fun to shop online.
 I am afraid to give my credit card number online.

CUSTOMER SATISFACTION GUIDE

Overall, how satisfied are you with Bank X's online banking? _____

- | | | | | |
|-------------------|-----------------------|---------------------------------------|--------------------------|----------------------|
| 1. Very Satisfied | 2. Somewhat Satisfied | 3. Neither Satisfied nor Dissatisfied | 4. Somewhat Dissatisfied | 5. Very Dissatisfied |
|-------------------|-----------------------|---------------------------------------|--------------------------|----------------------|

IMPORTANCE SCALE

The following list of features is associated with shopping on the Internet. Next to each feature, please record the number that best expresses how important or unimportant that feature is to you.

- | | | | | |
|------------------------|-----------------------|--------------------------------------|-------------------------|-------------------------|
| 1. Extremely Important | 2. Somewhat Important | 3. Neither Important nor Unimportant | 4. Somewhat Unimportant | 5. Not at all Important |
|------------------------|-----------------------|--------------------------------------|-------------------------|-------------------------|

Speed of downloading the order form
 Being able to register with the site

SEMANTIC DIFFERENTIAL SCALE

For each of the following features, please check one alternative that best expresses your impression of how that feature applies to online banking:

Competitive rates  Noncompetitive rates
 Reliable  Unreliable

Note: The same semantic differential scale can be applied to two competitive offerings, such as online banking and regular banking, and a graphic representation of the profiles of the two alternatives, along with the bipolar adjectives included in the scale, can be easily constructed.

BEHAVIOR INTENTION SCALES

How likely are you to continue using Bank X's online banking for the next six months? _____

- | | | | | |
|-----------------------------|---------------------------|--------------------------------|-------------------------------|---------------------------------|
| 1. Definitely Will Continue | 2. Probably Will Continue | 3. Might or Might Not Continue | 4. Probably Will Not Continue | 5. Definitely Will Not Continue |
|-----------------------------|---------------------------|--------------------------------|-------------------------------|---------------------------------|

How likely are you to recommend Bank X's online banking to a friend? _____

- | | | | | |
|------------------------------|----------------------------|---------------------------------|--------------------------------|----------------------------------|
| 1. Definitely Will Recommend | 2. Probably Will Recommend | 3. Might or Might Not Recommend | 4. Probably Will Not Recommend | 5. Definitely Will Not Recommend |
|------------------------------|----------------------------|---------------------------------|--------------------------------|----------------------------------|

RANK-ORDER SCALE

We would like to find out about your preferences regarding banking methods. Please rank the following banking methods by placing a "1" in front of the method that you prefer most, a "2" next to your second preference, and continuing until you have ranked all of the methods.

Inside the bank Online banking Banking by telephone
 ATM Banking by mail

FIGURE 16.6 Attitude Scales

of their offerings, and operate more effectively and efficiently. **Customer satisfaction measurement** includes quantitative and qualitative measures, as well as a variety of contact methods with customers.

Customer satisfaction surveys measure how satisfied the customers are with relevant attributes of the product or service, and the relative importance of these attributes (using an importance scale). Generally, these surveys use five-point semantic differential scales, ranging from “very dissatisfied” to “very satisfied.” Research shows that customers who indicate they are “very satisfied” (typically a score of 5 on the satisfaction scale) are much more profitable and loyal than customers who indicate that they are “satisfied” (a score of 4). Therefore, companies that merely strive to have “satisfied” customers are making a crucial error.¹⁷ Some marketers maintain that customers’ satisfaction or dissatisfaction is a function of the difference between what they had *expected* to get from the product or service purchased and their perceptions of what they *received*. A group of researchers developed a scale that measures the performance of the service received against two expectation levels: *adequate* service and *desired* service, and also measures the customers’ future intentions regarding purchase of the service.¹⁸ This approach is more sophisticated than standard customer satisfaction surveys and more likely to yield results that can be used to develop corrective measures for products and services that fall short of customers’ expectations.

Mystery shoppers are professional observers who pose as customers and interact with and provide unbiased evaluations of the company’s service personnel in order to identify opportunities for improving productivity and efficiency. For example, one bank used mystery shoppers who, while dealing with a bank employee on another matter, dropped hints about buying a house or seeking to borrow college funds. Employees were scored on how quickly and effectively they provided information about the bank’s pertinent products or services. A company that requires sales clerks to check youthful customers’ IDs when they seek to buy video games with violent content may employ mystery shoppers to see whether their employees are actually doing so.

Analyzing customer complaints is crucial for improving products and customer service. Research indicates that only a few unsatisfied customers actually complain. Most unsatisfied customers say nothing but switch to competitors. A good **complaint analysis** system should encourage customers to:

1. Complain about an unsatisfactory product or service.
2. Provide suggestions for improvements by completing forms asking specific questions beyond the routine “how was everything?”
3. Establish “listening posts” such as hotlines where specially designated employees either listen to customers’ comments or actively solicit input from them (e.g., in a hotel lobby or on checkout lines).

Because each complaint, by itself, provides little information, the company must have a system in which complaints are categorized and analyzed so that the results may be used to improve its operations.

Analyzing customer defections consists of finding out why customers leave the company. Customer loyalty rates are important because it is generally much cheaper to retain customers than to get new ones. Therefore, finding out why customers defect, and intervening when customers’ behaviors show that they may be considering leaving, is crucial. For example, one bank that was losing about 20% of its customers every year compared 500 transaction records of loyal customers with 500 transaction records of defectors, using such dimensions as number of transactions, frequency of transactions, and fluctuations in average balances. The bank then identified transaction patterns that tended to indicate future defection and started targeting potential defectors and encouraging them to stay.¹⁹

Sampling and Data Collection

Because it is almost always impossible to obtain information from *every* member of the population or universe being studied, researchers use samples. A **sample** is a subset of the population that is used to estimate the characteristics of the entire population. Therefore, the sample must be representative of the universe under study. As the well-established Nielsen Media Research company recently found out, suspicions that a sample may not be representative of its universe endanger the credibility of all the data collected, and therefore must be addressed promptly. Although Nielsen’s TV ratings have been used to estimate TV audiences and calculate advertising rates for many decades, its clients recently charged that the Nielsen sample was no longer representative of the U.S. population, because it did not reflect accurately America’s changing demographics and the large numbers of consumers who use devices such as TiVo to “time shift” and to avoid commercials during both live and recorded programs. In response to these criticisms, Nielsen redesigned its sample to include significantly more ethnic groupings and to reflect the changes in TV viewing habits.²⁰

An integral component of a research design is the **sampling plan**. Specifically, the sampling plan addresses three questions: whom to survey (the sampling unit), how many to survey (the sample size), and how to select them (the sampling procedure). Deciding whom to survey requires explicit definition of the universe or boundaries of the market from which data are sought, so that an appropriate

TABLE 16.4 Types of Samples

PROBABILITY SAMPLE	
Simple Random Sample	Every member of the population has a known and equal chance of being selected.
Systematic Random Sample	A member of the population is selected at random and then every <i>n</i> th person is selected.
Stratified Random Sample	The population is divided into mutually exclusive groups (such as age groups), and random samples are drawn from each group.
Cluster (Area) Sample	The population is divided into mutually exclusive groups (such as blocks), and the researcher draws a sample of the groups to interview.
NONPROBABILITY SAMPLE	
Convenience Sample	The researcher selects the most accessible population members from whom to obtain information (e.g., students in a classroom).
Judgment Sample	The researcher uses his or her judgment to select population members who are good sources of accurate information (e.g., experts in the relevant field of study).
Quota Sample	The researcher interviews a prescribed number of people in each of several categories (e.g., 50 men and 50 women).

sample can be selected (such as working mothers). The size of the sample is dependent on both the size of the budget and the degree of confidence that the marketer wants to place in the findings. The larger the sample, the more likely the responses will reflect the total universe under study. It is interesting to note, however, that a small sample can often provide highly reliable findings, depending on the sampling procedure adopted.

There are two types of samples. In a **probability sample**, respondents are selected in such a way that every member of the population studied has a known, nonzero chance of being selected. In a **nonprobability sample**, the population under study has been predetermined in a nonrandom fashion on the basis of the researcher's judgment or decision to select a given number of respondents from a particular group. Table 16.4 summarizes the features of various types of probability and nonprobability designs.

Data Collection

The step following sample selection is data collection. As indicated earlier, qualitative studies usually require highly trained social scientists to collect data. A quantitative study generally uses a field staff that is either recruited and trained directly by the researcher or contracted from a company that specializes in conducting field interviews. Completed questionnaires are reviewed on a regular basis as the research study progresses to ensure that the recorded responses are clear, complete, and legible.

Combining Qualitative and Quantitative Research

Learning Objective

- 4 To understand how to combine qualitative and quantitative research.

Researchers adapt the research processes to the special needs of the study. For example, if a researcher is told that the purpose of the study is to develop a segmentation strategy for a new online dating service, he or she would first collect secondary data, such as population statistics (e.g., the number of men and women online in selected metropolitan areas within a certain age range, their marital status, and occupations). Then, together with the marketing manager, the researcher would specify the parameters (i.e., define the sampling unit) of the population to be studied (e.g., single, college-educated men and women between the ages of 18 and 45 who live or work within the Boston metropolitan area). A qualitative study (e.g., focus groups) might be undertaken first to gather information about the target population's attitudes and concerns about meeting people online, their special interests, and the specific services and precautions they would like an online dating service to provide. This phase of the research should result in tentative generalizations about the specific age group(s) to target and the services to offer.

The marketing manager then might instruct the researcher to conduct a quantitative study to confirm and attach "hard" numbers (percentages) to the findings that emerged from the focus groups. The first-phase study should have provided sufficient insights to develop a research design and to

launch directly into a large-scale survey. If, however, there is still doubt about any element of the research design, such as question wording or format, the marketing manager and the researcher might decide first to do a small-scale exploratory study. Then, after refining the questionnaire and any other needed elements of the research design, they would launch a full-scale quantitative survey, using a probability sample that would allow them to project the findings to the total population of singles (as originally defined). The analysis should cluster prospective consumers of the online dating service into segments based on relevant sociocultural or lifestyle characteristics and on media habits, attitudes, perceptions, and geodemographic characteristics.

Marketers frequently conduct research projects that include qualitative and a quantitative components. For example, they use qualitative research findings to discover new ideas and develop promotional strategies, and quantitative research findings to estimate the extent or amount of consumers who react in a particular way (i.e., positive or negative) to various promotional inputs. Frequently, ideas stemming from qualitative research are tested empirically through quantitative studies. The predictions made possible by quantitative research and the understanding provided by qualitative research together produce a richer and more robust profile of consumer behavior than either research approach used alone.

In reality, many consumer research studies carry out—concurrently or in sequence—a series of interrelated qualitative and quantitative studies, or move back and forth between one or more rounds of qualitative research and one or more rounds of quantitative research. In the many studies that the lead author of this book conducted for AT&T, it was quite common for him to undertake a number of focus groups or depth interview research studies that were followed by a quantitative stage using a very large internal consumer database, or the services of survey research companies that specialized in mail or telephone questionnaire surveys. The main point to keep in mind is that among marketing-oriented firms, consumer research is not commonly composed of a single study, but rather consists of a series of studies, often composed of a mix of qualitative research (most commonly focus groups and/or depth interviews) and quantitative research (most commonly some form of survey research, consumer panel data, or possibly an experiment). Commonly, the insights secured from a particular round of research are evaluated to determine whether more research is required, and if so, what should be the purpose and type of additional research. The combined findings enable marketers to design more meaningful and effective marketing strategies. Table 16.5 compares the quantitative and qualitative research designs.

TABLE 16.5 A Comparison of the Elements of Quantitative and Qualitative Research Designs

	QUALITATIVE RESEARCH	QUANTITATIVE RESEARCH (QUAN)
Study purpose	Studies are designed to provide insights about new product ideas and identify positioning strategies aimed at a target market. Ideas uncovered should be tested via quantitative studies. QUAL studies are also often used to refine the objectives and wording of QUAN studies.	QUAN studies are aimed at describing a target market—its characteristics and possible reactions of various segments to the elements of the marketing mix. Results are used for making strategic marketing decisions.
Types of questions and data collection methods	Open-ended, unstructured questions, stressing probing by the moderator or highly skilled interviewer. QUAL research also uses projective techniques, including disguised questions and response to pictures or prototypes.	QUAN research often consists of closed-ended questions with predefined response choices and limited numbers of open-ended questions that have to be coded.
Main methods	Focus groups and depth interviews.	Survey questionnaires, including attitude scales and questions that are not disguised. QUAN questioning often consists of surveys that are self-administered, or conducted in person, by phone or mail, or online. Observation of consumers, experimentation, and consumer panels are other QUAN data collection methods.
Sampling methods	Small, nonprobability samples; findings are generally not representative of the universe under study.	Large probability samples. If the data collection instruments are valid and reliable, the results can be viewed as representative of the universe.
Data analysis	Data consist of transcripts or tapes of the verbal responses. The analysis is performed by skilled behavioral science researchers. Researchers seek to identify reoccurring “themes” of responses coming from participants.	After data are collected, they are coded and entered in the database. The researcher analyzes the data, using a variety of statistical methods of analysis, and estimates the extent to which the results represent the universe.

Data Analysis and Reporting Research Findings

Learning Objective

- 5 To understand how to analyze data and report research findings

In qualitative research, the moderator-researcher usually analyzes the responses received. In quantitative research, the researcher supervises the analysis: Open-ended responses are first coded and quantified (i.e., converted into numerical scores); then all the responses are tabulated and analyzed using sophisticated analytical programs that correlate the data by selected variables and cluster the data by selected demographic characteristics.

In both qualitative and quantitative research, the research report includes a brief executive summary of the findings and recommendations for marketing action. The body of the report includes a full description of the methodology used and, for quantitative research, also includes tables and graphics to support the findings.

Summary

Learning Objective 1: To understand how to develop research objectives

The first and most difficult step in the consumer research process is to accurately define the objectives of the research. Is it to segment the market for electronic readers? Is it to examine consumer attitudes about the experience of online shopping? What percentage of households shop for food online? Whatever the key research question, it is important for the marketing manager and the research manager to agree at the outset as to the specific purposes and objectives of the proposed consumer study. A clearly written statement of research objectives ensures that the information needed is indeed collected and costly errors are avoided.

Learning Objective 2: To understand how to collect secondary data

Secondary data is existing information that was originally gathered for a research purpose other than the present research. The rationale for secondary data searches is simply that it makes good sense to investigate whether currently available information will answer—in part or even in full—the research question at hand. It seems unwise to expend the effort and money, and rush into collecting new information before determining if there is any available information that would provide at least a good starting point.

The first source of secondary data is previously collected in-house information that was originally used for some other purpose. It might have originally been gathered as part of a sales audit, or from past customer service calls, or letters of inquiry from customers, or collected via warranty cards.

The second source of secondary data is information from sources outside of the firm or organization. They take many different forms. Some are free and can be found in a public library, other information is available for only a nominal fee, and still other data or information are quite expensive to secure. The major sources of external secondary data are: the government, articles from popular, professional, and academic publications, and syndicated commercial sources.

Learning Objective 3: To understand qualitative and quantitative research methods

If the purpose of a study is to come up with new ideas for products or promotional themes, the researchers use qualitative research. Qualitative studies consist of focus groups, depth interviews, and projective techniques.

If the purpose of the study is to find out how many consumers match the demographics or psychographics of the target market, or the characteristics of consumers who buy given brands and whether or not they are brand loyal, marketers conduct quantitative research. Quantitative research includes observation, experiments, and surveys.

Learning Objective 4: To understand how to combine qualitative and quantitative research

Marketers frequently conduct research projects that combine both a qualitative component (often composed of focus groups and/or depth interviews) and a quantitative component (often consisting of a survey research). For example, they use qualitative research findings to discover new ideas and develop promotional strategies, and quantitative research findings to estimate the extent or amount of consumers who react in a particular way (i.e., positive or negative) to various promotional inputs. Frequently, ideas stemming from qualitative research are tested empirically through quantitative studies. The predictions made possible by quantitative research and the understanding provided by qualitative research together produce a richer and more robust profile of consumer behavior than either research approach used alone.

Learning Objective 5: To understand how to analyze data and report research findings

In qualitative research, the moderator-researcher usually analyzes the responses received. In quantitative research, the responses are coded and analyzed statistically.

In both qualitative and quantitative research, the research report includes an executive summary of the findings, description of the methodology used, and recommendations for marketing actions.

Review and Discussion Questions

- 16.1.** Have you ever been selected as a respondent in a marketing research survey? If yes, how were you contacted and where were you interviewed? Why do you think you, in particular, were selected? Did you know or could you guess the purpose of the survey? Do you know the name of the company or brand involved in the survey?
- 16.2.** What is the difference between primary and secondary research? Under what circumstances might the availability of secondary data make primary research unnecessary? What are some major sources of secondary data?
- 16.3.** Explain the distinction between primary and secondary data, and note the characteristics of each.
- 16.4.** A manufacturer of a new product for whitening teeth would like to investigate the effects of package design and label information on consumers' perceptions of the product and their intentions to buy it. Would you advise the manufacturer to use observational research, experimentation, or a survey? Explain your choice.
- 16.5.** Quantitative research methods are often the preferred method of choice for many analyses. Explain why.
- 16.6.** There are a few sampling methods in use. Which of the preferred ones feature a randomized component?
- 16.7.** Illustrate with examples the advantages and disadvantages of different methods of conducting surveys, such as mail, telephone, personal interview, and online surveys. How would you decide which is the most appropriate?

Hands-on Assignments

- 16.8.** Neutrogena is a manufacturer of personal care products for young adults. The company would like to extend its facial cleansers product line. Design (1) a qualitative and (2) a quantitative research design for the company focused on this objective.
- 16.9.** Based on the discussion of focus groups and depth interviews (including Figures 16.2 and 16.3), develop a discussion guide for studying college students' reactions to their brand and model of cell phone.
- 16.10.** Which methods of survey would you adopt to investigate the attitudes of a group regarding the shopping experience in Japanese department stores, such as Isetan, Sogo, and Mitsukoshi?
- 16.11.** Nestlé conducted extensive and accurate market research before deciding to put Nespresso in production. Using web sources, press articles, and the corporate website, outline your background research and provide the reasons for the success of the famous espresso brand, which featured George Clooney and Matt Damon in a testimonial and has become a veritable case of successful marketing.

Key Terms

- attitude scales 417
- behavior intention scale 419
- closed-ended questions 417
- cluster (area) sample 422
- complaint analysis 421
- consumer panels 407
- consumer research 404
- controlled experiment 415
- convenience sample 422
- customer lifetime value profiles 406
- customer satisfaction measurement 421
- customer satisfaction surveys 421
- depth interview 408
- discussion guide 409
- email surveys 416
- experiments (causal research) 415
- exploratory study 423
- focus group 408
- Internet surveys 416
- judgment sample 422
- Likert scale 417
- magazine readership survey 417
- mail surveys 416
- motivational researchers 408
- mystery shoppers 421
- nonprobability sample 422
- observational research 413
- open-ended questions 417
- personal interview surveys 415
- physiological observation 415
- primary research 405
- probability sample 422
- projective techniques 411
- qualitative research 405
- quantitative research 405
- quota sample 422
- rank-order scales 419
- reliability 416
- sample 421
- sampling plan 421
- screener questionnaire 409
- secondary data 406
- semantic differential scale 419
- simple random sample 422
- stratified random sample 422
- systematic random sample 422
- telephone interview surveys 416
- test marketing 415
- validity 416

Case Six:**Pima Air and Space Museum****“The Great Paper Airplane Project”**

Lead Agency: BBDO San Francisco

Contributing Agency: Hunter Public Relations

Strategic Challenges

Hidden in the vast Arizona desert near Tucson, the Pima Air and Space Museum showcases over 300 aircraft and 125,000 artifacts. The purpose of the museum is to showcase and explain aerospace history. In July 2011, more than 50% of the museum’s visitors were over 60 years of age and passionate fans of aerospace history. The museum recognized that it had to attract a new generation in order to give the museum a robust future. Management knew that because of the nature of the content, they would naturally capture parents and their children.

Objectives

1. To put Pima “on the map.” Pima is a world-class destination literally hidden in a desert. In order to increase attendance, the museum had to get media exposure beyond Tucson.
2. To shift audience demographics by attracting younger visitors. Ideally, young parents between 25 and 50 years old.

Insights

Interviews with moms of young kids revealed that many moms saw Pima not as a showcase of heroic feats, but rather a sad reminder of “over-militarization.” Many of Pima’s airplanes were icons of military history, but a lot of the items demonstrated that aviation originates in applied mathematics, physics, engineering, design, and environmental science.

Pima’s greatest attraction is a Lockheed SR-71 “Blackbird.” The plane is an advanced, long-range, Mach 3+ strategic reconnaissance aircraft built in the 1960s. During reconnaissance missions, the SR-71 operated at high speeds and altitudes to allow it to outrace threats. If the pilot detected a surface-to-air missile, he accelerated and outflew it. The SR-71 served with the U.S. Air Force from 1964 to 1998. Thirty-two aircraft were built; 12 were lost in accidents, but none lost to enemy action.

The Big Idea

Pima wanted to create a new generation of aviation fans by giving them a hands-on lesson in designing, building and flying the world’s largest paper airplane

Bringing the Idea to Life

The museum engaged local schools—teachers and their students—in a paper-airplane competition. It sent out invitations to 390 local teachers, along with a custom-built lesson plan that showed how to fold a paper airplane and how to teach lessons about airspeed, lift, and force. Two hundred local school kids participated in the competition and the winner’s plane flew a distance of 90 feet.

Working with a team of experts, the winner’s plane was transformed into the world’s largest paper airplane. Then, the 45 foot long plane was hoisted by helicopter 3,000 feet over the Arizona desert, and released for its first—and only—flight. After a short free fall, the plane leveled off for a flight of almost (0.93) a mile at a top speed of 98 mph. Following a less than graceful landing, the world’s largest paper airplane was then put on display for all to see in the museum, along with a documentary of the contest and building it.

Questions

1. What are the psychological, socio-cultural and communication factors that played a role in designing the paper airplane competition?
2. Discuss the issue that the museum was facing from a positioning standpoint.

3. The building and launch of the world's largest airplane was a one-time event. How can it be the basis for further and more extensive media exposure for the museum?
4. How would you measure whether or not the museum has achieved its objectives?
5. Assuming that the museum attracted new visitors, how can it retain them and make them visit repeatedly?

Source: Effie Worldwide, Effie Showcase Winners. Reprinted by permission. Pima Air and Space Museum is a 2013 Gold Effie Winner. For information on Effie's programs for students, visit the Collegiate Effies at www.effie.org

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Glossary

Absolute Threshold. The lowest level at which an individual experiences a sensation. The point at which a person can detect a difference between “something” and “nothing.” *See Differential Threshold.*

Acculturation. Learning a new culture. *See Enculturation.*

Achievement Need. Regarding personal accomplishment as an end by itself, being self-confident, and enjoying taking calculated risks.

Actual Self-Image. The way individuals perceive themselves. *See Social Self-Image and Ideal Self-Image.*

Addressable Advertising. Customized messages that are sent to individual consumers and are based on the messages’ receivers’ prior shopping and surfing online, which marketers have tracked.

Adopter Categories. A classification showing where consumers stand in relation to other consumers in terms of the first time they had purchased an innovation (e.g., a new product or model). *See the five adopters’ categories: Innovators, Early Adopters, Early Majority, Late Majority, and Laggards.*

Adoption. The final stage of Innovation Adoption, which is a term designating the process leading to a person’s decision of whether or not to adopt an innovation. After becoming aware of and interested in the innovation, and evaluating and trying it, the person adopts (purchases) the innovation. If satisfied, he (or she) would buy the innovative product again. If not, there will be no repeat purchase. *See Innovation Adoption.*

Advergames. Brands embedded in video games played at homes, arcades, or online.

Advertising Wear-Out. Overexposure to repetitive advertising that causes individuals to become satiated, pay less attention to advertising, and remember fewer ads.

Advertisers. Printed ads that closely resemble content and editorial material.

Affect Referral Decision Rule. A decision rule by which consumers make product choices based on the products’ overall ratings rather than considering specific product attributes. *See Noncompensatory Decision Rules.*

Affective Component. The second component of the Tri-Component Model of attitudes. It represents the person’s *emotions* and *feelings* regarding the attitude object, which are considered *evaluations* because they capture the person’s overall assessment of the attitude object (i.e., the extent to which the individual rates the attitude object as “favorable” or “unfavorable,” “good” or “bad”). *See Likert*

Scale, Semantic Differential Scale, and Tri-Component Model.

Affiliation Need. A psychological need that is similar to social need and reflects one’s desire for friendship, acceptance, and belonging.

Affluent Market. Upscale market segment that consists of households with incomes that are, according to most definitions, over \$ 100,000. However, what is considered “affluent” varies among geographic locations. *See Social Class.*

Aggression. Responding aggressively when encountering frustration. *See Defense Mechanisms.*

Aggressive Individuals. One of three groups identified by Karen Horney (a neo-Freudian researcher), it designates persons who move against others, excel, and desire to be admired. *See Compliant Individuals and Detached Individuals.*

AIDA. An acronym of a cognitive learning model favored by advertisers, which states that product-related learning occurs in four stages: awareness, interest, desire, and action. *See Cognitive Learning.*

Aided Recall. A recognition test, that measures the effectiveness of learning and communications, where consumers are shown ads and asked whether or not they remember seeing them and can recall any of their salient points. *See Unaided Recall.*

Ambient Advertising (Experiential Marketing). *See Experiential Marketing.*

Ambush Marketing. Placing ads in places where consumers do not expect to see them and cannot avoid them readily.

American Core Values. Priorities and codes of conduct that both affect and reflect the character of American society. These values are: pervasive (i.e., a significant portion of the American people have accepted them); enduring (i.e., unlike fads, they have influenced Americans’ actions over an extended period); and related to consumption behavior (i.e., in the context of this textbook). *See Culture.*

Anthropology. The comparative study of human societies’ cultures and developments. *See Content Analysis, Culture, and Field Observation.*

Anthropomorphism. Assigning human characteristics to an object. *See Brand Personification.*

Approach Objects. Positive outcomes that people seek. *See Avoidance Objects.*

Apps (Applications). Chunks of software—installed on one’s computer, tablet, or smartphone—that are gateways to games, online resources, and social networking.

Attitude. A learned predisposition to behave in a consistently favorable or unfavorable way toward a given object. *See Attitude Measures.*

Attitude-Toward-Behavior Model. A model stating that a consumer's attitude toward a specific behavior is a function of how strongly he or she believes that the action will lead to a specific outcome (either favorable or unfavorable).

Attitude-Toward-Object Model. A model stating that a consumer's attitude toward a product or brand is a function of the presence of certain attributes and the consumer's evaluation of those attributes.

Attitude-Toward-the-Ad Model. A model maintaining that a consumer form various feelings (affects) and judgments (cognitions) as the result of exposure to an advertisement, which, in turn, affects the consumer's attitude toward the ad and beliefs and attitudes toward the brand advertised.

Attribution Theory. A theory focused on how people assign causality to events and form or alter their attitudes after assessing their own or other people's behavior.

Authoritarian Parents. Parents who are very restrictive and not nurturing during their children's consumer socialization. *See Authoritative Parents, Indulgent Parents, and Neglecting Parents.*

Authoritative Parents. Parents who are very nurturing but also very restrictive during their children's consumer socialization. *See Authoritarian Parents, Indulgent Parents, and Neglecting Parents.*

Autonomic Decisions. Purchase decisions where either the husband or wife is the primary or only decision maker. *See Husband-Dominated Decisions, Joint Decisions, and Wife-Dominated Decisions.*

Avoidance Objects. Negative outcomes that people want to prevent. *See Approach Objects.*

Awareness. The first stage of Innovation Adoption, which is a term designating the process leading to a person's decision of whether or not to adopt an innovation. In this stage, the person becomes aware that the innovation is available. *See Innovation Adoption.*

Baby Boomers. The age cohort representing people born between 1946 and 1964. *See Subculture.*

Bachelorhood. In the context of the Family Life Cycle, individuals who are not married and have no children. *See Family Life Cycle.*

Behavior Intention Scale. An instrument that measures the likelihood that consumers will act a certain way in the future, such as if they will buy a product again or recommend it to friends. *See Quantitative Research.*

Behavioral Data. Behavioral segmentation data assembled through direct questioning (or observation) of consumers, and categorized using objective and measurable criteria, such as demographics. This information includes: (a)

consumer-intrinsic dimensions (e.g., a person's age, gender, marital status, income, and education); (b) consumption-based behaviors (e.g., quantity of product purchased, frequency of leisure activities or the frequency of buying a given product). *See Cognitive Factors.*

Behavioral Learning (Stimulus-Response Learning). The premise that observable responses to specific external stimuli signal that learning has taken place. *See Classical Conditioning.*

Behavioral Targeting. Sending consumers personalized offers and promotional messages designed to reach specific persons and deliver to them highly relevant messages at the right time and more accurately than when using conventional segmentation techniques.

Benefit Segmentation. A segmentation approach based on the benefits that consumers seek from products and services.

Blog (Weblog). A discussion or informational site published on the Internet and consisting of discrete entries ("posts").

Brand Community. An online community formed by consumers who share an attachment to a brand.

Brand Equity. The intrinsic value of a brand name, which stems from consumers' perception of the brand's superiority, the social esteem that using it provides, and the customers' trust and identification with the brand.

Brand Loyalty. A measure of how often consumers buy a given brand, whether or not they switch brands and, if they do, how often, and the extent of their commitment to buying the brand regularly. *See Covetous Brand Loyalty, Inertia Brand Loyalty, and Premium Brand Loyalty.*

Brand Personification. Communicating human features of a brand in advertising. *See Anthropomorphism.*

Branded Entertainment. Featuring products within entertainment content or building entertainment content around promoted brands. *See Product Placement.*

Broad Categorizers. Low-risk perceivers who prefer to choose from a wide range of alternatives because they would rather face the consequences of a wrong decision than limit the number of alternatives from which they choose. *See Narrow Categorizers, Perceived Risk, and Risk Aversion.*

Buzz Agent. A consumer, employed by a marketer who promotes products clandestinely in exchange for (mostly) free product samples. *See Word-of-Mouth.*

Captive Advertising Screens. Promotional messages placed in locations where consumers spend time (and generally do not expect to see advertisements), such as elevators, cinemas, retail stores, restaurants, bars, fitness clubs, college campuses, and transit. *See Ambush Marketing.*

Cause-Related Marketing. Process in which a firm contributes a portion of its revenues from selling certain products to supporting needy groups, such as helping people with incurable diseases or hurt by inclement weather.

Celebrity Actor. A celebrity who plays a part in a commercial for a product.

Celebrity Endorsement. An ad where a celebrity appears on behalf of a product, with which he may or may not have direct experience or familiarity.

Celebrity Spokesperson. A celebrity who endorses a brand, social cause, or company over an extended period.

Celebrity Testimonial. A promotional message where a celebrity attests to the product's quality based on his or her usage of the product.

Central Route to Persuasion. A promotional approach maintaining that highly involved consumers are best reached and persuaded through ads focused on the product's attributes. *See Elaboration Likelihood Model and Peripheral Route to Persuasion.*

Chunking. The process during which consumers recode what they have already encoded, which often results in recalling additional relevant information. "Chunks" are groupings of information.

Classical Conditioning. A form of behavioral learning stating that animal and human alike, can be taught behaviors and associations among stimuli through repetition. Some describe it as a "knee jerk" (or automatic) response to a drive that builds up through repeated exposure to a stimulus. *See Behavioral Learning, Conditioned Stimulus, and Conditioned Response.*

Closure. The instinct to organize pieces of sensory input into a complete image or feeling. Individuals need closure, which means that if they perceive that a stimulus is incomplete, they are compelled to figure out its complete meaning.

Cluster (Area) Sample. A probability sample where the population is divided into mutually exclusive groups (such as blocks), and the researcher draws a sample of the groups to study. *See Probability Sample.*

Cognitive Age. An individual's perceived, not chronological, age.

Cognitive Associative Learning. A learning theory that views classical conditioning as learning of associations among events that enable consumers to expect and anticipate and events, rather than being a reflexive action.

Cognitive Component. The first component of the Tri-Component Model of attitudes. It represents the person's *knowledge* and *perceptions* of the features of the attitude object, which, collectively, are the *beliefs* that the object possesses or does not possess specific attributes. *See Likert Scale, Semantic Differential Scale, and Tri-Component Model.*

Cognitive Dissonance. The mental discomfort that people experience when facing conflicting information about an attitude object. *See Post-Purchase Dissonance.*

Cognitive Factors. Segmentation data assembled through measures of psychological factors. This data includes: (a) consumer-intrinsic dimensions, such as personality

traits, cultural values, and attitudes towards consumption and social issues; and (b) consumption-specific attitudes, behaviors and preferences, the benefits sought in products, and attitudes regarding many aspects of consumption. *See Behavioral Data.*

Cognitive Learning. The premise that learning occurs in the form of sequential, mental processing of information when people face problems that they wish to resolve. *See Innovation Adoption and Tri-Component Model.*

Communication. The process of imparting or exchanging information. In the context of consumer behavior, it is the transmission of messages from senders (the sources) to receivers (the consumers) via media (the channels of transmission). *See Formal Source, Impersonal Communications, Informal Source, and Interpersonal Communications.*

Communication Feedback. The responses of the receivers to communication messages that indicate to the senders as to whether their intended messages were received. *See Recall Test and Recognition Test.*

Comparative Advertising. An advertising appeal where marketers proclaim that their products are better than competing brands named in the ads. *See Two-Sided Message.*

Comparative Influence. A process that takes place when people compare themselves to others, whom they respect and admire, and then adopt their values or imitate their behaviors. *See Normative Influence and Reference Groups.*

Compatibility. One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which potential customers perceive a new product as consistent with their present needs, values, and practices. *See the other four characteristics: Complexity, Observability, Relative Advantage, and Trialability.*

Compensatory Decision Rules. A group of decisions rules in which a consumer evaluates each brand in terms of each relevant attribute, weighted by the importance of that attribute, and then selects the brand with the highest weighted score. *See Noncompensatory Decision Rules.*

Complaint Analysis. Gathering complaints from unsatisfied customers and analyzing them in order to identify defects and improve the delivery of the product or service.

Complexity. One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which a new product is difficult to understand or use. *See the other four characteristics: Compatibility, Observability, Relative Advantage, and Trialability.*

Compliant Individuals. One of three groups identified by Karen Horney (a neo-Freudian researcher), it designates persons who move toward others and desire to be loved, wanted, and appreciated. *See Aggressive Individuals and Detached Individuals.*

Compulsive Consumption. Addictive and out of control buying, that often has damaging consequences to the compulsive shoppers and those around them.

Conative Component. The third component of the Tri-Component Model of attitudes. It represents the likelihood that an individual will *behave in a particular way* with regard to the attitude object. In consumer behavior, the conative component is treated as an expression of the consumer's *intention to buy*. See *Behavior Intention Scale* and *Tri-Component Model*.

Conditioned Response. A response to conditioned stimulus. See *Conditioned Stimulus*.

Conditioned Stimulus. A stimulus that became associated with a particular event or feeling as a result of repetition. See *Classical Conditioning*, *Conditioned Response*, and *Unconditioned Stimulus*.

Conjunctive Decision Rule. A noncompensatory decision rule in which consumers establish a minimally acceptable cutoff point for each product attribute evaluated. Brands that fall below the cutoff point on any attribute are not considered further. See *Noncompensatory Decision Rules*.

Consumer Behavior. The study of consumers' actions during searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.

Consumer Imagery. A term referring to consumers' perceptions of all the components of products, services, and brands, and to how consumers evaluate the quality of marketers' offerings. See *Perception*.

Consumer Involvement. The degree of personal relevance that the product or purchase holds for the consumer. See *High-Involvement Purchases* and *Low-Involvement Purchases*.

Consumer Learning. The process through which consumers acquire knowledge from experiences with products and observations of others' consumption, and use that knowledge in subsequent buying. See *Learning*.

Consumer Panels. A research method where a group of people are paid to record their purchases and/or media viewing habits in diaries, which are then compiled and analyzed to determine trends. See *Consumer Research* and *Primary Research*.

Consumer Research. The process and tools used to study consumer behavior. See *Qualitative Research* and *Quantitative Research*.

Consumer Socialization. The process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers. See *Socialization* and *Socialization Agent*.

Content Analysis. Analyzing the content of verbal and/or pictorial communications of a given society in order to

uncover its members' values, this method is often used in anthropological and sociological studies. See *Anthropology*, *Sociology*, and *Culture*.

Contextual Advertising. Targeted ads that originate in the web page a consumer is viewing or a search query the consumer has made.

Continuous Innovation. A new product that is an improved or modified version of an existing product rather than a totally new product, which therefore has very little disruptive influence on established consumption patterns. See *Discontinuous Innovation* and *Dynamically Continuous Innovation*.

Continuous Reinforcement. A method used in instrumental conditioning where a desired behavior is reinforced after every time it occurs. See *Instrumental Conditioning and Reinforcement*.

Controlled Experiment. An experimental design aimed at ensuring that any differences in the outcome (e.g., sales, a dependent variable) are due to different treatments of the variable under study (e.g., price, an independent variable) and not to extraneous factors (e.g., respondents' incomes). See *Experiments*.

Convenience Sample. A nonprobability sample where the researcher selects the most accessible people as the study's sample (e.g., students in a classroom). See *Nonprobability Sample*.

Corrective Advertising. A retraction or clarification a company must issue after it has made a false or misleading advertising claim because it was mandated to do so by the federal or local government.

Covert Marketing (Masked or Stealth Marketing). Marketing messages and promotional materials that appear to come from independent parties although, in fact, they come from marketers. See *Ambush Marketing*.

Covetous Brand Loyalty. Purchase behavior where consumers do not purchase the same brand consistently, but still have strong attachment and favorable predisposition toward the brand. See *Brand Loyalty*.

Cross-Cultural Analysis. A research method that compares the consumption patterns of members of different societies.

Cross-Screen Marketing. A promotional strategy that consists of tracking and targeting users across their computers, mobile phones, and tablets, and sending them personalized ads based on their interests, as observed by marketers.

Cues. Stimuli that direct motivated behavior. See *Learning*.

Culture. The collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society which express its principles, standards, and priorities. See *American Core Values*, *Content Analysis*, and *Field Observation*.

Customer Lifetime Value Profile. A forecasted estimate of how much a customer will spend on a particular product or service over the customer's entire "stay" with the offering's seller.

Customer Retention. Turning individual consumer transactions into long-term customer relationships.

Customer Satisfaction. Customers' perceptions of the performance of the product or service in relation to their expectations.

Customer Satisfaction Measurement. Quantitative and qualitative measures that gauge the level of customer satisfaction and its determinants.

Customer Satisfaction Survey. See *Customer Satisfaction Measurement*.

Customer Value. The ratio between customers' perceived benefits (i.e., economic, functional, and psychological) and the resources they have used to obtain those benefits (i.e., monetary, time, effort, psychological).

Data Aggregators. Data aggregation is an "information mining" process where data is searched, gathered and sold to marketers who use it to target customers. Data aggregators are organizations that compile information about consumers from many databases (including cookies that track online surfing) and use very sophisticated analysis to construct profiles of individual consumers or households.

Day-After Recall Test. A measure of ads' attention-getting and persuasive power where viewers of TV shows or listeners to radio broadcasts are interviewed a day after watching or listening to a given program, and asked to describe the commercials they recall. See *Unaided Recall*.

Daydreaming. Responding to frustration by fantasizing and imaginary gratification of unfilled needs. See *Defense Mechanisms*.

Deceptive Advertising. Marketing advertising claims that mislead consumers.

Defense Mechanisms. Cognitive and behavioral ways of handling frustration in order to protect one's self esteem. See *Aggression, Daydreaming, Identification, Projection, Rationalization, Regression, Repression, and Withdrawal*.

Defensive Attribution. Behavior or thoughts that occur when people accept (or take) credit for success (internal attribution), but assign failure to others or outside events (external attribution). See *Self-Perception Attribution*.

Demographic Segmentation. Dividing consumers according to age, gender, ethnicity, income and wealth, occupation, marital status, household type and size, and geographical location. These variables are objective, empirical, and can easily be determined through questioning or observation.

Depth Interview. A lengthy and unstructured interview designed to uncover a consumer's underlying attitudes

and/or motivations. See *Discussion Guide and Qualitative Research*.

Detached Individuals. One of three groups identified by Karen Horney (a neo-Freudian researcher), it designates persons who move toward others and desire to be loved, wanted, and appreciated. See *Aggressive Individuals and Compliant Individuals*.

Differential Decay. A cognitive phenomenon where the memory of a low-credibility source decays faster than the contents of the message received from the source. See *Sleeper Effect*.

Differential Threshold (Just Noticeable Difference or JND). The minimal difference that can be detected between two similar stimuli. See *Absolute Threshold and Weber's Law*.

Diffusion of Innovations. The framework for exploring the evolution of consumers' acceptance of new products throughout the social system. See *Adopter Categories, Diffusion Process, Innovation, and Innovation Adoption*.

Discontinuous Innovation. A dramatically new product entry that greatly disrupts existing consumption behavior and requires the establishment of new practices. See *Continuous Innovation and Dynamically Continuous Innovation*.

Discussion Guide. A step-by-step outline that sets out the line of questioning the researcher needs to cover with the respondent in a depth interview, or a group of respondents in a focus group session. See *Depth Interview and Focus Group*.

Dissolution. The last stage of the Family Life Cycle where only one spouse survives. See *Family Life Cycle*.

Distributed Learning. Learning designed to take place over a period of time. See *Massed Learning*.

Dogmatism. A personality trait representing one's degree of cognitive rigidity—the opposite of being open-minded—towards information and opinions contradictory to one's own.

Door-in-the-Face Technique. A strategy aimed at changing attitudes where a large and costly first request—that is likely refused to be refused—is followed by a second, more realistic, and less costly request. See *Foot-in-the-Door Technique*.

Downward Mobility. Represented by people who have a lower social class level than their parents in terms of the jobs they hold, their residences, level of disposable income, and savings. See *Social Class and Upward Mobility*.

Dynamically Continuous Innovation. A new product entry that is sufficiently innovative to have some disruptive effects on established practices. See *Continuous Innovation and Discontinuous Innovation*.

E-Score. A digital calculation of people's buying power.

E-WOM. Word-of-mouth taking place online and occurring in social networks, brand communities, blogs, chat rooms, and twits.

Early Adopters. An adopter category designating consumers who buy new products within relatively short periods following the products' introductions, but not as early as the innovators. *See Adopter Categories, Innovators, Early Majority, Late Majority, and Laggards.*

Early Majority. An adopter category designating consumers who buy innovations after the early adopters had done so. *See Adopter Categories, Innovators, Early Adopters, Late Majority, and Laggards.*

Earned Social Media. Independent online media channels that are neither owned nor controlled by marketers.

Ego-Defensive Function. A functional approach to understanding attitudes where researchers believe that people replace doubt with feelings of security and confidence. *See Functional Approach.*

Ego. A Freudian term referring to the individual's conscious control in the form of an internal monitor that balances the impulsive demands of the id and the sociocultural constraints of the superego. *See Freudian Theory, Id, and Superego.*

Egoistic Needs. Psychological needs manifested in self-acceptance, self-esteem, success, independence, prestige, status, and recognition from others.

Elaboration Likelihood Model (ELM). The proposition that attitudes can be changed by either one of two different routes to persuasion—a central route or a peripheral route—and that the cognitive elaboration related to the processing of information received via each route is different. *See Central Route to Persuasion and Peripheral Route to Persuasion.*

Email Survey. Consumer research surveys conducted via email.

Emotional Bonds. Customers' high levels of personal commitment and attachment to a company and its products that extend beyond individual transactions. *See Transactional Bonds.*

Encoding. Assigning a word or visual image in order to represent an object during communications.

Enculturation. Learning one's own culture. *See Acculturation.*

Ethnocentrism. A personality trait representing one's tendency towards buying or not buying foreign-made products.

Evaluation. The third stage of Innovation Adoption, which is a term designating the process leading to a person's decision of whether or not to adopt an innovation. In this stage, the person evaluates the innovation and decides whether he (or she) wants to try using it. *See Innovation Adoption.*

Evoked Set. The specific brands (or models) a consumer considers during deciding which item to purchase within a particular product category. *See Inert Set and Inert Set.*

Experiential Marketing. Advertising designed to simulate consumers' sensory experiences with products by enabling

them to physically interact with the products or providing sensory input (e.g., smell) that is part of the product.

Experiments. A consumer research approach designed to identify cause-and-effect relationships among purchase-related factors. *See Controlled Experiments, Quantitative Research, and Test Marketing.*

Exploratory Study. Research conducted before undertaking a full-scale market study.

Extended Family. A nuclear family with at least one grandparent or other relation living within the same household. *See Nuclear Family.*

Extensive Problem Solving. Purchase situations that occur infrequently and where the consumer does not have prior criteria to evaluate the product considered. *See Limited Problem Solving and Routinized Response Behavior.*

Extinction. A phenomenon that occurs when a learned response is no longer reinforced and the link between the stimulus and the expected reward is eliminated. *See Forgetting.*

Extrinsic Cues. Characteristics that are not physically inherent in the product, such as packaging, price and promotions. *See Intrinsic Cues.*

Family. Two or more persons related by blood, marriage, or adoption residing together. *See Nuclear Family, and Extended Family.*

Family Branding. Marketing a whole line of products under the same brand name, which is a marketing application of stimulus generalization. *See Stimulus Generalization.*

Family Life Cycle. A composite variable that includes marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household classifies the family into a "typical" stage. *See Bachelorhood, Honeymooners, Parenthood, Post-Parenthood, and Dissolution.*

Field Observation. A research method, used in anthropological and sociocultural studies, that consists of observing the daily behavior of selected members of a society in order to learn about its beliefs, values, and customs. *See Anthropology, Culture, Participant-Observers, and Sociology.*

Figure and Ground. An element of perception that describes the interrelationship between the stimulus itself (i.e., figure) and the environment or context within which it appears (i.e., ground).

Fixated Consumption. A personality trait referring to one's tendency to persistently buy items that are related to his or her collection or hobby and proudly display them for friends and other collectors.

Fixed Ratio Reinforcement. A method used in instrumental conditioning consisting of reinforcing a desired behavior every *n*th time (e.g., after every third time the behavior occurs). *See Instrumental Conditioning and Reinforcement.*

Focus Group. A method of qualitative research consisting of eight to ten participants who meet with a moderator-researcher-analyst and “focus on” or “explore” a particular product or product category (or any other topic or subject of research interest). *See Discussion Guide and Qualitative Research.*

Foot-in-the-Door Technique. A strategy aimed at changing attitudes consisting of getting people to agree to a large request after convincing them to agree to a small and modest request first. *See Door-in-the-Face Technique.*

Forgetting. A point at which the link between the stimulus and the expected reward seizes to exist because of lack of engagement in the applicable purchase situation for a lengthy period. *See Extinction.*

Formal Learning. Learning that occurs when parents, older siblings and other family members teach younger members “how to behave.” *See Informal Learning and Technical Learning.*

Formal Source. A communication source that speaks on behalf of a company, such as an endorser, salesperson, or advertiser. *See Communication, Informal Source, and Source Credibility.*

Freudian Theory. A theory maintaining that unconscious needs or drives, especially biological and sexual ones, are at the heart of human motivation and personality. *See Ego, Id, and Superego.*

Frustration. The feeling that results from failure to achieve a goal. *See Defense Mechanisms.*

Functional Approach. An approach to changing attitudes by appealing to the reasons (or motivations) behind people’s attitudes. These reasons are called “functions.” *See Ego-Defensive Function, Knowledge Function, Utilitarian Function, and Value-Expressive Function.*

Generation X (Xers). The age cohort representing people born between 1965 and 1979.

Generation Y (Echo Boomers, Millennials). The age cohort representing people born between 1980 and 1996. Some definitions also include people born in the late 1970s and 1990s in this cohort.

Generation Z (Homeland Generation, Digital Natives). The age cohort representing people born from 1997 till the present.

Generic Goals. Outcomes that consumers seek in order to satisfy physiological and psychological needs. *See Product-Specific Goals.*

Geo-Demographic Segments. Segments identified through geodemographics.

Geodemographics. A hybrid segmentation scheme based on the premise that people who live close to one another are likely to have similar financial means, tastes, preferences, lifestyles, and consumption habits (as an old adage states, “Birds of a feather flock together”).

Geofencing. Promotional alerts sent to the smartphones of customers, who opted into this service, when the customers near or enter the store.

Gestalt Psychology. The principles underlying perceptual organization. “Gestalt” means “pattern” or “configuration” in German. *See Perception.*

Gifting Behavior. Consumer behavior involving giving gifts.

Global Marketing Strategy. Selling the same product using the same positioning and communication approach globally. *See Hybrid Marketing Strategy and Local Marketing Strategy.*

Goals. Sought after outcomes of motivated behavior. *See Motivation.*

Google Analytics. A service offered by Google that enables advertisers to evaluate the effectiveness of their websites and profiles their users.

Gordon Survey of Personal and Interpersonal Values. A research instrument measuring the values that represent how people cope with their daily lives. *See Interpersonal Values and Personal Values.*

Grouping. People’s instinctive tendency to group stimuli together and unite them into one entity. *See Perception.*

Halo Effect. An evaluation of an object based on only one (or several) positive dimension. Linguistically, the definition of “halo” signifies light, honor, and glory. Thus, in marketing, the term refers to a prestigious image of a product “rubbing on” other products marketed under the same brand name.

Hemispheric Lateralization (Split-Brain Theory). A theory whose premise is that the human brain is divided into two distinct cerebral hemispheres that operate together, but “specialize” in the processing different types of cognitions. The left hemisphere is the center of human language; it is the linear side of the brain and primarily responsible for reading, speaking, and reasoning. The right hemisphere of the brain is the home of spatial perception and nonverbal concepts; it is nonlinear and the source of imagination and pleasure. *See Passive Learning.*

High-Involvement Purchases. Purchases that are very important to the consumer and provoke a lot of perceived risk, and extensive problem solving and information processing. *See Consumer Involvement, Extensive Problem Solving, Low-Involvement Purchases, and Perceived Risk.*

Honeymooners. In the context of the Family Life Cycle, young and newly married couples. *See Family Life Cycle.*

Husband-Dominated Decisions. Purchase decisions where the husband’s influence is greater than the wife’s. *See Autonomic Decisions, Joint Decisions, and Wife-Dominated Decisions.*

Hybrid Marketing Strategy. While selling overseas, standardizing either the product or advertising message and customizing the other one. *See Global Marketing Strategy and Local Marketing Strategy.*

Id. A Freudian term referring to the “warehouse” of primitive and impulsive drives—basic physiological needs such as thirst, hunger, and sex—for which the individual seeks immediate satisfaction without concern for the specific means of satisfaction. *See Ego, Freudian Theory, and Superego.*

Ideal Self-Image. The way people like to see themselves.

Ideal Social Self-Image. The way people like others to see them.

Identification. Resolving frustration identifying with other persons who have experienced the same or similar frustrating situation. *See Defense Mechanisms.*

Impersonal Communications. Messages that companies (formal sources) develop and transmit through their marketing departments, advertising or public relations agencies, and spokespersons. *See Communication, Formal Source, and Interpersonal Communications.*

Impression-Based Targeting. A technique where advertisers specify the criteria of the persons they wish to reach online and then bid in real time for the opportunities to reach such people. A person reached is termed an “eyeball” or “impression.” Impression-based ads often “follow” consumers online and thus keep reminding them about the products they were interested in. *See Real Time Bidding and Segment-Based Targeting.*

Index of Status Characteristics (Warner's ISC). A measure of social class in the form of a weighted index of occupation, source (not amount) of income, house type, and the quality of the dwelling area. *See Multivariable Index.*

Indulgent Parents. Parents who are very nurturing and highly permissive during their children’s consumer socialization. *See Authoritarian Parents, Authoritative Parents, and Neglecting Parents.*

Inept Set. Brands (or models) that the consumer excludes from purchase consideration because they are unacceptable and often considered inferior. *See Evoked Set and Inert Set.*

Inert Set. Brands (or models) the consumer is indifferent toward because they are perceived as not having any particular advantages. *See Evoked Set and Inept Set.*

Inertia Brand Loyalty. Purchasing the same brand consistently because of habit and convenience, but without any emotional attachment to it. *See Brand Loyalty.*

Infomercials. Long commercials that appear to be documentaries rather than advertisements.

Informal Learning. Learning that occurs when children imitate the behaviors of selected others, such as family members, friends, or TV and movie heroes or characters. *See Formal Learning and Technical Learning.*

Informal Source. A person whom the message receiver knows personally, such as a parent or friend, or an individual met online, who provides the receiver with product informa-

tion and advice. *See Communication, Formal Source, and Source Credibility.*

Information Overload. A situation that occurs when consumers receive too much information and find it difficult to encode and store it.

Inner-Directed. Consumers who rely on their own inner values and standards in evaluating new products, and are also likely to be consumer innovators. *See Other-Directed.*

Innovation. *See Continuous Innovation, Diffusion of Innovation, Discontinuous Innovation, and Dynamically Continuous Innovation.*

Innovation Adoption. A form of cognitive learning, developed by researchers of Diffusion of Innovations, this term designates the process leading to a person’s decision of whether or not to adopt an innovation. This process consists of five stages. *See Awareness, Interest, Evaluation, Trial, and Adoption.*

Innovation Adoption Process. *See Innovation Adoption.*

Innovation Decision-Making. A form of cognitive learning, developed by researchers of Diffusion of Innovations, stating that learning about new products and deciding whether or not to adopt them occurs in the following manner: knowledge, persuasion, decision, and confirmation. This process is very similar to Innovation Adoption.

Innovativeness. The degree of a consumer’s willingness to adopt new products and services shortly after they are introduced. *See Innovators.*

Innovators. Consumers who are open to new ideas and are among the first to try new products, services, or practices. *See Innovativeness, Adopter Categories, Early Adopters, Early Majority, Late Majority, and Laggards.*

Institutional Advertising. Advertising that promotes a company’s overall image without referring to specific products.

Instrumental Conditioning (Operant Conditioning). A form of behavioral learning based on the notion that learning occurs through a trial-and-error process, with habits formed as a result of rewards received for certain responses or behaviors. *See Behavioral Learning and Reinforcement.*

Instrumental Values. Within the Rokeach Value Survey, values that are defined as the “means” to achieve end goals. *See Rokeach Value Survey and Terminal Values.*

Interactive TV (iTV). A medium that combines TV broadcasts and the interactivity of the Internet. iTV can be delivered to one’s TV, computer, or mobile device in the form of a two-way communication between subscribers and providers of cable or satellite TV.

Interest. The second stage of Innovation Adoption, which is a term designating the process leading to a person’s decision of whether or not to adopt an innovation. In this stage, the person begins to be interested in the innovation. *See Innovation Adoption.*

Internal Marketing. Marketing the organization to its personnel and treating them like “internal customers” in order to get them to “go the extra mile” in handling and retaining “real” customers.

Internet Survey. A research study conducted online.

Interpersonal Communications. Messages sent by either formal sources (e.g., a salesperson in a physical or virtual retail location) or informal sources (e.g., peers with whom the consumer communicates face to face or via electronic means). *See Communication, Formal Source, Impersonal Communications, and Informal Source.*

Interpersonal Values. Within Gordon’s Survey of Personal and Interpersonal Values, measures of one’s achievement need, goal orientation, and seeking new experiences. *See Gordon’s Survey and Personal Values.*

Intrinsic Cues. Physical characteristics of the product itself, such as size, color, flavor, or aroma. *See Extrinsic Cues.*

JND (Just Noticeable Difference). *See Differential Threshold.*

Joint Decisions. Purchase decisions where the husband and wife’s influence are equal. *See Autonomic Decisions, Husband-Dominated Decisions, and Wife-Dominated Decisions.*

Judgment Sample. A nonprobability sample where researchers use their own judgments to select the respondents. *See Nonprobability Sample.*

Key Informant Method. A technique of measuring opinion leadership that consists of gathering information from a person who is keenly knowledgeable about the nature of social communications among members of a specific group. *See Opinion Leadership.*

Klout Score. A numerical value that measures persons’ influence online based on their ability to generate engagement with and feedback to their online postings.

Knowledge Function. A functional approach to studying attitudes where researchers maintain that people form attitudes because they have a strong need to understand the characters of the people, events, and objects they encounter. *See Functional Approach.*

Laggards. The very last consumers to adopt innovations. *See Adopter Categories, Innovators, Early Adopters, Early Majority, and Late Majority.*

Late Majority. People who buy innovations only after most other consumers have adopted them. *See Adopter Categories, Innovators, Early Adopters, Early Majority, and Laggards.*

Learning. Applying one’s past knowledge and experience to present circumstances and behavior. *See Motivation, Cues, Response, and Reinforcement.*

Lexicographic Decision Rule. A noncompensatory decision rule where the consumer first ranks the attributes in terms of perceived relevance or importance. The consumer then com-

pares the various alternatives in terms of the single attribute that is considered most important. *See Noncompensatory Decision Rules.*

Licensing. An application of stimulus generalization that contractually allows affixing a brand name to the products of another manufacturer. *See Stimulus Generalization.*

Likert Scale. The most popular form of attitude scale, where consumers are asked to check numbers corresponding to their level of “agreement” or “disagreement” with a series of statements about the studied object. The scale consists of an equal number of agreement/disagreement choices on either side of a neutral choice. *See Quantitative Research.*

Limited Problem Solving. Purchase decisions where consumers buy updated versions of products they have bought before and have set criteria to evaluate these items. *See Extensive Problem Solving and Routinized Response Behavior.*

Local Marketing Strategy. Customizing both the product and communication approach for overseas market. *See Global Marketing Strategy and Hybrid Marketing Strategy.*

Long-Term Store. A location in the brain where information is retained for extended periods of time. *See Sensation, Sensory Store, and Short-Term Store.*

Low-Involvement Purchases. Purchases are not very important to the consumer, hold little relevance, have little perceived risk, and, thus, provoke very limited information processing. *See Consumer Involvement, High-Involvement Purchases, Perceived Risk, and Routinized Response Behavior.*

Magazine Readership Survey. A form of consumer survey. *See Starch Readership Ad Study.*

Mail Survey. A research study consisting of sending questionnaire by mail.

Market Research. A process that links the consumer, customer, and public to the marketer through information in order to identify marketing opportunities and problems, evaluate marketing actions, and judge the performance of marketing strategies.

Market Segmentation. The process of dividing a market into subsets of consumers with common needs or characteristics. Each subset represents a consumer group with shared needs that are different from those shared by other groups.

Marketing. The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society.

Marketing Concept. The premise that marketing consists of satisfying consumers’ needs, creating value, and retaining customers, and that companies must produce only those goods that they have already determined that consumers would buy.

Marketing Ethics. Moral principles designed to guide marketers' behavior.

Marketing Mix (Four Ps). A business plan that includes four elements: the product (or service), price, place (or distribution), and promotion.

Marketing Myopia. A focus on the product rather than on the needs it presumes to satisfy.

Maslow's Hierarchy of Needs. A theoretical framework consisting of five levels of human needs, which rank in order of importance from lower-level (biogenic) needs to higher-level (psychogenic) needs. The theory states that individuals seek to satisfy lower-level needs before higher-level needs.

Massed Learning. Bunched up learning designed to teach people all at once. *See Distributed Learning.*

Materialism. A personality traits that gauges the extent to which an individual is preoccupied with the purchase and display of non-essential and often conspicuous luxury goods.

Media. The channels for transmitting communications. *See Communication.*

Media Exposure Effects. A measure of how many consumers were exposed to the message and their characteristics.

Membership Group. A group to which a person either belongs or can join and whose values he or she adopt. *See Reference Groups and Symbolic Group.*

Message. A thought, idea, attitude, image, or other information that the sender wishes to convey to the intended audience, and it can be verbal (spoken or written), nonverbal (a photograph, an illustration, or a symbol), or a combination of the two.

Microblog. A site that has less content than the traditional blog and allow users to exchange small elements of content, such as short sentences, individual images, and video links, mostly via Twitter. *See Blog.*

Mobile Ads. *See Mobile Advertising.*

Mobile Advertising. Sending promotional messages to consumers' cell phones, iPads, electronic readers, and other devices that people carry while on the go.

Motivation. The driving force within individuals that impels them to act.

Motivational Research. A "term of art" that refers to qualitative studies conducted by Dr. Ernest Dichter in the 1950s and 1960, which were designed to uncover consumers' subconscious or hidden motivations in the context of buying and consumption. *See Projective Techniques and Qualitative Research.*

Multi-Attribute Attitude Models. Models that portray consumers' attitudes as functions of their assessments of the objects' prominent attributes.

Multivariable Index. A measure of social class that combines several demographics to determine social class standing. *See Index of Status Characteristics and Socioeconomic Status Score.*

Mystery Shoppers. Professional observers who pose as customers and interact with and provide unbiased evaluations of the company's service personnel in order to identify opportunities for improving productivity and efficiency. *See Consumer Research.*

Narrow Categorizers. High-risk perceivers who prefer to limit their choices to a few safe alternatives rather than face the consequences of a wrong decision. *See Broad Categorizers, Perceived Risk, and Risk Aversion.*

Narrowcasting. Communication channels that enable marketers to send addressable, customized, interactive, and more response-measurable messages, to narrowly defined market segments.

National Brand. A brand that is available in all fifty states.

Need for Cognition (NFC). A personality traits that reflects a person's craving for or enjoyment of thinking.

Need for Humor. A person's tendency to enjoy, engage in, or seek out amusement.

Need for Self-Actualization (or Self-Fulfillment). An individual's desire to fulfill his or her potential—to becoming everything he or she is capable of becoming. *See Maslow's Hierarchy of Needs.*

Need for Uniqueness. Individuals' attempts to differentiate themselves through the acquisition of consumer goods that enhance their personal and social identities.

Need Recognition. The first step in the consumer decision-making process occurring when the consumer identifies and faces a "problem" that can be solved by buying a product or service.

Needs. Circumstances or things that are wanted or required, and therefore direct the motivational forces. *See Motivation.*

Negative Disconfirmation of Expectations. A situation that occurs when a product's performance is below expectations and the consumer is dissatisfied. *See Positive Disconfirmation of Expectations.*

Negative Message Framing. A promotional message that stresses the benefits to be lost by not using the product. *See Positive Message Framing.*

Negative Reinforcement. Removing an unpleasant stimulus. *See Positive Reinforcement.*

Neglecting Parents. Parents who are very permissive, but provide their children with little or no nurturing during their children's consumer socialization. *See Authoritarian Parents, Authoritative Parents, and Indulgent Parents.*

Neo-Freudian Personality Theory. A theory based on the premise that social relationships play a crucial role in the development of personality, in addition to the aspects outlined by Freud.

Neuromarketing. The study of advertising's effects on brain activity. *See Physiological Measures.*

New Media. Online channels, social networks, and mobile electronic devices. Unlike traditional media, these channels allow marketers to send personalized messages to individual consumers who can respond to the messages immediately.

Non-Family Households. Living situations that are not legally defined as families. *See Family.*

Noncompensatory Decision Rules. A group of decision rules that do not allow consumers to balance positive evaluations of a brand on one attribute against negative evaluations on other attributes. *See Compensatory Decision Rules.*

Nonprobability Sample. Selecting study respondents in a nonrandom fashion based on researchers' judgments. *See Cluster Sample, Convenience Sample, Judgment Sample, and Quota Sample.*

Nontraditional Families. Families that do not readily fit into the Family Life Cycle. *See Family Life Cycle.*

Normative Influence. Learning and adopting a group's norms, values, and behaviors. *See Comparative Influence and Reference Groups.*

Nuclear Family. A married couple with one or more children. *See Extended Family.*

Objective Measures. Measures of social class that include one or more of the following variables: occupation, amount of income and education, and other related factors (e.g., source of income). *See Multivariable Index and Subjective Measures.*

Observability (Communicability). One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the ease with which a product's benefits or attributes can be observed, imagined, or described to potential consumers. *See the other four characteristics: Compatibility, Complexity, Relative Advantage, and Trial-ability.*

Observational Learning (Modeling). Learning that occurs when people observe and later imitate observed behaviors.

Observational Research. A research tool where marketers gain an in-depth understanding of the relationship between people and products by watching them in the process of buying and/or using the products. *See Quantitative Research.*

Occupational Prestige Ranking. Rankings that represent society's collective beliefs regarding the occupation's social worth and desirability, as stemming from the knowledge required to attain it (i.e., educational level) and the material

rewards that occupants receive (i.e., income). *See Social Class and Social Status.*

One-Sided Message. A message that ignores competitors' products.

Online Display Ads. Fixed banners posted on websites.

Opinion Leadership. The process by which one person (the opinion leader) informally influences others, who might be either opinion seekers or recipients. This influence occurs between two or more people neither of whom represents a commercial seller nor would gain directly from providing advice or information. *See Buzz Agent and Word-of-Mouth.*

Optimum Stimulation Level (OSL). A personality traits that reflects the degree to which a person likes novel, complex and unusual experiences (i.e., high OSL), or prefers simple, uncluttered, and calm existence (i.e., low OSL).

Other-Directed. Consumers who look up to others for guidance as to what is appropriate or inappropriate and are unlikely to be consumer innovators. *See Inner-Directed.*

Out-of-Home Media. Communications vehicles that target consumers in captive and less cluttered environments outside of their homes.

Owned Social Media. Online communication channels that marketers control. *See Paid Social Media.*

Paid Social Media. Online communication channels that marketers pay for using. *See Owned Social Media.*

Parenthood. In the context of the Family Life Cycle, married couples with at least one child living at home. *See Family Life Cycle.*

Participant-Observers. Researchers who become active members of the society whose customs and values they are observing and studying. *See Field Observation.*

Passive Learning. *See Hemispheric Lateralization.*

Perceived Price. The customer's view of the value that he or she receives from the purchase. *See Perception.*

Perceived Risk. The uncertainty that consumers face when they cannot foresee the consequences of their purchase decisions. The types of perceived risk include functional, physical, financial, psychological and time risks. *See Perception.*

Perception. The process by which individuals select, organize, and interpret stimuli into a meaningful and coherent picture of the world. It can be described as "how we see the world around us."

Perceptual Defense. A cognitive activity occurring when consumers subconsciously screen out stimuli that they find psychologically threatening, even though exposure has already taken place. *See Perception, Selective Attention, Selective Exposure, and Subliminal Perception.*

Perceptual Mapping. Constructing a maplike diagram representing consumers' perceptions of competing brands along relevant product attributes. Perceptual maps show marketers: (1) how consumers perceive their brand in relation to competition; (2) determine the direction for altering undesirable consumers' perception of their brands; and (3) find gaps, in the form of "un-owned" perceptual positions, that represent opportunities for developing new brands or products. *See Perception.*

Peripheral Route to Persuasion. A promotional approach maintaining that uninvolved consumers can be best persuaded by the ad's visual aspects rather than its informative copy (i.e., the product's attributes). *See Central Route to Persuasion and Elaboration Likelihood Model.*

Personal Interview Survey. A study where researchers interview respondents in person.

Personal Values. Within Gordon's Survey of Personal and Interpersonal Values, measures of one's leadership, desire to be recognized, and conformity. *See Gordon's Survey and Interpersonal Values.*

Personality. The inner psychological characteristics that both determine and reflect how we think and act.

Persuasion Effects. Measures that indicate whether the message was received, understood, and interpreted correctly.

Physiological Measures. Electronic instruments that track bodily responses to stimuli. *See Neuromarketing.*

Physiological Needs. Innate (biogenic, primary) motivational forces that sustain biological existence. They include the need for food, water, air, protecting the body from the outside environment (i.e., clothing and shelter), and sex. *See Psychological Needs.*

Physiological Observation. *See Physiological Measures.*

Portable People Meters (PPMs). Small devices, equipped with GPS, that consumers clip into their belts and wear all day (in exchange for monetary incentives). The devices monitor codes embedded in into the audio streams of media that consumers receive and can also capture visual images of the screens and written materials that consumers are exposed to.

Positioning. The process by which a company creates a distinct image and identity for its products, services and brands in consumers' minds. The image differentiates the company's offering from competition by communicating to the target audience that the product, service or brand fulfills the target consumers' needs better than alternatives. *See Repositioning.*

Positive Disconfirmation of Expectations. A situation that occurs when the product's performance exceeds expectations and the consumer is satisfied. *See Negative Disconfirmation of Expectations.*

Positive Message Framing. A promotional message that stresses the benefits to be gained by using a specific product. *See Negative Message Framing.*

Positive Reinforcement. Rewarding a particular behavior and strengthening the likelihood of a specific response during the same or similar situation in the future. *See Negative Reinforcement.*

Post-Parenthood. In the context of the Family Life Cycle, older couples with no children living at home. *See Family Life Cycle.*

Post-Purchase Dissonance. Cognitive dissonance that occurs after a purchase. *See Cognitive Dissonance.*

Power Need. A psychological force that is closely related to the egoistic need and reflects the individual's desire to control his or her environment, including controlling other persons and objects.

Pre-Purchase Search. A stage in the consumer decision-making process where the consumer tries to identify a product that will satisfy a recognized need better than other alternatives.

Predictive Analytics. Measures designed to predict consumers' future purchases on the bases of past buying information and other data, and also evaluate the impact of personalized promotions stemming from these predictions.

Premium Brand Loyalty. Solid attachment to the brand represented by continuous repeated purchases. *See Brand Loyalty.*

Price/Quality Relationship. A situation occurring when consumers rely on prices as indicators of product quality and view more expensive products as having higher quality and value. *See Perception.*

Primacy Effect. An indication that material presented first during communications is more noticeable and persuasive than subsequent materials. *See Recency Effect.*

Primary Research. New research especially designed and collected for purposes of a current research problem. *See Qualitative Research and Quantitative Research.*

PRIZM. A framework designed by Nielsen that is widely used in geodemographic segmentation. It consists of sixty-six segments classified according to ZIP codes and enables marketers to locate specific consumer groups readily.

Probability Sample. A method when studies' respondents are selected in such a way that every member of the population studied has a known, nonzero chance of being selected. *See Simple Random Sample, Stratified Random Sample, and Systematic Random Sample.*

Product Awareness Status. The degree of a consumer's awareness of the product and its features, and whether or not he or she intends to buy it reasonably soon.

Product Concept. A premise that consumers buy the product that offers them the highest quality, the best performance, and the most features.

Product Form Extensions. Offering the same product in a different form but under the same brand, which is a marketing application of stimulus generalization. *See Stimulus Generalization.*

Product Line Extensions. Additions of related items to an established brand because they are likely to be adopted, since they come under a known and trusted brand name, which is a marketing application of stimulus generalization. *See Stimulus Generalization.*

Product Placement. A form of promotion where marketers “disguise” promotional cues by integrating products (i.e., “figures”) into TV shows, films or other entertainment content (i.e., “grounds”), or building entertainment content around products. *See Branded Entertainment and Figure and Ground.*

Product-Specific Goals. Sought outcomes to be achieved by using a given product or service. *See Generic Goals.*

Production Concept. A premise that consumers are mostly interested in product availability at low prices; its implicit marketing objectives are cheap, efficient production and intensive distribution of products.

Projection. Responding to frustration by projecting blame for failures and inability on other objects or persons. *See Defense Mechanisms.*

Projective Techniques. A research tool requiring respondents to interpret stimuli that do not have clear meanings, with the assumption that the subjects will “reveal” or “project” their subconscious, hidden motives into (or onto) the ambiguous stimuli. *See Qualitative Research.*

Psychographics (AIOs). Segmenting consumers according to their lifestyles, which consist of consumers’ activities, interests, and opinions (i.e., AIOS).

Psychological Needs. Motivational forces that are learned from our parents, social environment, and interactions with others. *See Physiological Needs.*

Psychological Noise. Competing advertising messages or distracting thoughts that impact the reception of promotional messages.

Psychology. The study of the human mind and the mental factors that affect behavior (i.e., needs, personality traits, perception, learned experiences, and attitudes).

Qualitative Research. Studies that attempt to delve into the consumer’s unconscious or hidden motivations. This research utilizes focus groups, depth interviews, motivational research, and projective techniques. *See Depth Interview, Focus Group, Motivational Research, and Projective Techniques.*

Quantitative Research. Gathering and analyzing statistical data, utilizing observational research, experimentation, and survey research. *See Behavior Intention Scale, Email Survey, Experiments, Internet Survey, Likert Scale, Mail Survey, Observational Research, Personal Interview Survey, Semantic Differential Scale, Rank Order Scale, and Telephone Interview Survey.*

Quota Sample. A nonprobability sample where the researcher interviews a prescribed number of people in each of several categories (e.g., 50 men and 50 women). *See Nonprobability Sample.*

Rank-Order Scale. A research instrument requiring participants in a study to rank items (e.g., products) in order of preference in terms of some criterion, such as overall quality or value for the money. *See Quantitative Research.*

Rationalization. Resolving frustration by inventing plausible reasons for being unable to attain goals or deciding that the goal is not really worth pursuing. *See Defense Mechanisms.*

Real Time Bidding. A technique that allows advertisers to reach the right user, in the right place, at the right time, and also sets the price that advertisers pay for each “eyeball” or “impression” (i.e., for each person reached). *See Impression-Based Targeting.*

Recall Test. *See Unaided Recall.*

Recency Effect. An indication that the material presented last during communications is more noticeable and persuasive than preceding materials. *See Primacy Effect.*

Recognition Test. *See Aided Recall.*

Reference Groups. Groups that serve as sources of comparison, influence, and norms for people’s opinions, values, and behaviors. *See Comparative Influence, Membership Group, Normative Influence, and Symbolic Group.*

Regression. Reacting to a frustrating situation with childish or immature behavior. *See Defense Mechanisms.*

Rehearsal. The process that information in the short-term store undergoes, in the form of silent, mental repetition of information, after which the information is transferred to the long-term store.

Reinforcement. In learning, particularly in instrumental conditioning, it is a reward, in the form of pleasure, enjoyment, and other benefits, for a desired behavior. In consumer behavior, it is the benefits, enjoyment, and utilities that consumers receive from products purchased. *See Continuous Reinforcement, Fixed Ratio Reinforcement, Negative Reinforcement, Positive Reinforcement, and Variable Reinforcement.*

Relative Advantage. One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which potential customers perceive a new product as superior to existing substitutes. *See*

the other four characteristics: Compatibility, Complexity, Observability, and Trial-ability.

Reliability. A measure has reliability if the same questions, asked of a similar sample, produce the same findings. *See Validity.*

Repetition. In the context of consumer learning, the mechanism used continuously to establish and maintain associations between brands and unfulfilled needs. *See Classical Conditioning and Instrumental Conditioning.*

Repositioning. The process by which a company strategically changes the distinct image and identity of that its products, services, and brands. *See Positioning.*

Repression. Responding to frustration by “forcing” the failure to achieve a goal out of conscious awareness. *See Defense Mechanisms.*

Response. Reaction to a drive or cue. *See Learning.*

Retargeting. Ads for specific products that consumers have looked at online that “follow” these consumers repeatedly and show up whenever the consumers go online using the same computers.

Retrieval. The process by which people recover information from the long-term store, that is frequently triggered by external cues.

Risk Aversion. The reluctance to take risks and low tolerance of ambiguous situations.

Ritual. A symbolic activity consisting of a fixed sequence of steps that is repeated periodically.

Ritualistic Behavior. An action that has become a ritual.

Rokeach Value Survey. A self-administered, two-part values inventory. *See Instrumental Values and Terminal Values.*

Routinized Response Behavior. Purchase decisions that are “automatic” and made without much thought because the products involved are inexpensive and purchased frequently. *See Extensive Problem Solving and Limited Problem Solving.*

Safety and Security Needs. Psychological forces that are concerned not only with physical safety but also include order, stability, routine, familiarity, and control over one’s life. *See Maslow’s Hierarchy of Needs.*

Sales Effects. Measures that indicate whether the messages of a given campaign have generated the sales level defined in the campaign’s objectives.

Sample. A presumably representative subset of the population under study that is used to estimate the entire population’s characteristics. *See Nonprobability Sample and Probability Sample.*

Screener Questionnaire. A questionnaire designed to ensure that only individuals who fulfill a preset criteria are used as respondents in a research study. *See Consumer Research.*

Search Advertising. Placing online advertisements on Web pages that show results from search engine queries.

Secondary Data. Information that was gathered previously and not in the course of the study presently undertaken. *See Primary Research.*

Segment-Based Targeting. A strategic method where advertisers pre-negotiate prices for advertising space in media (e.g., magazines or TV shows), whose audiences, presumably, largely (but never completely) match the profiles of the consumers the advertisers target. *See Impression-Based Targeting.*

Selective Attention. Consumers’ heightened awareness of stimuli that meet their needs and interests and minimal awareness of stimuli irrelevant to their needs. *See Perception, Perceptual Defense, and Selective Exposure.*

Selective Exposure. Consumers seeking out sympathetic, pleasant messages and deliberately avoiding messages that they find painful or threatening. *See Perception, Perceptual Defense, and Selective Attention.*

Self-Construal. A trait that refers to how individuals perceive, comprehend, and interpret the world around them, particularly the behavior or action of others towards themselves.

Self-Designating Method. A technique of measuring opinion leadership that employs a self-administered questionnaire where respondents are asked to evaluate the extent to which they have provided others with information about a product or brand, or have otherwise influenced the purchase decisions of others. *See Opinion Leadership.*

Self-Image. *See Actual Self-Image.*

Self-Perception Attribution. A mental interpretation that reflects the way people see themselves when they form causalities about prior events, which consists of internal and external attributions. *See Defensive Attribution.*

Self-Reported Measures of Motives. Measures that consist of written statements, and where respondents are asked to indicate how relevant each statement is to them.

Selling Concept. A premise that marketers’ primary focus should be selling the products that they have decided to produce through the “hard sell” approach.

Semantic Differential Scale. A measure consisting of a series of bipolar adjectives (such as “good/bad,” “hot/cold,” “like/dislike,” or “expensive/inexpensive”) anchored at the ends of an odd-numbered (e.g., five- or seven-point) continuum. *See Quantitative Research.*

Sensation. The immediate and direct response of the sensory organs to stimuli. *See Perception, Sensory Receptors, and Stimulus.*

Sensation Seeking. A personality traits that is closely related to OSL and reflects one’s need for varied, novel, and com-

plex sensations and experiences, and the willingness to take risks for the sake of such experiences.

Sensory Adaptation. Getting used to high levels of sensory input and therefore less able to notice a particular stimulus.

Sensory Receptors. The human organs (the eyes, ears, nose, mouth, and skin) that receive sensory inputs. Their sensory functions are to see, hear, smell, taste, and touch. *See Sensation and Stimulus.*

Sensory Store. A location in the brain where the sensory input lasts for just a second or two. If it is not processed immediately, it is lost. *See Long-Term Store and Short-Term Store.*

SERVQUAL Scale. Perceptual measure of the gap between customers' expectations of services and their perceptions of the actual service delivered, based on five dimensions: reliability, responsiveness, assurance, empathy, and tangibility. These dimensions are divided into two groups: the "outcome dimension," which focuses on the reliable delivery of the core service, and the "process dimension," which focuses on how the core service is delivered (i.e., the employees' responsiveness, assurance, and empathy in handling customers) and the service's tangible aspects.

Shaping. Reinforcement before the desired consumer behavior actually takes place, which increases the probability that the desired behavior will occur.

Short-Term Store (Working Memory). A location in brain where information is retained for a very short period. *See Long-Term Store, Sensation, and Sensory Store.*

Showrooming. Consumers using smartphones to scan the bar codes of products displayed in physical stores and then checking the items' prices online in order to purchase them at the lowest prices.

Simple Random Sample. A probability sample where every member of the population has a known and equal chance of being selected. *See Probability Sample.*

Sleeper Effect. A person's disassociation of the message from its source over time, which results in remembering only the message's content, but not its source. *See Differential Decay.*

Social Class. The division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either higher or lower status. *See Occupational Prestige Rankings, Social Class Consciousness, and Social Status.*

Social Media. Means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media depend on mobile and Web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content.

Social Needs. The psychogenic needs for love, affection, belonging, and acceptance. *See Maslow's Hierarchy of Needs.*

Social Network. Virtual community where people share information about themselves with others, generally with similar interests, with whom they had established relationships that, for the most part, exist only in cyberspace.

Social Self-Image. The image that reflects about how people believe others see them. *See Actual Self-Image.*

Social Status. The degree of prestige the members of one social class have in comparison with members of other social classes. Status is composed of several factors, including wealth (amount of economic assets), power (the degree of influence over others), and the amount of esteem one receives from others. *See Occupational Prestige Rankings and Social Class.*

Social-Class Consciousness. A person's level of identification with a given social class. *See Objective Measures.*

Socialization. The process by which people learn how to behave in ways that are acceptable to other members of their society. *See Socialization Agent.*

Socialization Agent. The person or organization involved in the socialization process because of frequency of contact with the individual being socialized and control over the rewards and punishments given to him or her. *See Consumer Socialization.*

Societal Marketing Concept. A premise that requires marketers to fulfill the needs of the target audience in ways that improve, preserve, and enhance society's well-being, while also meeting their business objectives.

Socioeconomic Status Score (SES). A measure of social class, developed by the U.S. Census Bureau, that combines occupation, family income, and educational attainment to determine social standing. *See Multivariable Index.*

Sociology. The study of the development, structure, functioning, and problems of human society. *See Content Analysis, Culture, and Field Observation.*

Sociometric Method. A technique of measuring opinion leadership that records person-to-person communications about a product or brand among members of a community where most people know each other by name. *See Opinion Leadership.*

Source Credibility. A source's persuasive impact, stemming from its perceived expertise, trustworthiness, and believability.

Starch Readership Ad Study. A research method that evaluates the effectiveness of magazine advertisements along three criteria: "Noticing" the ad, "associating" the ad with the brand advertised, and "involvement" with the ad (defined as having read most of the ad's text). *See Learning.*

Stereotypes. Biased notions that people carry in their minds about the meanings of various stimuli. When presented

with these stimuli, people “add” these biases to what they see or hear and form mostly distorted impressions. *See Perception.*

Stimulus. Any input to any of the senses. *See Sensation and Sensory Receptors.*

Stimulus Discrimination. The strategy that is the opposite of stimulus generalization aimed at getting consumers to select a specific stimulus from among similar stimuli, whose objective is to position products and services in such a way that differentiates them effectively from competitive offerings. *See Positioning, Stimulus, and Stimulus Generalization.*

Stimulus Generalization. Responding the same way to slightly different stimuli. *See Stimulus and Stimulus Discrimination.*

Stratified Random Sample. A probability sample where the population is divided into mutually exclusive groups (such as age groups), and random samples are drawn from each group. *See Probability Sample.*

Subculture. A group that shares certain beliefs, values, and customs, stemming from ethnicity, religion, geographic location, age, or gender, while also being a part of a larger society.

Subjective Measures. Asking people to evaluate their own social class. *See Objective Measures and Social Class Consciousness.*

Subliminal Perception. A situation that occurs when the sensory receptors receive stimuli that are beneath the person’s conscious awareness (i.e., the absolute threshold). *See Absolute Threshold, Perception, and Sensory Receptors.*

Superego. A Freudian term referring to the individual’s internal expression of society’s moral and ethical codes of “proper” or “correct” conduct. The superego’s role is to see that individuals satisfy their needs in a socially acceptable fashion. Thus, the superego is a “brake” that restrains or inhibits the impulsive forces of the Id. *See Ego, Freudian Theory, and Id.*

Symbol. A verbal or non-verbal thing that represents or stands for something else.

Symbolic Group. A group to which an individual is unlikely to belong, but whose values and behaviors he or she adopts nevertheless. *See Membership Group and Reference Groups.*

Systematic Random Sample. A probability sample where members of the population are selected at random and then every nth person is selected. *See Probability Sample.*

Targeting. Selecting the segments that the company views as prospective customers and pursuing them.

Technical Learning. Learning that occurs when teachers instruct children about how to behave and “do things” in social and personal settings. *See Formal Learning and Informal Learning.*

Teens. The age cohort representing youngsters who are between 13 and 17 years old.

Telephone Interview Survey. A study conducted via the phone.

Terminal Values. Within the Rokeach Value Survey, values that reflect goals and desired states of existence (i.e., “ends”). *See Instrumental Values and Rokeach Value Survey.*

Test Marketing. Selecting a geographic market, that it presumably representative of other markets, and then introducing a product (i.e., all the elements of the Marketing Mix) in order to examine consumers’ responses to the offering under actual marketing conditions. *See Experiments.*

Thematic Apperception Test. Showing pictures to respondents and asking them to tell a story about each picture. *See Projective Techniques and Qualitative Research.*

Theory of Reasoned Action. An approach to studying attitudes that measures the “subjective norms” that influence a person’s intention to act, which include his (or her) beliefs as to what relevant others (e.g., family, friends, roommates, co-workers) might think of the person’s contemplated action.

Theory of Trying-to-Consume. An approach to studying attitudes referring to cases where positive attitudes lead to actions, although the personal and environmental impediments that the person faces may (or are even likely) to prevent the desired outcome.

Three-Hit Theory. A marketing assumption that just three exposures to an advertisement are needed in order for learning to take place: one to make consumers aware of the product, a second to show consumers the relevance of the product, and a third to remind them of its benefits.

Time Shifting. Electronic devices that enable consumers to skip commercials by pausing and resuming play during live broadcasts, or recording programs and viewing them later on.

Traditional Media. Impersonal, communication channels that are generally classified into print (newspapers, magazines, billboards) and broadcast (radio, television) media, where the communications’ receivers get the same (one-way) message and cannot interact with the senders.

Trait Theory. A personality research approach focused on empirical measures of specific psychological characteristics (called traits) that distinguish people from one another.

Transactional Bonds. Convenience and transaction-related relationships between customers and companies. *See Emotional Bonds.*

Tri-Component Model. A model describing the structure of attitudes, it maintains that an attitude consists of three components. *See Affective Component, Cognitive Component, and Conative Component.*

Trial. The fourth stage of Innovation Adoption, which is a term designating the process leading to a person's decision of whether or not to adopt an innovation. After becoming aware and interested in the innovation, and undertaking a "mental trial" (or evaluation), the consumer tries the innovative product, either by buying it (while being able to return it) or receiving a free sample. *See Innovation Adoption.*

Trial ability. One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which a new product can be tried on a limited basis. *See the other four characteristics: Compatibility, Complexity, Relative Advantage, and Observability.*

Trickle-Down Effect. Originally applied to fashion, the concept states that members of lower classes adopt the fashions of the upper class and maintain them even after the upper class has abandoned these fashions, presumably because they no longer reflect the exclusivity of the upper class. To "restore" their exclusivity, members of the upper class adopt new fashions, which are subsequently copied by the lower classes, and the cycle is repeated.

Truth-in-Advertising Laws. Laws designed to protect consumers against false advertising.

Tweens. The age cohort representing youngsters who are between 8 and 12 years old.

Twitter. An online social networking service and microblogging service that enables its users to send and read text-based messages of up to 140 characters, known as "tweets."

Two-Sided Message. A message that acknowledges competing products. *See Comparative Advertising and One-Sided Message.*

Umbrella Positioning. A statement or slogan that describes the universal benefit of a company's offerings. *See Positioning.*

Unaided Recall. A recall test, that measures the effectiveness of learning and communications, where consumers are asked whether or not they have read a particular magazine or have watched a particular TV show. Afterwards, they are asked whether they can recall any of the ads featured in these media and their salient points. *See Aided Recall.*

Unconditioned Stimulus. A stimulus that occurs naturally in response to given circumstances. *See Conditioned Stimulus.*

Upward Mobility. The opportunity to move from a lower social class to a higher one because of the availability of educational resources and free enterprise. *See Downward Mobility and Social Class.*

Usage Occasion Segmentation. A segmentation strategy based on the fact that many products are purchased and used in the context of specific occasions.

Usage Rate Segmentation. A segmentation strategy based on the differences among heavy, medium, and light users of a given product.

Utilitarian Function. A functional approach to understanding attitudes where researchers believe that that consumers' attitudes reflect the utilities that brands provide. *See Functional Approach.*

Validity. A measure has validity if it does, in fact, collects appropriate data needed to answer the questions or objectives stated in the first (objectives) stage of the research process. *See Reliability.*

VALS™. An acronym for "values and lifestyles" representing a widely used segmentation method that classifies America's adult population into eight distinctive subgroups: innovators, thinkers, achievers, experiencers, believers, strivers, makers, and survivors.

Value-Expressive Function. A functional approach to studying attitudes where researchers believe that attitudes reflect people's values and beliefs. *See Functional Approach.*

Variable Ratio Reinforcement. A method used in instrumental conditioning consisting of reinforcing a desired behavior randomly. *See Instrumental Conditioning and Reinforcement.*

Variety and Novelty Seeking. Exploratory purchase behavior (e.g., switching brands to experience new, different, and possibly better alternatives), vicarious exploration (e.g., securing information about a new or different alternative and then contemplating buying it), and "use innovativeness" (using an already adopted product in a new or novel way).

Verbalizers. People who respond favorably to verbal messages and pay less attention to visual and pictorial messages. *See Visualizers.*

Viral Marketing (Viral Advertising). A marketing techniques that uses social networks to increases brand awareness by encouraging individuals to pass along online email messages or other contents.

Visualizers. People who respond favorably to visual and pictorial messages and pay less attention to verbal messages. *See Verbalizers.*

Web-Search Ads. Ads generated by consumers' online searches.

Weber's Law. A principal stating that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. *See Differential Threshold and JND.*

Webisodes. Short videos featuring entertainment content centered around brands.

Wife-Dominated Decisions. Purchase decisions where the wife's influence is greater than the husband's. *See Autonomic Decisions, Husband-Dominated Decisions, and Joint Decisions.*

Withdrawal. Resolving frustration by withdrawing from the situation. *See Defense Mechanisms.*

Word Association Method. A projective research technique that consists of presenting respondents with words, one at a time, and asking them to say the first word that comes to mind. *See Projective Techniques and Qualitative Research.*

Word-of-Mouth. An oral or written communication in which satisfied customers tell others how much they like a business, product, service, or event. *See Buzz Agent and Opinion Leadership.*

World Brand. A brand that is sold and widely recognized globally.

Company Index

Note: *Italicized page numbers indicate figures, tables, and illustrations.*

A

Ab Circle Pro, 394
Abercrombie & Fitch, 57, 118, 296, 356
Absolut Vodka, 60, 125
ACNielsen, 348
Acura, 169
Acxiom, 70
Adidas, 296, 396
Advertising Age, 406
Advertising Council, 398, 398, 400
Advertising Standards Authority (ASA), 207
Advil, 158, 366, 367
Air France, 345
Air New Zealand, 210
Alaska/Horizon Airlines, 169
Aldi, 207
Aleve, 179, 179, 182
Allegis, 130
ALT, 200, 240
Amazon.com, 36, 40, 43, 43, 70, 140, 173, 192, 203, 218, 225, 244, 251, 353
American Airlines, 166, 167, 173, 345
American Association of Retired Persons (AARP), 332
American Dental Association, 393
American Express, 376, 397
American Girl, 272
American Heart Association, 400
American Marketing Association, 30
American Red Cross, 190
Angus Beef, 187, 188
Anheuser-Busch, 393
Anne Klein, 174
Apple, 33, 39, 40, 42, 120, 121, 135, 142, 156, 162, 169, 251, 329, 353, 354, 376
The Apprentice, 231, 392
Aramis Aftershave, 177
Arbitron, 227, 228
Architectural Digest, 229, 299
Ariel, 354
AT&T, 179, 223, 423
Atlantic Monthly, 306
Audi, 39, 169
Aurora Borealis, 109
Aurora Zone, 109
Avis, 73
Avocados Mexico, 178

B

Backroads.com, 310
Banana Republic, 77, 287
Band-Aid, 376

Barbie, 249, 349, 395
Barneys, 76
Barron's, 229
Bayer, 97, 182
BBDO San Francisco, 426–427
Beiersdorf AG, 355
Benetton, 396
Bergdorf Goodman, 77
Bertoliani, 141
Bertolli, 65
Best Buy, 40, 118, 222
Better Homes and Gardens, 229
Betty Crocker, 120, 120
Beyoncé, 243
Big Macs, 360
Black Enterprise, 322
BlackBerry, 133, 180, 181, 182
Blast by Colt 45, 396
Blood Center of Central Texas, 400
BlueKai, 37, 217
BMW, 87, 108, 129, 169, 220, 222, 332, 353
Bobbi Brown, 351
Bon Appetit, 299
Bounty, 74
Boy's Life, 272–273
BrandOpus, 114
Brandweek, 406
British Airways, 201, 201, 345
Brooks Brothers, 174, 286
Budweiser, 127
Bumble Bee, 185
Burger King, 356, 392
Burgundy, 45
Business Week, 229, 406
Buxton Natural Mineral Water, 109
Bzzagent.com, 251

C

Cadillac, 33, 349
Caldrea, 134
Calvin Klein, 156, 174
Camicia, 141
Campbell's, 154, 155, 169, 234, 235, 304, 305, 311, 311, 388
Canadian Dental Association, 125, 126
Canon, 192
Car and Driver, 229
Carrier IQ Inc., 397
Cascadian Farm, 391
Celestial Seasonings, 109
Centers for Disease Control and Prevention (CDC), 311, 387
Center for Science in the Public Interest (CSPI), 388
Cheer, 134
Cheerios, 175
Cheerwine, 60
Chevrolet, 33, 116

Chicken of the Sea, 185
Children's Defense Fund, 122, 124
Chobani, 75
Christian Dior, 156
Christopher Reeve Foundation, 398–399
Cisco, 353
Citibank, 350
Clairol, 355
Classico, 32
Clear, 355
Clearasil, 94, 300
Clinique, 300, 351
Clorox, 128, 128, 155, 157, 169
Coca-Cola, 45, 107, 108, 116, 121, 128, 156, 169, 211, 223, 299, 349, 353, 382, 392
Coke, 73
Colgate-Palmolive Co., 355, 393
Colgate Toothpaste, 57, 65, 182, 349
Colonial Williamsburg, 135
Columbia, 169
Comfort Fiery Pepper, 60
Comic Con, 245
Commercial Alert, 392
comScore, 227, 228
Condé Nast, 229
Consumer Reports, 241, 377
Continental Airlines, 345
Cookie, 272
Cool Ranch Doritos, 388
Coors, 326
Cosmopolitan, 60, 222, 229
Costco, 237
Cramer-Krasselt, 80–81
Crest, 75, 122, 123, 153, 164, 164
Cross, 307, 308

D

Daily News, 75
Dannon Yogurt, 394
Dell, 135, 162, 294, 295
DeLonex, 38
Delsey, 198, 199
Delta Airlines, 169, 175
Diesel, 296
Digital Advertising Alliance, 396
Disney, 46–47, 122, 169, 245, 299, 353, 354, 385, 398, 404
Disneyland, 88
Dockers, 361
Dodge, 294, 295
Dolce & Gabbana, 54
Dole, 182, 183
Dollar General, 118
Dollar Store, 335
Domino, 348
Doritos, 42, 119
Dove, 59, 307, 307, 336, 355, 392
DreamWorks Animation, 355

Duane Reade, 414
 Duncan Hines, 94
 DuPont, 391
 Duracell, 163

E
 Earl Grey, 361
EARTH, 417, 418–419
 Ebates.com, 398
 eBay, 251, 354
Ebony, 229, 322
Eclipse, 179
Ecos, 134
 Energizer Batteries, 175
Era, 210
ESPN, 229
Essence, 322
 Estée Lauder, 42, 351
 European Journal of Marketing, 406
 Everlast, 303, 304
 eXelate, 37
 Exxon, 95

F
 Facebook, 36, 42, 49, 54, 85, 86,
 203, 209, 220, 222, 223, 224,
 226, 228, 248, 250, 251, 395,
 397, 398
Fage, 75, 76
 Family Peace Center, 199, 310
 FCC, 119
 Federal Express, 130
 Federal Trade Commission (FTC),
 35, 207, 386, 392, 393, 394,
 396, 397
 FedEx, 192
 Fiat, 351
 Fiji, 72
Fitness, 229
 Food and Drug Administration (FDA),
 34, 185, 382, 391, 395
Forbes, 229, 406
 Ford, 32, 39, 119, 175, 321
Fortune, 229, 406
 Four Loko, 396
 Foxwoods Resort Casino, 414
 Fresh Step, 153, 154
 Frito-Lay, 42, 58, 342, 344
 Frosty, 203

G
 Gablinger, 75
 Gap, 77, 120, 174, 287, 397
 Garnier, 355
 GE, 353
 Gemological Institute of America
 (GIA), 366, 367
 General Mills, 385
 General Motors (GM), 33, 76, 116, 230,
 266, 349, 351
 G.I. Joe, 395
 Gillette, 41, 128, 128, 351, 353, 377
 Glamour, 272
 GlaxoSmithKline, 393
 Godiva, 96, 98, 156

Google, 35, 36, 41, 49, 54, 70, 135,
 169, 203, 218–219, 220, 225, 226,
 227, 248, 353, 354, 391, 396

GOTA, 72
 Grand Canyon, 41
 Green Giant Company, 162
 Grey Advertising, 194–195, 348
 Groupon Inc., 228, 350, 396
 Guarani Aquifer, 72
 Guhl, 355

H
 H&M, 77, 127, 130, 353
 Häagen-Dazs, 139, 388
 Hallmark, 169
 Halloween, 211
 Hampton Inn, 175
 Hanes, 174
 Harley-Davidson, 108, 249, 299
 Harvard Business Review, 406
 Hawaiian Airlines, 169
 Head & Shoulders, 354, 355
 Healthy Choice, 74, 74, 186–187,
 186, 388
 Heinz, 115, 116
 Henkel AG & Co KGaA, 355
 Hershey's, 69, 376
 Hertz, 73, 130, 399, 400
 Hewlett-Packard (HP), 308, 309, 353
 Hillshire Farm, 138
 Hilton, 37, 130, 175, 349
 Home Depot Inc., 349
 Honda, 106, 372
 Horizon Organic, 391
 HSBC, 153
 Huggies, 94
 Humana, 130
 Humpty Dumpty, 271
 Hunter Public Relations, 426–427

I
 IBM, 121, 353
 IKEA, 305, 345, 361
 Infiniti, 169
 Instagram, 42
 InStyle.com, 222
 Intel, 353
 Interactive Advertising Bureau, 397
 Interactive TV (iTV), 230
 iPhone, 39, 180, 181, 182, 222, 225
 Ipsos Mendelsohn, 284–285, 406
 Ivory Snow, 134

J
 J. Crew, 173, 174
 Jack Daniels Tennessee honey
 whiskey, 60
 Jana, 72
 Jeep, 321, 322
 Jet, 322
 Jiangsu Longliqi, 355
 Jockey, 110
 Johnson & Johnson, 355
Johnston & Murphy, 287
Journal of Consumer Research, 406

Journal of Marketing, 406
Journal of Marketing Research, 406
 JW Marriott, 54, 133

K
 Kao Corp, 355
 Kaplan Bar Review, 84–85, 85
 Kashi, 391
 Keds, 57
 Keep California, 400
 Kellogg's, 69, 162, 357–358, 388
 KFC, 348, 356
 Kimberly-Clark, 391–392
 Kmart, 127, 287
 Kodak, 355
 Kohler, 318, 319, 335
 Kraft Foods, 69, 119, 178, 231, 385
 Kroger, 40
 Kryptonite, 249

L
 L. L. Bean, 287
 La Fang International, 355
 Lancôme, 394
 Lay's, 135, 350
 Leo Burnett/Arc Worldwide, 256–257
 Lever 2000, 265, 265
 Lexus, 169, 332
 Listerine, 103, 105, 155, 260,
 260, 414
 Liz Claiborne, 156
Long Island Newsday, 74–75
 Longliqi, 355
 Lord and Taylor, 142
 L'Oréal, 60, 300, 355
 Louis Vuitton, 353
 Lowe Lintas and Partners, 196–197
 Lucky, 40
 Lufthansa, 125, 345
 Lux, 355
 Lysol, 169, 179, 186, 186

M
 M&M, 108, 219, 387
 Mack's Earplugs, 69, 69
 Macy's, 76–77, 127, 141
 Marketing News, 406
 Marriott, 54, 175
 Mattel, 95, 245, 349
 Maxwell House Coffee, 175
 McCain, 114–115, 115
 McDonald's, 35, 40–41, 73, 204, 222,
 252, 348, 353, 354, 356, 361, 382,
 385, 397
 Mediemark Research Inc. (MRI),
 227, 406
 The 2008 Mendelsohn Affluent
 Survey, 284
 Men's Fitness, 223
 Mercedes-Benz, 169, 353, 355
 Method detergent, 187, 188
 Michael J. Fox Foundation for
 Parkinson's Research, 191
 Microsoft, 33, 70, 221, 353, 354, 376
 Miller Beer, 75, 107, 393

MindShare, 364–365
 Mini Cooper, 175
 Miralax, 182
 Mistique, 204, 204
 Mitchell Eye Centre, 117, 117
 Mobinil, 73
 Modell's, 77
 Molson Coors, 356
 Monsanto, 391
 Monster Beverage Corp., 34
 Mothers Against Drunk Driving (MADD), 130, 132, 238, 238, 264, 323
 Mott's, 135, 260, 261
 Mountain Dew, 392
 Mr. Clean, 82, 155, 156, 169
 Mr. Coffee, 108, 109
 Mr. Muscle, 350
 MTV, 39, 57
 MySpace, 70, 223, 248

N

NASCAR, 119
 National Advertising Review Council (NARC), 393
National Geographic Traveller, 55, 55
 Natura Cosméticos SA, 355
 Nature Valley, 41, 390
 Nature's Path, 391
 Neiman Marcus, 60, 281
 Nestlé, 109, 351, 394
 Netflix, 203, 230, 250
 Neutrogena, 355
New York Times, 54, 73, 74, 75, 217, 228, 406
 New Yorker, 229
Newsweek, 229
 Nielsen, 39, 55, 56, 61, 61, 202, 220, 226, 227, 289, 406, 421
 Niely do Brasil, 355
 Niely Gold, 355
 Nike, 39, 107, 108, 169, 173, 178, 243, 296, 354, 361
 Nintendo, 245
 Nissan, 301
 Nivea, 355, 396
 Nokia, 353
 Nordstrom, 174
 Novo, 38
 Noxzema, 300

O

Oakley, 39, 349
 Office of Emergency Management (New York City), 399, 399
 Old Navy, 76–77, 109, 287
 Old Spice, 97
 OMG, 191, 191
 Oracle, 353
 Oral-B®, 376
 Oreo, 376, 384–385, 388
 Organix, 355, 394
 Outward Bound Wilderness, 100, 101

P

Pampers, 286
 Pandora, 329
 Pantene, 355
 Parker, 349
 Patek Philippe, 142, 342, 343, 351, 352
 pay-TV, 45
People, 229
 People for the Ethical Treatment of Animals (PETA), 35, 35, 243, 243, 380, 381
 Pepperidge Farm, 326
 Pepsi, 45, 163, 218, 243, 349, 350
 Perdue, 108
 Perry & Swift, 55–56, 56
 Peter Pan, 326
 PEZ, 249
 Pfizer, 391
 Philadelphia Cream Cheese, 109
 Phillips' Caplets, 180, 182
 Pillsbury, 94
 Pizza Hut, 348, 349, 356
Playboy, 229
 Playtex, 94
 Polo, 284, 361
 Polonimo, 141
 Pom Wonderful, 394
 Porsche, 30, 31, 169
 Prada, 54, 152, 332, 349
 Prime Grill, 326
 Printemps, 356
 PrivacyChoice, 397
 Procter & Gamble (P&G), 41, 60, 82, 84, 134, 151, 151, 251, 286, 354, 355, 385, 393, 394, 414
 Progressive Corporation, 143

Q

Qantas, 45, 52–53, 53, 55, 345
 Qiaodan Sports, 351
 Qtip, 300
 Quaker Oats, 135
 QVC, 391

R

Radio One, 322
 Ragu, 160, 161, 209
 Ralph Lauren, 284, 349
 Ray-Ban, 349
Reader's Digest, 229
 Red Stag, 60
 Reebok, 173
 Reese, 387
 Rejoice, 355
 Rheingold Brewery, 75
 Righa Royal Hotel, 133
 Ritz Carlton Hotels and Resorts, 84
 Ritz Crackers, 223, 388
 Rock Resorts, 101, 102, 270
 Rolex, 142, 304

S

Saab, 129, 129
 Safeway, 40
 Sainsbury's, 207

Saks Fifth Avenue, 77, 127, 174, 281
 Sam's Club, 237
 Samsung, 39, 148, 149, 150, 251, 353
 Scholastic Magazine, 271
 Schwarzkopf, 355
 Science Diet, 116
 Scientific American, 55
 Scion, 31, 31
 Sears, 109, 174
 Segways, 118
Seventeen, 229, 272
 Seventh Generation, 43–44
 7Up, 73
 Shaklee Corporation, 326
 Shell, 59
 Siemens, 142
 Sila Edible Oils Co., 73
 60 Minutes, 244
 Skechers, 394
 Skippy, 326
 Skype, 221
 Sleek, 355
 Smirnoff, 139, 250
 Smith & Jones, 364–365
 Snickers, 172, 173, 173, 187, 349, 387
 Sony, 169
Sopranos actor Joe Pantoliano, 400
 Southwest Airlines, 55, 222
Sports Illustrated, 228, 229
 SPYMUSEUM.ORG, 130, 131
 Squishable, 42
 Starbucks, 120, 251, 349
 StarKist, 135, 185
 Stouffer's Easy Express Meals, 175
 Suave, 355
 Sunsilk, 355
 Super Bowl, 39, 42, 67, 218, 223, 230, 395
Survivor, 231
 Swatch, 142, 361
 Sweet'N Low, 133, 134
 Swissair, 345
 Syoss, 355

T

Taco Bell, 42, 356
 Target, 40, 287
 Tech-savvy, 150
 Telemundo, 60
 Terzolin, 355
 Tesco, 207
 3-In-One Oil, 305, 306
 3M, 377
 Tide, 40, 133–134, 134, 178, 210, 286, 349
 Timberland, 287
Time, 229
 Tome, 38
 Tommy Hilfiger, 156
 TomTom, 75
 Top Chef, 230, 231
 Toyota, 258, 259, 269, 353, 354
 TransFreeAmerica.org, 383
 Tremor, 251

TRESemmé, 355
 Tropicana, 121, 182–183, 391
 TRU, 364–365
 Twitter, 39, 42, 54, 203, 220, 221, 222,
 223, 224, 227, 234, 248, 249,
 349, 394, 395
 Ty Nant, 72

U
 Ultra Dawn, 205
 UnderArmour, 169
 Unilever, 351, 355
 United Airlines, 130, 169, 345
 United Methodist Church in
 Nashville, 400
 United Nations, 406
 United States Navy, 47, 47
 U.S. Census Bureau, 57, 264,
 273, 277, 278, 281, 289, 319,
 320, 406
 U.S. Navy, 239, 239
U.S. News and World Report, 229
 U.S. Postal Service, 127

V
 V8, 65, 67, 154, 155, 155, 187, 187
 Van Gogh Blue, 58
 Vans, 296
 Vaseline, 250, 335
 Vespa, 210, 296
 VH1, 58
 Vibe, 322
 Vicks, 349
 Ving Resorts, 89, 89, 209, 210
 Visine, 75
 Viva, 74
 Vlasic, 127
 Vogue, 229, 299, 349, 355, 394
 Volkswagen (VW), 108, 223, 374
 Volvo, 369
 Voss, 72

W
Wall Street Journal, 54, 55, 55, 175, 220,
 228, 386, 406
 Walmart, 42, 142, 174, 223, 287, 325, 414
 Warner Music Group, 35

Wendy's, 203, 356
 Western Union, 211
 Westin Hotels, 130
 Wheatus, 161
 Whole Foods Market, 67, 122,
 142, 222
 Wikipedia, 248
 Wish-Bone® Salad Spritzer™, 182
 Wm. Wrigley Jr. Co., 382
 Wodka, 396

X
 Xerox Company, 120, 120

Y
 Yahoo!, 203, 221
 Yoplait, 103, 104
 Young & Rubicam/VML, 364–365
 YouTube, 39, 210, 219, 230, 248, 329
 Yum Brands Inc., 348, 356

Z
 Zappos, 210

Name Index

Note: *Italicized page numbers indicate illustrations.*

A

- Aaker, Jennifer L., 205
Aggarwal, Pankaj, 108
Agrawal, Nidhi, 207
Ahluwalia, Rohini, 108
Ahmed, Zafar U., 106, 266
Alba, Joseph W., 130
Alden, Dana L., 350
Alderman, Liz, 349, 356
Alexander, Sheryll, 266
Alijukhadar, Muhammad, 68
Alpert, Frank, 136
Alreck, Pamela L., 281
Altman, Lawrence K., 118
Altsech, Moses B., 209
Anderson, Rolph E., 42
Andress, Ruth, 97
Angwin, J., 220
Ante, Spencer E., 39, 133
Arango, Tim, 203, 225
Areddy, James T., 355
Argo, Jennifer J., 387
Ariely, Dan, 139
Armano, D., 226
Aronson, Joshua, 178
Ashworth, Laurence, 393
Ataman, M. Berk, 327

B

- Baek, Kanghui, 85
Bagozzi, Richard P., 184
Bagwell, Dorothy C., 388
Baker, Michael J., 242
Baker, William E., 163, 206
Bakir, Aysen, 131
Balabanis, George, 106
Banerjee, Bibek, 154
Banikarim, Maryam, 64
Banjo, S., 219, 224
Bao, Yeqing, 264
Barak, Benny, 334
Barnes, Brooks, 385, 398
Barnes, Stuart J., 65
Barone, Michael J., 207
Barron, Chris, 126
Barry, Thomas, 336
Bastian, Susan, 350
Bates, Kenneth, 370
Batra, Rajeev, 204
Baumgartner, Hans, 184
Beard, Fred K., 395
Beatty, Sharon E., 184, 369
Becker-Olsen, Karen L., 401
Beirne, Mike, 322, 329
Belch, Michael A., 267
Belk, Russell W., 110, 374–375

- Bellenger, Danny N., 189
Bellman, Steven, 230
Belson, K., 225
Bennett, Jeff, 116, 349
Bennett, Rebekah, 168
Bensinger, G., 225
Bensinger, Greg, 40
Berelson, Bernard, 300
Bernstein, Jared, 288
Berry, Leonard L., 130, 139, 140, 421
Bharadwaj, Sundar, 393
Bhatti, Tariq, 377
Bidmon, Sonja, 100
Bizer, George Y., 191
Black, Gregory S., 106
Black, Iain, 210
Blackburn, Virginia, 105–106
Blakeslee, Sandra, 163
Blanco, Miguel Cervantes, 70
Blichfeldt, Bodil Stilling, 272
Blodgett, Jeffrey G., 131
Bojanic, David C., 242
Boninger, David S., 189
Bonini, Sheila, 313
Booth, Emily, 374
Borzekowski, D., 384
Bosnjak, Michael, 103
Boutsouki, Christina, 350
Brace, Ian, 273
Bradsher, Keith, 288
Brat, Ilan, 393
Braun-LaTour, Kathryn A., 162
Bravin, Jess, 385
Bravo, Rafael, 260
Brehm, Jack W., 189
Brenner, Lyle, 158
Briggs, Elten, 166
Britton, Julie A. Edell, 205
Broderick, Amanda J., 248, 413
Bronnenberg, Bart J., 327
Brooks, Beth, 207
Brooks, Steve, 61
Brown, Jo, 248
Browne, Andrew, 355
Browne, Glenn J., 103
Broyles, Sheri J., 121
Brunel, Frédéric F., 375
Bruner, Gordon C. II, 369
Brush, G. J., 224
Bruwer, Johan, 139, 350
Buda, Richard, 205
Bui, Anjala My, 370
Burgers, Willem, 263
Burkitt, Laurie, 349, 350, 351, 354, 356
Burnaby, Priscilla A., 304
Burns, Alvin C., 266, 360
Burton, Scot, 110–111
Bush, Alan J., 242
Bush, Victoria D., 242

- Busler, Michael, 415
Bustillo, Miguel, 70
Byron, Ellen, 40, 59, 60, 286

C

- Cacioppo, John T., 189
Camey, John, 92
Campo, Sara, 137
Capo, Karen Prodigalidad, 273
Cardoso, Margarida G. M. S., 68
Carey, Benedict, 141
Carlson, Les, 242
Carrigan, Marylyn, 334
Carvajal, Doreen, 231
Carvalho, Sergio W., 351
Cauberghe, Verolien, 153, 208, 231
Cayla, Julien, 345
Chai, Barbara, 230
Chamov, Bruce H., 205
Chan, Kara, 327
Chance, Zoe, 136
Chang, Chingching, 103, 207, 351
Chang, Man-Ling, 144
Chang, Shin-Shin, 85
Chaplin, Lan Nguyen, 263
Charles, Gemma, 286
Chartrand, Tanya L., 121
Chattallas, Michael, 321
Chattananon, Apisit, 398
Chaudhuri, Himadri Roy Sr., 327
Chen, Hsiang, 376
Chen, Qimei, 109
Chen, Wang Yun, 248
Chen-Yu, Jessie H., 351
Cheng, Andria, 245
Cheng, Hong, 350
Chernev, Alexander, 75
Chiang, Kuan-Pin, 370
Childs, Nancy M., 395
Choi, Sejung Marina, 187
Choi, Tsan-Ming, 156
Choi, Yung Kyun, 350
Chowdhury, Tilottama G., 375
Chuang, Shin-Chieh, 189
Claes, Laurence, 105
Clark, Jenny, 416
Clark, Terry, 130
Clarke, Irvin, 106
Cleveland, Mark, 312, 344
Clifford, S., 225
Clifford, Stephanie, 40, 42, 58, 60, 118, 119, 126, 203, 211, 231, 250, 356, 386, 391, 396, 398
Cline, Thomas W., 209
Clinton, M., 92
Clow, Kenneth E., 244
Coffey, Tim, 260
Cohen, Geoffrey L., 178

Cohen, Joel B., 97
 Cohen, Noam, 397
 Cohen, Patricia, 211
 Cohn, Deborah Y., 375, 376
 Colchester, Max, 74
 Cole, Henry S., 244
 Coleman, Linda Jane, 332
 Colman, Epictetus, 286
 Conrad, Edward D., 376
 Cook, Daniel Thomas, 260
 Coon, Gregory S., 375
 Corfman, K., 384
 Cote, Joseph A., 371
 Coulter, Keith S., 137
 Coulter, Robin A., 137
 Coupe, Kevin, 143
 Cowley, Elizabeth, 126
 Cox, Anthony D., 143, 205
 Cox, Dena, 143, 205
 Coyle, James R., 249
 Craig, Susanne, 45
 Crowston, Kevin, 376
 Cryder, Cynthia E., 103–104

D

Dahlberg, John, 382
 Danielova, Anna, 392
 Darke, Peter R., 393
 d'Astous, Alain, 104
 Davey, James, 207
 David, 287
 Davies, James, 284
 Davis, Bob, 349
 Davis, Fred D., 184
 Dawson, Scott, 103
 DeCarlo, Thomas E., 142
 Deitz, George D., 241
 Demby, Emanuel H., 408
 Dens, Nathalie, 206, 208
 Desai, Kalpesh K., 375
 Deschenes, Jonathan, 104
 Dezember, Ryan, 394
 Dhar, Sanjay K., 327
 Dholakia, Ruby Roy, 370
 Diamantopoulos, Adamantios, 106
 Dibb, Sally, 416
 Dichter, Ernest, 408
 Dickinson, Roger, 374
 Dillon, William R., 334
 Dittmar, Helga, 105
 Dix, Stephen Richard, 230
 Dohnert, J., 220
 Donovan, Todd, 162
 Dooren, Jennifer Corbett, 393
 Doran, Lindley, 336
 Dotson, Michael J., 266
 Drennan, Judy, 67–68
 Drolet, Aimee, 335
 D'Souza, Claire, 313, 314
 Dube, Jean-Pierre, 327
 Dube, Leon F., 106
 Dubitsky, Tony M., 163
 Duff, Mike, 311
 Duhigg, Charles, 70, 151
 Durgee, Jeffrey F., 372

Durvasula, Srinivas, 103
 Dvorak, Phred, 133

E

Eakin, Emily, 93
 Eastman, Jacqueline K., 333
 Ebenkamp, Becky, 309, 360
 Eckhardt, Giana M., 345
 Eells, Kenneth, 281
 Efrati, A., 219
 Eisend, Martin, 209
 Elliott, Greg, 106
 Elliott, Hamin, 106
 Elliott, S., 219, 222, 225
 Elliott, Stuart, 58, 60, 61, 62, 70, 75,
 119, 133, 143, 179, 185, 204,
 209–210, 211, 231, 242, 250,
 385, 395, 398, 399, 421
 Ennis, Richard, 186
 Erdem, Tulin, 357–372
 Erdogan, Zafer, 242
 Esteban, Agueda, 65
 Esterl, Mike, 35, 127, 382, 385
 Euehun, Lee, 60
 Evaristo, J. Roberto, 296
 Eyatt, Edward, 393

F

Faber, Ronald J., 166
 Feick, Lawrence, 159
 Feintuch, Jocelyn, 345, 346
 Fern, Edward F., 264
 Fernandez, Ana Gonzalez, 70
 Fetto, John, 263, 325
 Field, Katherine, 329
 Fielding, Michael, 325
 Findley, Carolyn Sara, 101
 Finn, Seth, 395
 Finney, R. Zachary, 260, 298
 Fiore, Ann Marie, 100, 101
 Firbasova, Zuzana, 345
 Fishbein, Martin, 180
 Fitzsimons, Gavan, 208
 Fitzsimons, Gavan J., 121
 Fitzsimons, Grainne M., 121
 Flavian, Carlos, 65
 Fleenor, D. Gail, 310
 Flurry, L. A., 266
 Folsom, Judith Anne Garretson, 370, 401
 Fonseca, Jaime R. S., 68
 Ford, John, 210
 Ford, John B., 106, 266
 Fowler, Deborah C., 109
 Fowler, G. A., 219
 Fowler, Geoffrey, 228
 Fraj, Elena, 260
 Franke, George R., 168
 Franke, Nikolaus, 39
 Freestone, Oliver M., 401, 401
 Frost, Jeana H., 139

G

Gal, David, 75
 Galloway, Graeme, 209
 Garber, Lawrence L., 154

Gasparro, Annie, 142, 349
 Gertner, Jon, 407
 Gessner, Guy H., 421
 Geuens, Maggie, 99
 Gibbs, Nancy, 337
 Gibney, Frank Jr., 306
 Giese, Joan, 371
 Gijsbrechts, Els, 154
 Gilly, Mary, 336
 Glater, Jonathan D., 388
 Glazer, Emily, 354, 393
 Gneezy, Uri, 158
 Goldsmith, Ronald E., 187
 Goldstein, Ronald C., 189
 Goodnough, Abby, 395
 Gordon, Leonard V., 302
 Gottfried, Miriam, 230
 Gould, Stephen J., 185, 375
 Gounaris, Spiros, 169
 Grable, John E., 388
 Grabner-Kräuter, Sonja, 100
 Gram, Malene, 266
 Grau, Stacy Landreth, 401
 Gremler, Dwayne D., 252
 Gronhaug, Kjell, 374
 Grynbaum, Michael, 225
 Gupta, Amitava, 100
 Gurrea, Raquel, 65
 Gutierrez, J. A. T., 138
 Gwinner, Kevin P., 252

H

Hachman, Mark, 133
 Haddad, Hanadi, 230
 Hagey, Keach, 229, 250
 Haldar, A. K., 327
 Hamilton, Ryan, 75
 Han, Seunghae, 288, 322
 Hansen, Torben, 139, 166
 Hardy, Quentin, 396
 Harlam, B., 384
 Harmon, Susan K., 336
 Harp, Dustin, 85
 Harper, Holly, 321
 Harridge-March, Sally, 144
 Hartocollis, Anemonia, 393, 394
 Hartwick, Jon, 184
 Harvey, Nigel, 105–106
 Hatzithomas, Leonidas, 350
 Haughney, Christine, 40
 Haugvedt, Curtis P., 189
 Hays, Constance L., 414
 He, Fang, 144
 Heerde, Harald J. Van, 327
 Helft, Miguel, 218, 397
 Henderson, Pamela, 371
 Hennig-Thurau, Thorsten, 45, 252
 Henry, Paul C., 287
 Henthorne, Tony L., 266
 Heo, Kwangjun, 401
 Herbig, Paul, 348
 Herbst, Kenneth C., 395
 Hermans, Charles M., 360
 Herrmann, Andreas, 136
 Heussner, K. M., 224

- Higgins, Lee, 416
 Higgins, Susan H., 377
 Hill, C. Jeanne, 336
 Himes, Christine L., 333
 Hirschman, 307
 Hirschman, Elizabeth C., 102, 298
 Hirunyawipada, Tanawat, 99
 Hladikova, Marie, 332
 Hoegg, Joandrea, 130
 Holm, Erik, 143
 Holmes, E., 222
 Holmes, Elizabeth, 40, 59
 Holson, Laura M., 203
 Holt, Douglas B., 351
 Holton, Avery, 85
 Holzwarth, Martin, 166
 Honea, Heather, 206
 Honeycutt, Earl D. Jr., 106
 Hong, Keum-Hee, 351
 Hongwei, Yang, 250
 Hopkins, Christopher D., 333
 Horn, Martin I., 345, 346
 Horney, Karen, 97
 Hounshell, Davis, 32
 Houston, Franklin S., 185
 Howard, Daniel J., 136–137
 Howard, John, 260
 Howe, Martha A., 304
 Hoyer, Wayne D., 387
 Hsieh, Ying-Jiun, 371
 Huang, Chung-Yao, 85
 Huang, Lam-Ying, 371
 Huber, Frank, 136
 Huhmann, Bruce A., 168
 Hui, Liu, 250
 Hunt, James B., 242
 Hutchinson, Jonathan, 395
 Hwa, Ng Kuan, 266
 Hyatt, Eva M., 266
 Hyung-Seok, Lee, 242
- I**
 Ingram, Mathew, 248
 Iniesta-Bonillo, M. Angeles, 374
 Irmak, Caglar, 398
 Issard, Marion, 348
 Ives, Nat, 143, 391, 393
 Iyer, Rajesh, 333
 Iyer, Shobha G., 154
- J**
 Jain, Shailendra Pratap, 207
 James, Karen E., 244
 Janiszewski, Chris, 156, 166, 388
 Jannarone, John, 249
 Jargon, Julie, 385
 Jason, Julie, 35
 Jayachandran, Satish, 398
 Jelavic, Matthew, 92
 Jensen, Jan Meller, 166
 Jensen, Thomas D., 242
 Ji, Mindy F., 301
 Jin, Byoungho, 100
 Jin, ChangHyun, 209
 Jin, Hyun-Jeong, 100
- Jin, Hyun Seung, 162
 John, Deborah Roedder, 263, 355, 384
 Johnson, Lester W., 139
 Johnson, Ray, 139
 Johnson, Trent, 350
 Johnson, Westley J., 189
 Jones, Edward E., 190
 Jones, Michael A., 370
 Jones, Thomas O., 44, 421
 Jong, Martijn G. de, 346
 Joo, So-Hyun, 388
 Josiassen, Alexander, 346
 Joy, Annamma, 375
 Jurgenzen, J., 218
- K**
 Kahle, Lynn R., 184
 Kahn, Barbara E., 387
 Kalamas, Maria, 312, 344
 Kaltcheva, Velitchka, 329
 Kalyanam, Kirthi, 250
 Kambil, Ajit, 335
 Kanuk, Leslie Lazar, 191
 Kao, Jufei, 106
 Karahanna, Elena, 296
 Karu, Steven J., 376
 Katz, Daniel, 186
 Kaufman, Leslie, 36, 414
 Kavas, Alican, 184
 Keh, Hean Tat, 351
 Keinz, Peter, 39
 Kellaris, James J., 209
 Kelley, Harold H., 192
 Kendall, Brent, 393
 Kennedy, Randy, 288
 Kerin, Roger A., 137
 Kesmodel, David, 356
 Khairullah, Durriya Z., 185
 Khairullah, Zahid Y., 185
 Khosla, Rajiv, 313, 314
 Kim, Jihyun, 100
 Kim, Jung-Hwan, 144
 Kim, Youn-Kyung, 288, 322
 Kim, Young (Sally), 189
 Kirkpatrick, David, 249
 Kitchen, Philip J., 327
 Klein, Matthew, 369
 Kline, S., 384
 Kniazeva, Maria, 301
 Knox, Simon, 408
 Koenig, Harold F., 345
 Kolesnikov-Jessop, S., 219
 Kongsompong, Kritika, 331
 Korn, M., 219
 Kosslyn, Stephen, 103
 Kozhevnikov, Maria, 103
 Kozinets, Robert V., 250
 Krakovsky, Marina, 236
 Kramer, Andrew, 356
 Kramer, Bernice, 93
 Krentler, Kathleen A., 267
 Krishen, S., 370
 Krishna, Aradhna, 118
 Kritz, Gary, 237
- Kritz, Gary H., 398
 Kruger, Michael W., 327
 Kruger, Pamela, 260
 Krugman, Herbert E., 166
 Kuhlmeier, David B., 333
 Kung, Michelle, 58
 Kunkel, Karl, 132
 Kunz, Grace, 101
 Kwoh, L., 219
 Kwon, Kyoung-Nan, 254
- L**
 Lachance, Marie J., 263
 Lacznak, Russell N., 142
 Lafferty, Barbara A., 187
 Lafuente, Della de, 321
 Lahiri, Isita, 100
 Lamb, Peter, 313
 Lambert-Pandraud, Raphaëlle, 335
 Lampert, Phil, 190
 Lapersoone, Eric, 335
 Laroche, Michel, 312, 344
 Lasorsa, Dominic L., 331
 Lassar, Sharon S., 100
 Lassar, Walfried M., 100
 Latendresse, Shawn J., 284
 Latif, Abdul, 154
 LaTour, Michael, 210
 LaTour, Michael S., 162, 266
 Lauder, William, 127
 Launder, William, 39, 228
 Laurent, Gilles, 335
 Lawley, Meredith, 398
 Lee, Angela Y., 205
 Lee, D. H., 224
 Lee, Eun-Ju, 254
 Lee, Leung-Eun, 101
 Lee, Mira, 166
 Lee, Myung-Soo, 65
 Lee, Nick, 248, 413
 Leelayouthayothin, Lackana, 398
 Lefkowith, Edwin F., 130
 Legault, Frederic, 263
 Leiber, Ronald B., 93
 Lemanski, Jennifer, 242
 Lemon, Katherine N., 44
 Lennon, Ron, 208
 Lennon, Sharron J., 144
 Leonhardt, David, 279
 Lerman, Dawn, 248
 Leung, Shirley, 286
 Levere, J., 222
 Levere, J. L., 219
 Levere, Jane, 123
 Lewin, Tamar, 278
 Lewis, Regina, 250
 Li, Dahui, 103
 Li, Elton, 350
 Li, Hairong, 187
 Li, Jianyao, 106, 350
 Li, Lu, 103
 Li, Tan Wan, 266
 Lichtenstein, Donald R., 110–111, 388
 Lightfoot, Elizabeth, 249
 Lin, Carolyn A., 344

Lin, Chien-Huang, 103
 Lin, Hong-Xiang, 85
 Lindberg, Frank, 374
 Lindsey, Charles, 207
 Lindsey-Mullikin, Joan, 137, 137
 Liston-Heyes, Catherine, 263
 Littman, Margaret, 301
 Liu, Fang, 106, 350
 Liu, Xiangping, 106
 Liuning, Zhou, 250
 Lo, Hui-Yi, 105–106
 Lodish, Leonard M., 327
 Loewenstein, George, 103–104
 Lombart, Cindy, 108
 Long, Mary M., 237, 304
 Louis, Catherine Saint, 119
 Louis, Didier, 108
 Lowe, Ben, 136
 Lowery, Tina M., 163
 Lozada, Héctor R., 237, 398
 Lueg, Jason E., 260, 298
 Luscombe, Belinda, 306
 Luthar, Suniya S., 284
 Lwin, May O., 118
 Lye, Ashley, 371
 Lyonski, Steven, 103

M

Mackenzie, Scott B., 189
 Madrigal, Robert, 240
 Maehle, Natalia, 351
 Maher, Jill K., 395
 Maheswaran, Durairaj, 207
 Maklan, Stan, 408
 Malgwi, Charles A., 304
 Malkowitz, Keven, 135
 Mandel, Naomi, 402
 Mandrik, Carter A., 264
 Manning, Kenneth C., 207
 Manolis, Chris, 100
 Mantel, J., 224
 Mantel, Susan Powell, 143
 Marber, Peter, 360
 Marinov, Marin, 185
 Marr, Merissa, 355
 Marsden, Sam, 266
 Marshall, D., 384
 Marshall, Roger, 102
 Martensen, Anne, 159
 Martin, Ana Maria Diaz, 138
 Martin-Consuegra, David, 65
 Martin, Craig, 87
 Martin, Craig A., 242
 Martin, Drew, 348
 Martin, Jolie M., 159
 Martin, Kelly D., 392
 Martin, Neale, 94
 Martinez, Eva, 156, 260
 Maslow, Abraham H., 87, 90, 91
 Masonis, Todd, 250
 Mathur, Anil, 59, 184, 334
 Matises, Marvin, 301
 Matthews, Robert, 266

Mattila, Anna S., 135
 Mattioli, D., 225
 Mattioli, Dana, 70, 394
 Matz, David C., 189
 Matzler, Kurt, 100
 Maylie, Devon, 351
 Maynard, Michael L., 301
 McCarty, John A., 345, 346
 McClelland, David C., 303
 McCorkle, Denny E., 281
 McGann, Rob, 329, 331
 McGill, Ann L., 108
 McGoldrick, Peter J., 401, 401
 McIntyre, Shelby, 250
 McMellon, Charles A., 334
 McNeal, James U., 301
 McQuarrie, Edward F., 210
 Meeker, Marchia, 281
 Meents, Sellmar, 144
 Mela, Carl F., 327
 Menon, Geeta, 163
 Messner, Matthias, 206
 Meyvis, Tom, 156
 Michaelidou, Nina, 416
 Michalisin, Michael D., 376
 Micheaux, Andrea L., 153
 Mick, David Glen, 210
 Mieres, Celina Gonzalez, 138
 Miller, C., 225
 Miller, C. C., 225
 Miller, Pepper, 322
 Miller, Sylvia, 92
 Miliotic, Daniel, 118
 Miniard, Paul W., 207
 Mintu-Wimsatt, Alma, 398
 Mintz, Tara McBride, 63
 Miracle, Gordon E., 350
 Mitchell, Vincent-Wayne, 57
 Mobilio, Lynne, 250
 Mohamad, Osman, 106
 Mohr, Gina S., 388
 Molina, Arturo, 65
 Monga, Alokparna Basu, 355
 Monga, Ashwani, 137
 Monks, M., 320
 Monroe, Kent B., 136
 Moon, Byeong-Joon, 106, 188
 Moore, Elizabeth S., 386
 Moorman, Marjolein, 166
 Morales, Andrea, 208
 Morales, Andrea C., 190
 Morgan, Amy J., 110
 Morich, Kyle, 94
 Morrin, Maureen, 118
 Morris, Jon D., 189
 Morrissey, Janet, 402
 Morrow, Paula, 105–106
 Mort, Gillian Sullivan, 67–68
 Morton, Peta, 210
 Moscardelli, Deborah, 263
 Moschis, George P., 60
 Moss, Michael, 387
 Mothersbaugh, David L., 168

Motley, Carol M., 142
 Mount, Ian, 414
 Mukhopadhyay, Tanya, 189
 Mundt, Jonel, 185
 Mundy, Liza, 337
 Munuera, Jose L., 103
 Murphy, Jamie, 106
 Myers, Susan W., 241
 Mykytyn, Peter P., 144

N

Nadeem, Mohammed M., 190, 374
 Naim, Moises, 359
 Nakamoto, Kent, 141
 Nan, Xiaoli, 401
 Nancarrow, Clive, 273, 416
 Nash, Kim S., 414
 Nassauer, Sarah, 43–44, 138
 Naylor, Rebecca Walker, 387
 Neeley, Sabrina M., 260
 Neijens, Peter C., 166
 Nelson, Emily, 414
 Nelson, Michelle R., 408
 Netemeyer, Richard G., 110–111
 Neumann, Marcus M., 166
 Newholm, Terry, 374
 Newman, A. A., 219
 Newman, Andrew, 210, 211, 395
 Newman, Andrew Adam, 41, 127, 236
 Ng, Serena, 116, 392
 Nicholson, John D., 327
 Nir, Sarah, 395
 Noerager, Jon P., 97
 Norton, Michael I., 139, 159

O

O'Connor, Anahad, 388
 O'Donohoe, S., 384
 Oglilvie, Kristie, 92
 O'Guinn, Thomas C., 371
 Ohanian, Roobina, 242
 Okazaki, Shintaro, 108, 355
 O'Leary, Bay, 208
 O'Leary, N., 337
 Olsen, G. Douglas, 371
 Olson, Elizabeth, 119, 209, 225
 O'Neill, Martin, 189
 Oppenheim, Jeremy, 313
 Organ, George, 210
 Orth, Ulrich R., 135, 345
 Osborne, Lawrence, 301
 Otnes, Cele C., 375
 Ovide, S., 225
 Ovide, Shira, 203, 393
 Oyserman, Daphna, 307
 Ozaki, Ritsuko, 313
 Özsomer, Aysegül, 351

P

Padgett, Dan, 263
 Pak, Cabrini, 335
 Palan, K., 384
 Palan, Kay, 105–106

- Palmer, Adrian, 189
 Parasuraman, A., 139, 140, 421
 Park, Chan-Wook, 188
 Park, Hee Sun, 184
 Park, Ji Eun, 99
 Park, SeaBum, 138
 Parker, Andrew M., 141
 Parker-Pope, Tara, 110, 390
 Parker, R. Stephen, 360, 391
 Passariello, Christina, 74, 349
 Passy, Charles, 237
 Paswan, Audhesh K., 99
 Patino, Anthony, 329
 Patterson, Paul G., 65
 Paul, Wu, 248
 Payne, John W., 205
 Pearson, Michael M., 421
 Peck, Joann, 118
 Pelsmacker, Patrick De, 153, 206, 208, 231
 Perez, Maria Eugenia, 263
 Perry, David, 250
 Peters, Kim A., 237
 Peters, Sharon L., 263
 Peterson, Laurie, 372
 Peterson, Robert A., 321
 Petrovici, Dan, 185
 Pettijohn, Charles E., 391
 Petty, Richard E., 188–189, 191
 Petty, Ross D., 386
 Pfanner, Eric, 251
 Phelps, Joseph E., 250
 Phillips, Barbara J., 310
 Phillips, Erica, 35
 Pickett-Baker, Josephine, 313
 Pieters, Rik, 162, 204
 Pihlstrom, M., 224
 Pina, Jose M., 156
 Pirog, Stephen F. III, 388
 Piron, Francis, 327
 Pitcher, George, 286
 Podoshen, Jeffrey, 103
 Podoshen, Jeffrey Steven, 326
 Poindexter, Paula M., 331
 Polyak, I., 334
 Polyorat, Kawpong, 350
 Popolo, Meredith, 248
 Pracejus, John W., 371
 Priestley, Helen, 115
 Pruyn, Ad Th. H., 237
 Putrevu, Sanjay, 275
- Q**
 Quelch, John A., 351
- R**
 Rae-Dupree, Janet, 166
 Raghunathan, Rajagopal, 387
 Raice, Shayndi, 226
 Ramachandran, S., 218
 Ramachandran, Shalini, 45, 230
 Raman, Nirajan, 250
 Raman, Nirajan V., 370
- Ramaswamy, Sridhar, 142
 Rampell, Catherine, 119
 Rao, Raghunath Singh, 137
 Ratchford, Brian T., 65
 Ratneshwar, S., 375
 Razzouk, Nabil, 273
 Redondo, Ignacio, 393
 Reichert, Tom, 210
 Reichheld, Frederick F., 41
 Reinhard, Marc, 206
 Reisenwitz, Tim, 333
 Renouard, Joe, 306
 Rentfro, Randall, 208
 Reynolds, Kristy E., 370
 Richards, Virginia, 298
 Richins, Marsha L., 103
 Richtel, Matt, 399
 Rick, Scott I., 103–104
 Rideout, Victoria J., 386
 Rifon, 190
 Rifon, Nora J., 187
 Ritchie, Robin J. B., 393
 Rivera, R., 219
 Rivkin, Victoria, 326
 Roberts, James A., 388
 Roberts, Jim, 103
 Roberts, Marilyn S., 106
 Roberts, Sam, 319
 Robertson, Diana, 393
 Robinson, Stefanie Rosen, 398
 Robinson, T., 384
 Rodafinos, Angelos, 192
 Rodgers, Shelly, 109
 Roehrich, Gilles, 100
 Rokeach, Milton, 100
 Rook, Dennis W., 299
 Rose, Gregory M., 131
 Rose, Randall L., 207
 Rosman, Katherine, 241, 251, 405
 Roster, Catherine A., 333
 Roth, Daniel, 249
 Rottenstreich, Yuval, 163
 Rudolph, Thomas, 45, 87
 Ruiz, Salvador, 103
 Rummel, Amy, 260
 Rundle-Thiele, Sharyn, 168, 371
 Rusli, E., 219, 224
 Russell, Cristel Antonia, 206
 Rust, Roland T., 44
 Rustichini, Aldo, 158
 Ruth, Julie A., 375
 Ryals, Lynette, 408
 Ryu, Gangseog, 159
- S**
 Saini, Ritesh, 137
 Salkever, Alex, 414
 Salkin, Allen, 60
 Sanchez-Fernandez, Raquel, 374
 Sandstrom, Susanna, 284
 Sandvik, Kare, 374
 Santos, Carmen Rodriguez, 68
 Sashi, C. M., 43
- Sasser, W. Earl Jr., 41, 44, 421
 Saul, Stephanie, 391
 Savelyeva, Maria, 332
 Sawang, Sukanlaya, 350
 Schaefer, Allen D., 360
 Schaninger, Charles, 275
 Schaninger, Charles M., 275
 Schatz, Amy, 119, 393
 Schechner, Sam, 127, 230
 Schiffman, Leon, 103
 Schiffman, Leon G., 304, 334, 375, 376
 Schimdt, G., 219
 Schor, Juliet, 306
 Schrage, Diana, 318
 Schuker, Lauren A. E., 59, 127
 Schultz, E. J., 321, 385
 Schumann, David, 189
 Schumann, David W., 254
 Schwarz, Norbert, 307
 Scott, Amy, 249
 Scott, Janny, 284
 Scott, Linda M., 130
 Segal, David, 402
 Seiders, Kathleen, 386
 Seitz, Victoria, 273
 Sekhavat, Y., 224
 Self, Donald, 101
 Sellers, Patricia, 337
 Sen, Shahana, 248
 Senecal, Sylvain, 68
 Sengupta, S., 225
 Sengupta, Somini, 397
 Seock, Yoo-Kyoung, 351
 Settle, Robert B., 281
 Seymour, D. Bradley, 260
 Sgupta, Jaideep, 189
 Shabbir, Haseeb, 393
 Shankarmahesh, Mahesh N., 106
 Shanklin, William L., 377
 Shao, Wei, 371
 Sharkey, Joe, 133
 Sharma, Piyush, 102, 347
 Sharma, Subhash, 106
 Shavitt, Sharon, 186
 Shaw, Deirdre, 374
 Shen, Yong-Zheng, 85
 Sheng, Shibin, 141
 Shepard, Jeffifer, 103
 Sheppard, Blair H., 184
 Sherman, Elaine, 103, 304, 334
 Sherr, Ian, 397
 Shih, Hung-Pin, 184
 Shimp, Terence A., 106, 184
 Shin, Jeongshin, 106
 Shiv, Baba, 205
 Shoemaker, Stowe, 60
 Shoham, Aviv, 266
 Shorrocks, Anthony, 284
 Shrager, Heidi J., 326
 Shrum, L. J., 163
 Shuji, Takashina, 277
 Sicilia, Maria, 103

Sidel, Robin, 40
 Sideridis, Georgios D., 192
 Simmons, Carolyn J., 401
 Singer, Natasha, 74, 251, 351,
 396, 397
 Singer-Vine, J., 220
 Singer-Vine, Jeremy, 386
 Singh, A. J., 189
 Sinha, Rajiv K., 402
 Sisario, Ben, 242
 Sisk, Sarah E., 244
 Sivakumaran, Bharadhwaj, 102
 Sjovall, Andrea M., 192
 Smit, Edith G., 166
 Smith, Craig, 392
 Smith, Ethan, 329
 Smith, Karen H., 208
 Smith, Michael, 329
 Smith, Scott M., 369
 Smith, Ted, 249
 Somogyi, Simon, 350
 Song, Ji Hee, 203
 Sood, Sanjay, 158
 Soutar, Geoffrey N., 189
 Soyez, Kat, 99
 Soyez, Stefan, 99
 Spreng, Richard A., 189
 Stafford, Marla R., 241
 Stafford, Thomas F., 391
 Stanton, Angela D'Auria, 100
 Stanton, Wilbur W., 100
 Stathakopoulos, Vlasis, 169
 Steel, Emily, 225
 Steele, Claude M., 178
 Steenkamp, Jan-Benedict E. M., 346
 Steger, Christoph J., 39
 Steinberg, Kathy, 312
 Stelter, Brian, 57, 242
 Stilley, Karen M., 108
 Stock, Tim, 296
 Stone, B., 225
 Stone, Brad, 397
 Storm, Stephanie, 312, 385, 391
 Story, Louise, 119, 143, 203, 225, 227,
 231, 250, 397
 Strathman, Alan J., 189
 Streitfeld, David, 35
 Strieter, Jeff, 297
 Strite, Mark, 296
 Stross, R., 225
 Stutts, Mary Ann, 208
 Suh, Jaebeom, 162
 Suh, Yong Gu, 100
 Sukoco, Badri Munir, 92
 Supparekchaisakul, Numachi, 398
 Supphellen, Magne, 123
 Swait, Joffre, 372
 Swaminathan, Srinivasan, 42
 Swaminathan, Vanitha, 108
 Sweeney, Jillian C., 189
 Swinton, Jennifer M., 260
 Szenasy, Mary Kate, 345, 346

Szmigin, Isabelle, 334
 Szymanowski, Marciej, 154
T
 Tabuchi, Hiroko, 356
 Tagg, Stephen, 242
 Taghian, Mehdi, 313, 314
 Talk, Andrew C., 192
 Talukdar, Debabrata, 65
 Tan, Rachel L. P., 135
 Tan, Yao-Hua, 144
 Tanner, Jeff, 103
 Taylor, C., 224
 Taylor, Charles R., 301
 Taylor, Earl L., 351
 Terlep, Shannon, 230
 Thakkar, Maneesh, 375
 Thaler, Richar, 396
 Thomas, Owain, 286
 Thompson, Stephanie, 272
 Thorne, Sheila, 325
 Thottam, Jyoti, 329
 Thurlow, Rebecca, 350
 Thwaites, Des, 393
 Tibken, Shara, 40
 Tierney, John, 141, 162
 Till, Brian D., 415
 Tinson, Julie, 273
 Tipton, Martha Myslinski, 393
 Tomson, Bill, 382
 Torelli, Carlos J., 351
 Torres, Ivonne M., 166
 Toy, Vivian, 211
 Trapp, Allan, 105–106
 Treacy, Michael, 41
 Trimetsoontorn, Jirasek, 398
 Tripble, Carrie S., 187
 Tripp, Carolyn, 242
 Troianovski, Anton, 386, 397
 Troye, Sigurd Villads, 123
 Tsai, Chia-Ching, 189
 Tsotsou, Rodoula, 308
 Tupot, Marie Lena, 296
 Turock, Art, 311
 Tuten, Tracy L., 103
 Tyebkhan, Taizoon Hyder, 106
V
 Valck, Kristine de, 250
 van Ittersum, Koert, 387
 Vandecasteele, Bert, 99
 Varan, Duane, 230
 Vargas, Patrick, 130
 Vascellaro, Jessica, 40, 225
 Vazquez, Maria Elena, 109
 Veeck, Ann, 360
 Vega, T., 225
 Vega, Tanzina, 36, 57, 60, 210, 218,
 396, 397
 Vence, Deborah L., 321
 Venkatesh, Alladi, 301
 Verhagen, Tibert, 144

Verleigh, Peeter W. J., 237
 Vigneron, Frank, 139
 Villarreal, Richardo, 321
 Villegas, Jorge, 209
 Vitorovich, Lilly, 350
 Voli, Patricia K., 242
 Vranica, Suzanne, 39, 42, 133, 228,
 230, 242, 350, 395
 Vučević, Arso, 192
W
 Wagner, Tillmann, 45, 87
 Walker, Rob, 121, 251
 Walsh, Gianfranco, 57, 252
 Wansink, Brian, 138, 387
 Warner, Melanie, 386
 Warner, W. Lloyd, 281
 Warshaw, Paul R., 184
 Wattanasuwan, Kristsadarat, 298
 Wayne, T., 219
 Weaver, Jerald, 297
 Webb, Deborah J., 308
 Wedel, Michel, 162, 204
 Wegrzyn, Nir, 115
 Weil, Claudia E., 375
 Weiner, Bernard, 190
 Weisfield-Spolter, Suri, 375
 Wells, Melanie, 415
 Wentz, Laurel, 321, 325
 Werder, Olaf, 106
 Wesley, Scarlett C., 109
 Westin, Stu, 370
 Wheeler, S. Christian, 191
 White, Gregory L., 286
 White, Katherine, 387
 Wicklund, Robert A., 189
 Wiersema, Fred, 41
 Wiggins, Jennifer, 118
 Wiles, Michael A., 392
 Wilkes, R., 384
 Williams, Patti, 335
 Willis-Flurry, Laura A., 267
 Wilner, Sarah J. S., 250
 Wilson, Duff, 391
 Wilson, Marianne, 329
 Wimalasiri, Joyantha S., 267
 Wind, Yoram, 415
 Wines, Michael, 349
 Wirtz, Jochen, 135
 Wisenblit, Joseph, 318, 335
 Wojnicki, Andrea C., 250
 Wolfe, David B., 334
 Wolff, Edward, 284
 Wong, Chun Han, 350
 Woo, ChongMoo, 189
 Woo, Stu, 228
 Wood, Charles M., 333
 Wood, Wendy, 189
 Woodside, Arch G., 97
 Wooten, David B., 263
 Wortham, Jenna, 397
 Wu, Eugenia, 208

Wu, Pei-Hsun, 103
Wu, Shwu-Ing, 184
Wu, Wann-Yih, 92, 144
Wyatt, Edward, 203, 396
Wymer, Walter, 101

X

Xia, Lan, 136, 370
Xia, Yang, 266

Y

Yadron, Danny, 393
Yague, Maria J., 137
Yaschur, Carolyn, 85

Yates, Michael D., 279
Yi, Youjae, 184
Ying, Wendy Teo Chai, 266
Yorkston, Eric, 163
Yu, Jun, 99

Z

Zablah, Alex R., 189
Zain-ul-Abideen, 154
Zalcman, Daniella, 40
Zanna, Mark P., 186
Zeithaml, Valarie A., 16, 139,
140, 421

Zemke, Dina Marie V., 60
Zhang, Jing, 350
Zhang, Junfeng, 103
Zhang, Xiaoquan (Michael), 239
Zhang, Yong, 103
Zhou, Joyce Xin, 99
Zhu, Feng, 239
Zimmerman, Amanda, 382
Zimmerman, Ann, 40, 394
Zinkhan, George M., 162, 203
Ziobro, Paul, 382
Zmuda, Natalie, 320
Zotos, Yorgos, 350

Subject Index

Note: *Italicized page numbers indicate figures, tables, and illustrations.*

A

- Absolute threshold, 118–119
- Acculturation, 298, 347–348
- Achievement, 90
 - as core value, 303–304, 304, *313*
 - need, 92–93
- Activities, interests, and opinions, 63, 299
- Activity, as core value, 304, *313*
- Actual self-image, 110
- Adaptation, as customer satisfaction determinant, 42
- Addressability, 202
- Addressable advertising, 203
- Adopter categories, 252–254, 252
- Adoption process, 377–378
- Adult socialization, 263–264
- Advergames, 231, 250
- Advertising
 - addressable, 203
 - ambient (experiential), 231
 - appeals during economic downturn, 211
 - captive screens, 230
 - comparative, 179, 200, 206–207, 207
 - contextual, 397
 - corrective, 393
 - deceptive, 393
 - depictions of women in, 336
 - direct-to-consumer pharmaceutical, 391
 - effectiveness, measuring, 226–228
 - embedded within entertainment, 392–393
 - false or misleading, 393, 394
 - institutional, 142, 241
 - mobile, 218, 224–226
 - neuromarketing, 395
 - to nontraditional households, 273, 275
 - online display, 218
 - persuasive appeals, 206–211
 - provocative, 395, 396
 - search, 224
 - social, best practices for, 220–223
 - truth-in-advertising laws, 393
 - viral, 250–251
 - wear-out, 153
 - web-search, 218
- Advertisorials, 392
- Advocacy groups, 237–238
- Affect referral decision rule, 373, 373
- Affection, 108
- Affective component, 176, 177
- Affiliation, 90
- Affiliation need, 92
- Affluent consumers, 284–285, 285
- Affluent market, 284
- African American consumers, 322, 323–324

Age

- and market segmentation, 57–58
- subcultures, 327–335, 327–328, 330–333, 335
- Aggression, 88, 88
- Aggressive individuals, 97
- AIDA, *165*
- Aided recall test, 168
- Ambient advertising, 231
- Ambush marketing, 119, 202
- American core cultural values, 303–311
- American culture versus Chinese culture, 345

Anthropology, 47

Anthropomorphism, 82, 108

Anxiety

- attachment, 108
- avoidance, 108

Appeals

- during economic downturn, 211
- humorous, 209–210, *210*
- persuasive advertising, 206–211
- promotional, 335, 350
- sexual, 210–211

Approach objects, 86

Apps, 220

Arousal, need, 85–86

Articles, 406

Asian American consumers, 324–325, 324–325

Associative learning, 153

Assortment, as customer satisfaction determinant, 43

Attachment anxiety, 108

Attitude, *173*

- altering, 176–179

- attitude-toward-behavior model, 183–184

- attitude-toward-object model, 180–183, *181, 183–184*

- attitude-toward-the-ad model, 185

- behavior and, 174–175

- conflicting, resolving, 190

- consumers learn, 173–174

- defined, 172

- mothers' socialization-related, 262

- motivational functions of, changing, 185–187

- multi-attribute attitude models, 180–185

- “object,” 172

- scales, 417, 419, 420

- within situations, 175, *175*

- theory of reasoned action model, 184

- theory of trying-to-consume model, 184–185, *185*

Attitude formation, 173–175

- personality factors, role of, 174
- sources of, 174

Attitude-toward-behavior model, 183–184

Attitude-toward-object model, 180–185, *181, 183–184*

Attitude-toward-the-ad model, 185

Attitudinal measures, of message effectiveness, 212

Attribution(s)

- defensive, 191

- door-in-the-face technique, 192

- external, 190

- foot-in-the-door technique, 191–192

- internal, 190–191

- toward objects, 192

- toward others, 192

- self-attributions, analyzing, 192

- self-perception, 190–191

- theory, 190–192

Audience profile, 227

Authoritarian parents, 262

Authoritative parents, 262

Autonomic decisions, 265

Avatars, 166

Avoidance anxiety, 108

Avoidance objects, 86

Awareness stage, of adoption process, 378

B

Baby Boomers, 331–333, 332–333

Bachelorhood, 269, 270

Behavior

- attitude and, 174–175

- reinforcing, 158

- ritualistic, 299, *300*

- routinized response, 366

Behavior intention scale, 419, 420

Behavioral data, 56

Behavioral information and targeting, 37–38

Behavioral learning

- classical conditioning, 152–156, 152–153

- defined, 152

- instrumental conditioning, 157–160, *158*

- modeling, 160–161

Behavioral measures, 168

Behavioral targeting, 69–70, 71

Beliefs

- about competing brands, changing, 179, *179*

- about products, changing, 178–179

Belongingness, 308

Benefit segmentation, 65, 67

Blog, 249

- microblog, 249

Bottom-line price shoppers, 372

Brand(s/ing), 133, *134, 135*

- beliefs about competing, changing, 179, *179*

- community, 249

- equity, 169

- extension, 354–355

- family, 155, 366

- imprinting, 163

Brand(s/ing) (*continued*)
 local, 351–353
 manufacturer's, and perceived quality, 142–143
 national, 327
 package, 133, 135, 135
 personality, 108, 109
 personification, 82, 83, 108
 service, 135
 shares and extensions, 354–355
 store, and perceived quality, 141–142
 world, 342, 351–353
 with worthy objects or causes, associating, 187, 188
 zealots, 108

Brand image, 133, 134, 135 changing, 179

Brand loyalty, 168–169, 168, 374 covetous, 169 inertia, 169 premium, 169

Brand-sets, 370–372, 371

Branded entertainment, 231

Broad categorizers, 143

Broadcasting, 202–203

Bundles, 141

Business, need-focused definition of, 84

Buzz agents, 251

C

Captive advertising screens, 230

Causal research, 415

Cause-related marketing, 399–401, 400

Celebrity(ies)
 actor, 243
 credibility of, 242–244
 endorsement, 242, 243
 spokesperson, 243–244
 testimonial, 243

Center for Science in the Public Interest (CSPI), 384, 388

Central route to persuasion, 188

Change, 90

Channels of communication, 38–39, 223

Chat-rooms, 392

Children
 development as consumers, 263
 exploitative marketing to, 383–384
 food marketing to, 385
 influence on family decision-making, 266–267
 online marketing to, regulating, 386–387
 socialization of, 260
 as three markets, 267, 267

Children's Advertising Review Unit (CARU), 384

Chinese culture versus American culture, 345

Chronological age, 333–334

Chunking, 163

Classical conditioning, 152–156, 152–153

Closed-ended questions, 417

Closure, 128, 128

Clothing, 286–287

Cluster (area) sample, 422

Cognition, need for, 103, 174, 206, 350

Cognitive age, 334

Cognitive arousal, 85–86

Cognitive associative learning, 153

Cognitive component, 176, 176

Cognitive dissonance, 189–190, 374

Cognitive factors, of segmentation, 56

Cognitive learning, 161, 164–165, 164, 204
 representations of, 165

Collectivism, 277, 307

Color, and personality, 107, 107

Commercial Alert, 392

Commitment, as customer satisfaction determinant, 43

Common needs, 54

Communicability, 377

Communication, 287–288
 attitudinal measures of, 212
 channels of, 38–39, 223
 defined, 47
 feedback, 198, 212
 impersonal, 200
 interpersonal, 200–201, 201
 media exposure effects of, 212
 model, 200
 nonverbal, 204
 persuasion effects of, 212
 physiological measures of, 212
 process, 200–202
 sales effects of, 212
 word-of-mouth, 172, 234, 235, 245–248

Community(ies)
 brand, 249
 virtual, 237

Comparative advertising, 179, 200, 206–207, 207

Comparative influence, of reference groups, 236, 236

Compatibility, 377

Compensatory decision rules, 372, 373

Competence, 108

Competition, positioning against, 73–74, 74

Complaint analysis, 421

Complexity, 377
 design, 204
 feature, 204
 visual, 204

Compliant individuals, 97

Composite-variable indexes, 291

Compulsive consumption, 105–106, 106

Conative component, 176, 177

Conditioned response, 152

Conditioned stimulus, 152

Conditioning
 classical, 152–156, 152–153
 instrumental, 157–160, 158

Conformists, characteristics of, 239

Conformity
 as core value, 307, 313
 reference groups influence affected by, 238

Conjunctive decision rule, 372, 373

Connectedness, 329

ConneXions Groups, 61

Consideration set, 370

Consumer(s)
 affluent, 284–285, 285
 African American, 322, 323–324
 Asian American, 324–325, 324–325
 children's development as, 263
 clusters, 346
 culture, 306
 decision rules, 372–373
 dogmatism, 100
 downscale, 286
 ethics, 401–402, 401
 ethnocentrism, 106
 field observation, 301
 gifting behavior, 374–376
 green, 61–62, 62
 innovativeness, 98
 innovators, 63, 99, 99, 253, 253
 Latino (Hispanic), 321, 322
 learn attitudes, 173–174
 materialism, 103–104, 105
 middle-class, 285–286
 older, 333–335
 panels, 407
 perception. *See* Perception
 persuading, 198–215
 privacy, abusing, 396–398
 products, and sex roles, 336
 profiles, 216, 228, 409
 reactions to unexpected prices, 137
 response to mobile advertising, 224
 styles, 346
 targeting, 218–219
 tracking, 218–219
 what's in store for, 225–226

Consumer behavior
 cross-cultural, 342–365
 culture's influence on, 294–316
 decision-making, 47, 48
 defined, 30
 interdisciplinary, 47
 marketing concept and, 32–35
 of non-family households, 273
 of nontraditional families, 273
 social class characteristics and, 281–288
 subcultures and, 318–340
 technology-driven, 30–51

Consumer decision-making model, 368
 input, 368–369
 output, 374
 process, 368–374

Consumer imagery, 133–137
 brand image, 133, 134, 135
 defined, 133
 package image, 133–135, 135
 perceived price, 136–137, 137
 service image, 135

Consumer involvement, 206
 hemispheric lateralization, 166, 167
 measurements of, 165
 passive learning, 166–167
 strategic applications of, 166

- Consumer learning, 148–171, 149
 associative learning, 153
 behavioral learning, 152
 cognitive learning, 161, 164–165, 164, 165
 defined, 148
 distributed learning, 160
 elements of, 150–151
 massed learning, 160
 observational learning, 160–161, 160
 outcomes and measures of, 167–169
 passive learning, 166–167
- Consumer research, 404–427, 405
 data analysis, 424
 defined, 33, 404
 difficulties of, 348
 findings, reporting, 424
 objectives, developing, 405
 primary research, designing, 407–422
 qualitative, 405, 407–413, 423
 qualitative and quantitative research, combining, 422–423
 quantitative, 405, 413–422, 423
 secondary data collection, 406–407
- Consumer satisfaction
 guide, 420
 measurement, 421
 surveys, 421
- Consumer socialization, 234, 298, 383
 adult, 263–264
 defined, 260
 intergenerational, 263–264, 264
 as learning, 263
 parental styles and, 262, 262
- Consumption
 -related reference group, 236–238
 compulsive, 105–106, 106
 ecologically responsible, 312–313, 312–314
 fixated, 104
 patterns, spending power and, 356–358, 357–359
- Content analysis, 300–301
- Contextual advertising, 397
- Continuous innovation, 376
- Continuous reinforcement, 159
- Controlled experiment, 415
- Convenience sample, 422
- Core values
 achievement, 303–304, 304, 313
 activity, 304, 313
 American, 303–311, 313–314
 conformity, 307, 313
 efficiency, 305, 313
 fitness, 309–311, 311, 314
 freedom of choice, 307–308, 309, 314
 health, 309–311, 311, 314
 humanitarianism, 308–309, 309, 310, 314
 individualism, 307, 308, 313
 materialism, 306–307, 307, 313
 practicality, 305, 313
 progress, 305–306, 313
 success, 303–304, 313
- time, 304, 313
 youthfulness, 309, 314
- Corrective advertising, 393
- Country of assembly, 106
- Country of design, 106
- Country-of-origin perception, 106, 139
- Country of residence, 106
- Covert marketing, 392
- Covetous brand loyalty, 169
- Crafty promotional messages and techniques, 391–394
- Credit card usage, 287
- Cross-cultural analysis, 344–348, 344–346
- Cross-cultural consumer behavior, 342–365. *See also* Culture
 acculturation, 347–348
 global marketing opportunities, 356–360
 localization versus standardization, 348–355
 measurement of, 346–347
 research difficulties, 348
 segmentation, 361–362
- Cross-platform measurement, 227–228
- Cross-screen marketing, 39
- Cues
 extrinsic, 138–139
 intrinsic, 138
 learning and, 150
- Culture, 234, 319. *See also* Cross-cultural consumer behavior
 consumer, 306
 core values of, 303–311, 313–314
 defined, 294
 dynamics of, 296–297
 evolution of, 296–297
 influence on consumer behavior, 294–316
 invisible hand of, 296
 as needs satisfaction, 297, 297
 role of, 296–297
 shopping, 306
 value measurement, 300–303
 values, learning of, 298–300
- Customer(s)
 brand-loyal, characteristics of, 168
 delighted, 43
 lifetime value profiles, 406
 loyal, 43
 pyramid, 44
 relationships. *See* Customer relationships
 retention, 159
 satisfaction, 41, 159, 212
 transactional, 43
 valuation, 46
 value, 40–41
- Customer loyalty
 and profitability, 44–45, 45
 and satisfaction, 44
- Customer relationships
 technologies impact on, 41–42
 transaction-based versus emotional bonds, 42–44, 43
- Customer retention, 41
 measures of, 46
- Customizing products, 39
- D**
- Data aggregators, 203, 216–217
- Data analysis, 424
- Data collection, 422
- Day-after recall test, 212
- Daydreaming, 88, 88, 89
- Deal hunters, 372
- Decay, 159
 differential, 244
- Deceptive advertising, 393
- Decision-making
 children's influence on, 266–267
 consumer, 47, 48
 and families, 265–268
 husband–wife, 265–266
 measurement of, 267, 268
- Decision rule
 affect referral, 373
 compensatory, 372
 conjunctive, 372
 lexicographic, 372
 noncompensatory, 372
- Decoding, 204
- Defectors, 44
- Defense mechanisms, 87–89, 88
- Defensive attribution, 191
- Delighted customers, 43
- Demographic segmentation, 57–60
- Demographics, 54, 56, 63
- Dependent variable, 415
- Depth interviews, 301, 408, 409
- Descriptive terms, stereotypes and, 130–131
- Detached individuals, 97
- Determined detractors, 252
- Dichter's subconscious interpretations, 93–94, 95
- Differential decay, 244
- Differential threshold, 119–121
- Diffusion of innovations, 252–254
 adoption process, 377–378
 affected by product features, 376–378
 defined, 376
 types of, 376
- Digital billboards, 230
- Digital Natives, 328–329
- Direct experience, 174
- Direct marketing, 281
- Direct-to-consumer pharmaceutical advertising, 391
- Discontinuous innovation, 376
- Discussion guides, 409–411, 412
- Disjunctive decision rule, 373, 373
- Dissolution, 272
- Dissonance
 cognitive, 189–190
 post-purchase, 189–190
- Distributed learning, 160
- Distribution, 40
- Dogmatism, 100
- Domain-specific innovativeness, 99

Dominance, 90
 Donor greens, 62
 Door-in-the-face technique, 192
 Downslope consumers, 285–286
 Downward mobility, 288
 Drawing pictures, 94
 Drives, 96, 98
 Dual spousal work involvement
 household classification system, 275, 275
 Dynamically continuous innovation, 376

E

Email surveys, 416
 E-readers comparison, 38
 e-referrals, 251
 e-score, 396
 e-wom, 248
 Early adopters, 253
 Early majority, 253
 Earned social media, 223
 Echo Boomers, 329–330
 Ecologically responsible consumption, 312–313, 312–314
 Economic well-being, of families, 264, 264
 Education, 278–279, 280–281
 Efficiency, as core value, 305, 313
 Ego, 96
 Ego-defensive function, 186–187, 186
 Egoistic needs, 91, 91
 Egotism, 30–31
 Elaboration likelihood model (ELM), 188–189
 Electronic evolution, 228–231
 Emotional bonds, 42
 versus transaction-based relationships, 42–44, 43
 Emotional support, of families, 265, 265
 Emotionally charged states, 176
 Empty-nest stage, 272
 Encoding, 162–163, 198
 Enculturation, 298
 Endorsers, credibility of, 242
 Engagement, as customer satisfaction determinant, 43
 Environmental impediments, 184
 Equity, brand, 169
 Ethnicity
 and market segmentation, 60
 subcultures, 320–325, 320
 Ethnocentrism, 98, 106
 European Union, 185
 Evaluation of alternatives, 47, 168, 369
 Evaluation stage, of adoption process, 377
 Evoked set, 370
 Excitement, 108
 Exhibition, 90
 Expectations, 123
 Experience, reference groups influence affected by, 239, 239
 Experiential advertising, 231
 Experiential marketing, 119
 Experimentation, 415
 Exploitive marketing

to children, 383–384
 direct-to-consumer pharmaceutical advertising, 391
 inspiring overeating and irresponsible spending, 386–388
 manipulative or uninformative nutritional labeling, 388–391
 self-regulation versus laws, 384–386

Exploratory study, 423
 Exposure effects, 212, 227
 Extended family, 258
 Extended self, 110
 Extensive problem solving, 366, 367
 External attributions, 190–191
 External secondary data, 406–407
 Extinction, 158–159
 Extrinsic cues, 138–139
 Eyeballs versus targeting segments, 216–218

F

False advertising, 393, 394
 Family(ies), 258–292
 branding, 155, 366
 consumption-related roles, 265–268, 269
 decision-making, 265–268
 defined, 258
 extended, 264
 life cycle, 259, 258, 269–272
 lifestyles of, 59, 265
 and market segmentation, 59
 members' role in decision-making, 267
 nontraditional, 273–275
 nuclear, 258
 as socialization agent, 260–265, 260
 supportive roles, 264–265

Fans, 43
 Fashion, 286–287
 Fear appeals, 207–209, 208
 Feedback, communication, 198, 212
 Field observation, 301
 Figure, 125
 Figure and ground, 125–127, 126, 127, 392
 distinction between, obscuring, 126–127
 Financial risk, 143
 First impressions, 132
 Fitness, as core value, 309–311, 311, 314
 Fixated consumption, 104
 Fixed ratio reinforcement, 159
 Focus groups, 301, 408–409, 409
 discussion guides, 409–411, 412
 online, 412–413
 Food marketing, to children, 385
 Foot-in-the-door technique, 191–192
 Forgetting, 159
 Formal communication source, 235
 Formal learning, 298
 Formal sources of communication, 200
 Four Ps, 34
 Freedom of choice, as core value, 307–308, 309, 314
 Freudian theory of personality, 96–97, 97

Friendship groups, 237
 Frustration, goals and, 87–89
 Functional approach, 186
 Functional risk, 143

G

Gender
 and market segmentation, 57–59
 product personality and, 109
 subcultures, 336–337
 Generation X (Xers), 330–331, 331
 Generation Y (Echo Boomers, Millennials), 329–330, 330
 Generation Z (Homeland Generation, Digital Natives), 328–329
 Generational (age) subcultures, 327–335, 327–328, 330–333, 335
 Generic goals, 84
 Geo-demographic clustering, 277
 Geo-demographic segmentation, 60–61, 289
 Geofencing, 70
 Geographic location, 69–70
 Geography, product personality and, 109
 Gestalt psychology, 125
 Gifting behavior, 374–376
 Global brands, 351, 353–354
 Global innovativeness, 99
 Global marketing opportunities, 356–360
 Global marketing strategy, 342, 344
 Global marketplace, 361
 Global middle-class, growing, 359–360
 Global teen market, 360, 361
 Goals
 defined, 84
 generic, 84
 versus needs, 87–89
 product-specific, 84
 selection of, 86
 substitute, 87
 success and failure, influence of, 87
 Google Analytics, 227
 Gordon Survey of Personal and Interpersonal Values, 302, 303
 Government secondary data, 406
 Green consumers, 61–62, 62
 Green marketing, 312–313, 312
 Ground, 125
 Group level of culture, 296
 Grouping, 127–128
 Group's power and expertise, reference groups influence affected by, 238–239

H

Halo effect, 132–133
 Health, as core value, 309–311, 311, 314
 Hemispheric lateralization, 167, 167
 High-involvement purchases, 165
 Hispanic American subcultures, 321, 322
 Homeland Generation, 328–329
 Honeymooners, 269, 271
 Hostages, 44
 Households, and market segmentation, 59
 Humanitarianism, as core value, 308–309, 309, 310, 314

- Humorous appeals, 209–210, 210
- Husband-dominated decisions, 265
- Husband–wife decision-making, 265–266
- Hybrid cars, 312
- Hybrid marketing strategy, 342
- I**
- Id, 96, 98
- Ideal self-image, 110
- Ideal social self-image, 110
- Identification, 88, 88
- Images and text, 204
- Impersonal communications, 200
- Importance scale, 420
- Impression-based targeting, 216, 217
advantages of, 217–218
- Income, 279, 281
- Income-Producing Assets (IPA), 61
- Incomplete information, and decision-making, 373
- Independent variable, 415
- Index of status characteristics (Warner's ISC), 281
- Individualism, as core value, 307, 308, 313
- Indulgent parents, 262
- Inept set, 370
- Inert set, 371
- Inertia
- brand loyalty, 169
 - as customer satisfaction determinant, 43
- Infomercials, 392
- Informal communication source, 235
- Informal learning, 298
- Informal sources of communication, 200
- Information
- arms race, 70
 - encoding, 162–163
 - overload, 163
 - processing, 161–163, 161
 - rehearsal, 162–163
 - retention, 163
 - retrieval, 163
 - search, online versus traditional, 370
 - storing, 161–162
- Innate needs, 84
- Inner characteristics, 95, 96
- Inner-directedness, 100, 101
- Innovation
- adoption, 165
 - adoption process, 377
 - continuous, 376
 - decision-making, 165
 - defined, 376
 - diffusion of. *See Diffusion of innovations*
 - discontinuous, 376
 - dynamically continuous, 376
- Innovative behavior, 99
- Innovativeness, 99
- Innovators, 63, 99, 99, 253, 253
- Input, of consumer decision-making model, 368–369
- Institutional advertising, 142, 241
- Instrumental conditioning, 157–160, 158
- Instrumental values, 302
- Intangible, services as, 139
- Intention-to-buy measures, 176, 177
- Interactive communication channels, 38–39
- Interactive TV (iTV), 230
- Interactivity, as customer satisfaction determinant, 43
- Intercategory gifting, 375
- Interest stage, of adoption process, 377
- Intergenerational socialization, 263–264, 264
- Intergroup gifting, 375
- Internal attributions, 190–191
- Internal marketing, 46–47, 47
- Internal secondary data, 406
- Internet
- online search services, 406
 - surveys, 416
- Interpersonal communications, 200–201, 201
- Interpersonal values, 302
- Intragroup gifting, 375
- Intrinsic cues, 138
- J**
- Joint decisions, 265
- Judgment sample, 422
- Just noticeable difference (JND), 116, 119–121, 385, 391
- logos and packaging, implications for, 120–121, 120, 121
- product pricing and improvement, implications for, 119–120
- K**
- Key informant method, 247
- Klout scores, 247–248
- Knowledge function, 187, 187, 188
- Kunafa, 69
- L**
- Laggards, 254
- Late majority, 254
- Latino (Hispanic) consumers, 321, 322
- Laws versus self-regulation, 384–386
- Leadership, opinion, 245–248
- Learning
- associative, 153
 - behavioral, 152
 - cognitive, 161, 164–165, 164, 165, 204
 - consumer, 148–171, 149
 - cultural values, 298–300
 - defined, 148
 - distributed, 160
 - elements of, 150–151
 - formal, 298
 - greens, 62
 - informal, 298
 - information processing and, 161–163
 - massed, 160
 - observational, 160–161, 160
 - outcomes and measures of, 167–169
 - passive, 166–167
 - socialization as, 263
 - technical, 298
- Legal barriers, 350–351
- Lexicographic decision rule, 372, 373
- Licensing, 156
- Life after retirement, 332–333, 332–333
- Lifestage Classes, 61
- Lifestage Groups, 61
- Lifestyles, 63–64
- matrix, 296
- Likert scale, 212, 417, 419, 420
- Limited problem solving, 366
- Line extensions, 154–155, 155, 156
- Linguistic barriers, 349–350
- Linguistic characteristics, 163
- Local brands versus world brands, 351–353
- Local marketing strategy, 342
- Localization approach, 348–355
- Logos, JND implications for, 120–121, 120, 121
- Long-term store, 162
- Low-involvement purchases, 165
- Loyal customers, 43
- Loyalists, 44
- Loyalty
- brand, 168–169, 168, 374
 - as customer satisfaction determinant, 43
 - programs, 251, 384
- M**
- Magazine readership survey, 417, 418–419
- Magazines, 228–229
- Mail surveys, 416
- Mall intercepts, 415–416
- Manufacturer's image, and perceived quality, 142–143
- Market(ing)
- ambush, 119, 202
 - cause-related, 399–401, 400
 - concept, 32–35, 32
 - covert, 392
 - cross-screen, 39
 - defined, 30
 - ethics, 380–403
 - experiential, 119
 - global, 342, 344–345, 356–360
 - hybrid, 342
 - influences on cultural learning, 298–299
 - internal, 46–47, 47
 - local, 342
 - masked, 392
- Maslow's hierarchy of needs, applications of, 92
- mix (four Ps), 34
- myopia, 33
- opportunities, postretirement segments and, 332
- research, 33
- segmentation, 34, 52–81, 53
- socially responsible, 34–35, 35
- societal, 34, 381–383
- stealth, 392
- syndicated commercial, 406–407
- test, 415

- Masked marketing, 392
 Maslow's hierarchy of needs, 90–92, 91
 egoistic needs, 91, 91
 evaluation of, 91–92
 marketing applications of, 92
 physiological needs, 90–91
 safety needs, 91, 91
 self-actualization need, 91
 social needs, 91, 91
 Mass marketing versus market segmentation, 54
 Mass media, 38, 201, 202, 212, 227, 260, 288
 Massed learning, 160
 Material comfort, as core value, 306–307
 Materialism, 98
 consumer, 103–104, 105
 as core value, 306–307, 307, 313
 Media, 201
 -based segmentation, 65, 67, 68
 advertising effectiveness, measuring, 226–228
 depictions of women in, 336
 electronic evolution, 228–231
 exposure effects, 212, 227
 mass, 38, 201, 202, 212, 227, 260, 288
 new, 201, 202
 out-of-home, 230–231
 research services, 406–407
 social, 219–223
 traditional, 201, 202
 Medium credibility, 244
 Membership group, 236, 236
 Mendelsohn Affluent Survey, 284
 Mercenaries, 44
 Message(s)
 defined, 203
 effectiveness, measures of, 212
 framing, 205
 one-sided, 205
 persuasive, designing, 204–206
 promotional, 39
 two-sided, 205–206
 Microblog, 249
 Middle-class
 consumers, 285–286
 global, growing, 359–360
 Millennials, 329–330
 Misleading advertising, 393
 Mobile advertising, 218
 advantages and shortcomings of, 224–225
 consumer response to, 224
 Mobile targeting, 69–70
 Modeling, 160–161
 Moods, 143
 Mothers' socialization-related attitudes, 262
 Motivation
 defined, 82
 dynamics of, 83–89
 of Facebook users, 86
 learning and, 150
 measurement of, 93–95
 process, 84
 qualitative measures of, 93, 94
 self-reported measures of, 93
 social-practical, 308
 systems of needs, 89–93
 Motivational research, 93–95
 Motivational researchers, 408
 Motives, 123–124
 Multi-attribute attitude models, 180–185
 Multivariable index, 281
 Mystery shoppers, 421
- N**
- Narrow categorizers, 143
 Narrowcasting, 202–203
 National brand, 327
 National level of culture, 296
 Nationality subcultures, 320–325
 Need(s), 82, 84
 achievement, 92–93
 affiliation, 92
 arousal, 85–86
 common, 54
 egoistic, 91
 versus goals, 87–89
 Maslow's hierarchy of, 90–92, 91
 old versus new, 87
 physiological, 84, 90–91
 power, 92
 psychogenic, 89–90, 90
 psychological, 84
 recognition, 369
 safety, 82, 83, 91, 91
 satisfaction of, 87
 security, 91
 self-actualization, 91
 social, 91, 91
 systems of, 89–93
 trio of, 92–93
 unconscious, 93, 96
 for uniqueness, 100, 102
 Need for cognition (NFC), 103, 174, 206, 350
 Need for humor, 209
 Negative disconfirmation of expectations, 374
 Negative message framing, 205
 Negative reinforcement, 158
 Negative rumors, managing, 251–252
 Neglecting parents, 262
 Neo-Freudian personality theory, 97–98
 Network, as customer satisfaction determinant, 43
 Neuromarketing, 395
 New-age elderly, 334
 New media, 201, 202
 New product development, 408
 Newspapers, 228–229, 229
 Nielsen's segmentation frameworks, 61
 Non-adopters, 254
 Non-family households, 273–275, 274
 consumer behavior of, 273
 Non-greens, 62
 Noncompensatory decision rules, 372
 Nonprobability sample, 422
 Nontraditional families, 273–275, 274
 advertising to, 273, 275
 consumer behavior of, 273
 Nonverbal communication, 204
 Normative beliefs, 184
 Normative influence of reference groups, 236, 236
 Novel communication channels, 38–39
 Novelty seeking, 102–103
 Nuclear family, 258
 Nurturing, as customer satisfaction determinant, 43
 Nutritional labeling, manipulative or uninformative, 388–391
- O**
- Object(s)
 approach, 86
 of attitude, 172
 attributions toward, 192
 avoidance, 86
 Objective measures, of social class, 276–277
 Observability, 377
 Observational learning, 160–161, 160
 Observational research, 413–415
 Occupation, 277–278
 Occupational prestige ranking, 277–278, 279
 Older consumers, 333–335
 One-sided messages, 205
 Online display ads, 218
 Online focus groups, 412–413
 Online media, 225
 Online navigation, tracking, 69
 Online search services, 406
 Online survey, 416
 Open-ended questions, 417
 Operant conditioning. *See* Instrumental conditioning
 Opinion leaders
 characteristics of, 245–246, 246
 motivations of, 246
 Opinion leadership, 245–248
 measurement of, 246–248
 Opinion receivers, motivations of, 246
 Opportunistic switchers, 372
 Optimum stimulation level (OSL), 100–101
 Order, 90
 Order effects, 205–206
 Other-directedness, 100
 Others, attributions toward, 192
 Out-of-home media, 230–231
 Outcome dimension, 140
 Output, of consumer decision-making model, 374
 Overeating, inspiring, 386–388
 Owned social media, 223
- P**
- P\$YCLE, 61
 Package image, 133–135, 135
 Packaging, JND implications for, 120–121, 120
 Paid social media, 223

- Parent(s/hood), 271–272
 authoritarian, 262, 262
 authoritative, 262, 262
 indulgent, 262, 262
 neglecting, 262, 262
 post-, 272
- Parental styles, and consumer socialization, 262, 262
- Participant-observers, 301
- Passive learning, 166–167
- Perceived price, 136–137
- Perceived quality, 137–143
 manufacturer's image and, 142–143
 price/quality relationship, 140–141, 140
 product quality, 138–139, 138
 service quality, 139–140
 store image and, 141–142
- Perceived risk, 143–144
 elements of, 144
 reduced by consumers, 144
 variation of, 143–144
- Perception
 consumer, 114–146
 defined, 114
 elements of, 116–122
 selective, 124–125
 subliminal, 121–122
- Perceptual defense, 125
- Perceptual interpretation, 129–133
- Perceptual mapping, 76–77, 77
- Perceptual organization, 125–128
- Perceptual selection, 122–125
- Periodicals, 406
- Peripheral route to persuasion, 188
- Perishable, services as, 139
- Personal impediments, 184
- Personal interview surveys, 415–416
- Personal values, 302
- Personal vanity, 110–111
- Personality, 95–98
 brand, 108, 109
 characteristics, reference groups influence affected by, 239
 color and, 107, 107
 compulsive consumption behavior and, 105–106, 106
 consumer ethnocentrism and, 106
 consumer innovativeness and, 99–100
 consumer materialism and, 103–104
 defined, 82, 95
 dogmatism, 100
 ethnocentrism, 98
 facets of, 96
 factors, role in attitude formation, 174
 fixated consumption behavior and, 104
 Freudian theory, 96–97, 97
 inner-directedness, 100, 101
 need for cognition, 103
 need for uniqueness, 100, 102
 neo-Freudian theory, 97–98
 novelty seeking, 102–103
 optimum stimulation level, 100–101
 other-directedness, 100
 product, and gender, 109
 product, and geography, 109
 self and self-image, 109–111
 sensation seeking, 101, 102
- trait theory, 98
 traits, 63, 63
 variety seeking, 102–103
 visualizers versus verbalizers, 103, 104, 105
 website, 109
- Personal/social information, permissions to collect (social media), 220
- Persuading consumers, 198–215
- Persuasion
 central route to, 188–189
 effects, of communication, 212
 peripheral route to, 188
- Persuasive advertising appeals, 206–211
- Persuasive messages, designing, 203–206
 images and text, 204
 message framing, 205
 one-sided versus two-sided messages, 205
 order effects, 205–206
- Photo sorts, 94
- Physical appearance, stereotypes and, 130
- Physical risk, 143
- Physiological measures, of message effectiveness, 212
- Physiological needs, 84, 90–91
- Physiological observation, 415
- Popularity, 108
- Portable people meters, 228
- Positioning, 34, 52, 71–75, 72, 133, 202
 against competition, 73–74, 74
 key attributes of, 74, 75
 premier, 73
 previous, 77
 umbrella, 73, 73
 un-owned, 74–75, 76
- Positive disconfirmation of expectations, 374
- Positive message framing, 205
- Positive motivation, 86
- Positive reinforcement, 158
- Post-parenthood, 272
- Post-purchase dissonance, 189–190
- Post-purchase evaluation, 374
- Power, 31, 90
- Power need, 92
- Practical loyalists, 372
- Practicality, as core value, 305, 313
- Pre-purchase search, 369–370, 370
- Predictive analytics, 70
- Premier position, 73
- Premium brand loyalty, 169
- Prestige, 308
- Previous positioning, 77
- Price(s/ing)
 better, 40
 perceived, 136–137
 product, JND implications for, 119–120
 reference, 136
 relationship with quality, 140–141, 140
 unexpected prices, consumer reactions to, 137
- Primacy effect, 205
- Primary motivation, 64, 65, 361
- Primary needs, 90–91
- Primary research, 405
- Privacy, 396–398
- PRIZM®, 60–61, 61, 289, 289–290
- Probability sample, 422
- Problem solving
 extensive, 366, 367
 limited, 366
- Process, of consumer decision-making model, 368–374
- Product(s)
 awareness status, 68
 beliefs about, changing, 178–179, 178
 characteristics, 376–377
 concept, 33
 conspicuousness, reference groups influence affected by, 238–240, 240
 differentiation, 156
 form extensions, 155
 improvement, JND implications for, 119–120
 innovations, 253
 involvement, 68
 line extensions, 154–155, 155
 orientation, 33
 placement, 126, 231, 392–393
 positioning, 54
 pricing, JND implications for, 119–120
 quality, 128, 138–139
 standardization, 348–349
- Product customization, 39
 for local cultures, 348–349
- Product-oriented approach, 84
- Product personality
 and gender, 109
 and geography, 109
- Product-specific goals, 84
- Production concept, 32
- Profitability, customer loyalty and, 44–45, 45
- Progress, as core value, 305–306, 313
- Projection, 88, 88
- Projective techniques, 93, 411, 413
- Promotional appeals, 350
 targeting older consumers, 335
- Promotional messages, 39
- Provocative marketing, 395, 396
- Psychoanalytic theory of personality, 93
- Psychogenic needs, 89–90, 90
- Psychographics, 63, 64
- Psychological needs, 84
- Psychological noise, 202
- Psychological risk, 143
- Psychology, 47
- Publicity, 242
- Purchase behavior, 70
 high-involvement, 165
 low-involvement, 165
- Q**
- Qualitative research, 93, 94, 407–413, 423
 combined with quantitative research, 422–423
 defined, 405
- Quality
 perceived, 137–143
 product, 138–139, 138

- Quality** (*continued*)
 relationship with price, 140–141, 140
 service, 139–140
- Quantitative research**, 423
 combined with qualitative research, 422–423
 data collection instruments, 416–422
 defined, 405
 scope of, 413–416
- Questionnaires**, 417
- Questions**, guidelines for wording, 417
- Quota sample**, 422
- R**
- Radio**, 230
- Rank-order scales**, 419–420, 420
- Rationalization**, 88, 88
- Real-time bidding**, 216
- Recall**
 aided, 168
 day-after recall test, 212
 test, 168, 212
 unaided, 168
- Recency effect**, 205
- Recognition**
 need, 369
 test, 168, 212
- Reference groups**, 234–235, 235, 258
 consumption-related, 236–238
 influence, factors affecting, 238–240
 influence of, 235–236
 types of, 236
- Reference price**, 136
- Referral programs**, 237, 250, 251
- Regional subcultures**, 326–327
- Regression**, 88, 88
- Rehearsal**, information, 162–163
- Reinforcement**
 continuous, 159
 fixed ratio, 159
 learning and, 151, 151
 negative, 158
 positive, 158
 schedules, 159
 variable ratio, 159
- Reinforcing behavior**, 158
- Relationship(s)**
 customer. *See* Customer relationships
 price/quality, 140–141, 140
 transaction-based, versus emotional bonds, 42–44, 43
- Relative advantage**, 376–377
- Relevant information**, reference groups
 influence affected by, 239, 239
- Reliability**, 416
- Religious subcultures**, 325–326
- Repetition**, role in classical conditioning, 153
- Repositioning**, 75–76, 77, 116
- Repression**, 88, 88
- Research**
 causal, 415
 consumer. *See* Consumer research
 difficulties, 348
 market, 33
- media services, 406–407
 motivational, 93–95
 observational, 413–415
 primary, 405
 qualitative, 93, 94, 407–413, 422–423, 423
 quantitative, 413–423, 423
 survey, 415–416, 416
- Response**
 conditioned, 152
 learning and, 150–151
- Retail store image**, 139, 142
- Retargeting**, 218
- Retention**
 customer, 41, 46, 159
 information, 163
 rate of, 46
- Retirement**, life after, 332–333, 332–333
- Retrieval**, information, 163
- Risk**
 aversion, 253, 253
 perceived, 143–144
- Ritualistic behavior**, 299, 300
- Rituals**, 299, 300
- Rokeach Value Survey**, 302, 302
- Role-playing**, 413
- Routinized response behavior**, 366
- S**
- Safety needs**, 82, 83, 91, 91
- Sales effects of communication**, 212
- Salesperson credibility**, 244
- Sample**, 421, 422
- Sampling plan**, 421–422
- Satisfaction**
 customer, 41, 159
 customer loyalty and, 44
- Saving**, 287
- Screener questionnaire**, 409, 410–411
- Search advertising**, 224
- Secondary data**
 collecting, 406–407
 defined, 406
- Security needs**, 91
- Seeking**
 novelty, 102–103
 sensation, 101, 102
 variety, 102–103
- Segment-based targeting**, 216
- Segmentation**
 bases for, 56–69
 benefit, 65, 67
 cross-cultural, 361–362
 demographic, 57–60
 geo-demographic, 289
 geo-demographic, 60–61
 green consumers, 61–62, 62
 market, 34, 52–81, 53
 media-based, 65, 67, 68
 Nielsen's frameworks, 61
 older consumers, 334
 personality traits of, 63, 63
 psychographics, 63, 64
 social class, 275–276
 usage occasion, 68–69, 69
- usage rate, 67–68
VALS™, 63–64, 65, 66
 working women, 336–337, 337
- Selective attention**, 123
- Selective exposure**, 124, 201
- Selective perception**, 124–125
- Selective relationships**, 44
- Self**
 altering, 110–111, 111
 extended, 110
 self-image and, 109–111
- Self-actualization need**, 91
- Self-altering products**, 110
- Self-attributions**, analyzing, 192
- Self-construal**, 350
- Self-designating method**, 246–248, 247
- Self-expression**, 64, 74, 85, 299, 351, 361
- Self-gifts**, 375
- Self-image**, 109–110
 actual, 110
 ideal, 110
 ideal social, 110
 social, 110
- Self-perception attributions**, 190–191
- Self-regulation versus laws**, 384–386
- Self-reported measures of motives**, 93
- Selling concept**, 33
- Semantic differential scale**, 165, 176, 177, 212, 419, 420
- Sensation**, 116
- Sensation seeking**, 101, 102, 208, 210
- Sensory adaptation**, 118–119
- Sensory input**, 116–118, 117, 118
- Sensory receptors**, 116–117
- Sensory store**, 161–162
- Sentence completions**, 413
- Service customization**, for local cultures, 348–349
- Service image**, 135
- Service innovation**, 376
- Service quality**, 139–140
- SERVQUAL scale**, 140
- Sex roles**, consumer products and, 336
- Sexual appeals**, 210–211
- Sexual self-schema**, 210
- Shaping**, 159
- Shopping**, 286–287
 activity-specific, 87
 culture, 306
 demand-specific, 87
 groups, 237
 recreational, 87
- Short-term store**, 162
- Showrooming**, 70
- Simple random sample**, 422
- Single-parent households**, 266, 273
- Single-trait personality tests**, 98
- Single-variable index**, 291
- Situations**, attitudes within, 175, 175
- Skateboarding**, 101
- Sleeper effect**, 244
- Social causes**, promoting, 400
 advocating beneficial and discouraging detrimental conduct, 398–399

- cause-related marketing, 399–401, 400
consumer ethics, 401–402, 401
- Social character, 63, 100
- Social class, 234
characteristics, and consumer behavior, 281–288
consciousness, 277
defined, 259, 276
geodemography and, 289
hierarchies and segmentation, 276
lifestyle profiles of, 282–283
and market segmentation, 59–60
measurement of, 276–281
mobility in, 282, 284, 288
social status and, 276
source credibility, 241–245
- Social Groups, 61
- Social media, 42, 219–223
advertising's best practices, 220–223
communication channels, 223
earned, 223
owned, 223
paid, 223
permissions to collect personal and social information, 220
- Social needs, 91, 91
- Social networks, 248–249
gauging influence within, 227
- Social-practical motivation, 308
- Social proof, 237
- Social responsibility, marketing ethics and, 380–403
advocating beneficial and discouraging detrimental conduct, 398–399
cause-related marketing, 399–401, 400
consumer ethics, 401–402, 401
consumers' privacy, abusing, 396–398
crafty promotional messages and techniques, 391–394
exploitive marketing, 383–391
provocative marketing, 395–396
societal marketing concept, 381–383
- Social self-image, 110
- Social status, and social class, 276
- Socialization
adult, 263–264
of children, 260
consumer, 260, 383
defined, 260
intergenerational, 263–264
as learning, 263
mothers' attitudes related to, 262
parental, 260
parental styles and, 262, 262
sources of, 261
- Socialization agent
defined, 260
family as, 260–265, 260
- Socially responsible marketing, 34–35, 35
- Societal marketing concept, 34, 381–383
- Sociocultural influences, 47, 368
- Socioeconomic status score (SES), 281
- Sociology, 47
- Sociometric method, 247
- Sophistication, 108
- Sound symbolism, 163
- Source credibility, 235, 241–245
of celebrities, 242–244
of endorsers, 242
medium, 244
of salespersons, 244
of spokespersons, 242
time effects on, 244–245
of vendors, 244
- Spending, 287
irresponsible, 386–388
power and consumption patterns, 356–358, 357–359
- Split-brain theory, 166
- Spokespersons, credibility of, 242
- Stages in adoption process, 377
- Standardization approach, 348–355
- Starch Ad Readership Studies, 210, 212
- Starch Readership Ad Study, 168
- Stealth marketing, 392
- Stereotyping, 129, 129–133
- Stimulus, 116, 122–123, 124
conditioned, 152
discrimination, 156
generalization, 156
-response learning. *See* Behavioral learning
- unconditioned, 152
- Stimulus–response theory, 384
- Store image, and perceived quality, 141–142
- Storing information, 161–162
- Storytelling, 94
photo/visual for, 413
- Strategic targeting, 54, 60
- Stratified random sample, 422
- Subcultures, 234, 319
defined, 318, 319
ethnicity, 320–325
gender, 336
generational (age), 327–335, 327–328, 330–333, 335
nationality, 320–325
regional, 326–327
religious, 325–326
- Subjective measures, of social class, 276–277
- Subjective norm, 184
- Sublimation, 88
- Subliminal perception, 121–122
- Substitute goals, 87
- Success, as core value, 303–304, 313
- Superego, 96
- Supranational level of culture, 296
- Survey research, 415–416, 416
- Symbolic group, 236, 236
- Symbols, 299
- Syndicated commercial marketing, 406–407
- Systematic random sample, 422
- T**
- Target audience, 34, 72, 202, 204, 208, 211, 212, 226, 242
- Targeting, 34, 52
behavioral, 69–70, 71
behavioral information and, 37–38
effective, and market segmentation, 54–56, 56
impression-based, 216, 217–218, 217
mobile, 69–70
retargeting, 218
segment-based, 216
segments versus eyeballs, 216–218
- Technical learning, 298
- Technology
-driven consumer behavior, 30–51
older consumers and, 334, 335
- Teen market, global, 360, 361
- Teens, 328
- Telephone interview surveys, 416
- Television, 230
- Terminal values, 302
- Terrorists, 44
- Test marketing, 415
- Thematic Apperception Test, 94
- Theory of reasoned action (TRA), 184
- Theory of trying-to-consume, 184–185, 185
- Three-hit theory, 153
- Three markets, children as, 267, 267
- Threshold
absolute, 118–119
differential, 119–121
- Time
as core value, 304, 313
risk, 143
shift, 201, 218
- Timeliness appeal, 211
- Traditional media, 201, 202
- Trait theory, 98
- Traits, defined, 98
- Transaction-based relationships versus emotional bonds, 42–44, 43
- Transaction ease, as customer satisfaction determinant, 43
- Transactional bonds, 42
- Transactional customers, 43
- Tri-component attitude model, 165, 175–179, 176
- Trial ability, 377
- Trial stage, of adoption process, 377
- Trickle-down effect, 284
- Trio of needs, 92–93
- True greens, 62
- Trust(ing), 308
as customer satisfaction determinant, 43
- Truth-in-advertising laws, 393
- Tweens, 328
- Twitter, 249
- Two-sided messages, 179, 205, 206
- U**
- Umbrella positioning, 73, 73
- Umbrella repositioning, 77
- Un-owned position, 74–75, 76

Unaided recall tests, 168
 Unconditioned stimulus, 152
 Unconscious needs, 93, 96
 Uniqueness, need for, 100, 102
 Upward mobility, 282, 284
 Urbanization Classes, 61
 Usage occasion segmentation, 68–69, 69
 Usage rate segmentation, 67–68
 Utilitarian function, 186

V

Validity, 416
 VALS™ segments, 63–64, 65, 66, 302
 Value(s)
 customer, 40–41
 instrumental, 302
 interpersonal, 302
 personal, 302
 terminal, 302
 Value-expressive function, 186, 187
 Vanity
 achievement, 110
 physical, 110

Variable
 ratio reinforcement, 159
 services as, 139
 Variety seeking, 102–103
 Vendor credibility, 244
 Venturesomeness, 100
 Verbalizers versus visualizers, 103, 105
 Viral advertising, 250–251
 Viral marketing, 250–251
 Virtual communities, 237
 Visual component of advertising, 167
 Visualizers, 104
 versus verbalizers, 103, 105

W

Web-search ads, 218
 Weber's law, 119
 Webisodes, 231
 Weblogs, 249
 Website personality, 109
 Website visits, analyzing, 226
 Wife-dominated decisions, 265

Withdrawal, 88, 88
 Women
 in media and advertising, depictions of, 336
 working, 336–337, 337
 Word association method, 94, 413
 Word-of-mouth, 172, 234, 235, 245–248
 applications of, 248–252
 stimulating, 249–250
 Wording questions, guidelines for, 417
 Wordplay, 209–210
 Working memory (short-term store), 162
 Working women, 336–337, 337
 World brands, 342, 353–354
 versus local brands, 351–353

X

Xers, 330–331, 331

Y

Youthfulness, as core value, 309, 314