The background of the image features a variety of colorful umbrellas (red, orange, yellow, green, blue, purple) scattered across a bright blue sky with white clouds.

GLOBAL
EDITION

Consumer Behavior

ELEVENTH EDITION

Leon G. Schiffman • Joseph L. Wisenblit

ALWAYS LEARNING

PEARSON

Consumer Behavior



Consumer Behavior

Global Edition

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Authorized adaptation from the United States edition, entitled Consumer Behavior, 11th edition, ISBN 978-0-13-254436-8, by Leon G. Schiffman and Joseph Wisenblit, published by Pearson Education © 2015.

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ISBN 10: 0-273-78713-6
ISBN 13: 978-0-273-78713-6

British Library Cataloguing-in-Publication Data
A catalogue record for this book is available from the British Library

10 9 8 7 6 5 4 3 2 1
14 13 12 11

Typeset in 9.5/11.5 Times LT Std by S4Carlisle Publishing Services

Printed and bound by Courier Kendallville in The United States of America

**In Memory of Leslie Lazar Kanuk
Our Coauthor, Colleague, and Friend**



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Preface

New to the Eleventh Edition

Our guiding principle in writing this edition has been the leaping progress towards the inevitable synthesis of media, entertainment content, and marketing. Not long ago, marketers bought advertising space within information and entertainment content produced by print and broadcast media. Today, media and their contents are often “produced” by consumers. In the past, marketers used media’s “audience profiles” in deciding where to place “one size fits all” ads. Today, dynamic-ad-servers customize ads based on consumers’ Internet browsing behavior, and marketers use behavioral targeting and employ firms that listen to and analyze what consumers are talking about in social media sites. Marketers that once purchased advertising space in only a few magazines or TV sitcoms, today buy ads through multiple ad exchanges and use predictive analytics that assess the effectiveness of their ads.

- New topics: In this edition, we discuss behavioral targeting, customizing products and promotional messages, predictive analytics, reaching “eyeballs” instead of demographic groups, tracking online navigation and analyzing websites’ visits, gauging word-of-mouth and opinion leadership online, consumer-generated advertising, and new media platforms, such as mobile and apps advertising.
- New Technologies and Online Practices: In this edition we also address the usage of new technologies and the online practices of all age subcultures. At a time where the loss of privacy is the subject of an intensive public debate, we have charts showing how leading social networks collect data about consumers and a corresponding judgmental analysis in the chapter on ethics.
- We strengthened the book’s principal facet, conceived in its first edition in 1978, which is focusing on the strategic applications of understanding consumer behavior. Our cases feature authentic campaigns that advertisers submitted for recognition by Effie Worldwide—a global entity that pays tributes to exceptional marketers. Each chapter opens with a “hands-on” example (some with comments by marketing executives) and exhibits based on recent, empirical data are showcased in all chapters together with guidelines for marketing applications.
- We added sections about sensory audio input, “actual” and “ideal” product-related attitudes, extra measures of cultural values, and empirical data about occupational prestige rankings and social class.
- The presentation about consumers overseas has been updated to include more comprehensive coverage of cross-cultural analysis, charts depicting consumers’ spending of disposable income in several countries, brand shares of American products overseas, and profiles of leading global brands.
- Finally, in its first edition, this book was the first one ever to use print ads as illustrations of consumer behavior (a practice that was quickly adopted by all marketing textbooks), and this edition includes over 100 new ads.

Chapter-by-Chapter Updates: In Detail

Part I: Consumers, Marketers, and Technology

Chapter 1 explains consumer behavior as an interdisciplinary framework. It describes the evolution of marketing, prominent marketing strategies, and marketers’ social responsibilities. The chapter details the revolutionary impact of technology on strategic marketing, and the interrelationships among customer value, satisfaction, and retention. It concludes with a model of consumer decision-making.

Chapter 2 describes market segmentation, including the demographic, sociocultural, and psychographic bases for segmenting markets. It explores the criteria for selecting target markets, behavioral targeting, and positioning and differentiating products and services.

Chapter 1: Technology-Driven Consumer Behavior

- **Hands-On:** Porsche; Scion
- Technology enriches the marketing exchange
- Behavioral information and targeting
- Interactive communication channels
- Customizing products and ads
- Better pricing and distribution
- Technology and customer satisfaction and retention
- **Showcased:** Ownership of mobile devices, prominent online activities, comparing e-readers, an airline's profitability tiers, and an updated model of consumer decision-making.
- **Ads:** Porsche, Scion, Classico sauce, PeTA (People for the Ethical Treatment of Animals), and the U.S. Navy.

Chapter 2: Segmentation, Targeting, and Positioning

- **Hands-On:** Qantas
- Behavioral targeting
- Tracking online navigation
- Geographic location and mobile targeting
- The information “arms race”
- Positioning and repositioning
- **Showcased:** Nielsen’s segmentation frameworks, segmenting green consumers, samples of psychographic statements, and Target’s behavioral targeting
- **Ads:** Count on Shell, Bertolli pasta, V8 100% Original Vegetable Juice, Mack’s Earplugs, Healthy Choice lunch, TOMTOM GPS, and Fage Total yogurt
- **Case:** Porsche

Part II: The Consumer as an Individual

Part II examines the impact of psychological factors on consumer behavior. Chapter 3 discusses the influence of needs, motivation, and personality characteristics. Chapter 4 explores consumer perception, which consists of selecting, organizing, and interpreting marketing stimuli. Chapter 5 describes the learning process and how past shopping experiences affect subsequent buying. Chapter 6 looks at the formation, study, and strategic applications of consumer attitudes.

Chapter 3: Consumer Motivation and Personality

- **Hands-On:** Government of Alberta; Mr. Clean
- **Showcased:** Promotional applications of key psychogenic needs, personality characteristics of opinion leaders and innovators, individuals with a high need for uniqueness, materialistic consumers, compulsive shoppers, and vain persons
- **Ads:** Kaplan Bar Review, Ving hotels, Godiva, Outward Bound Wilderness, Rock Resorts, Yoplait Light, and Reach Listerine.

Chapter 4: Consumer Perception

- **Hands-On:** McCain French Fries; Heinz Tomato Ketchup
- **Showcased:** Sensory audio input and product perception, a price quality relationship “riddle,” and brand image updates that create emotional bonds with consumers
- **Ads:** Mitchell Eye Centre, Betty Crocker, Xerox, Crest Whitestrips, Children’s Defense Fund, Canadian Dental Association, Gillette Proglide, Saab, Spy Museum, MADD (Mothers Against Drunk Driving), and Sweet’ n Low.

Chapter 5: Consumer Learning

- **Hands-On:** Samsung Galaxy Note 3 + Gear; Febreze
- **Ads:** Fresh Step cat litter, V8 soups from Campbell's, Mr. Clean Febreze exotic scents, Clorox Bleach Gel, Ragu pasta sauce, Crest Pro-Health, and American Airlines.

Chapter 6: Consumer Attitude Formation and Change

- **Hands-On:** Snickers Peanut Butter Squared and Snickers Easter Egg
- Primary data-based application of the attitude-toward-object-model
- “Ideal,” “concept,” and “actual” attitudes in developing a new orange juice
- Alumni donations illustration of self-attribution theory
- **Ads:** Avocado Mexico, Aleve, Phillips' Caplets, Dole Fruit Bowls, Lysol Wipes, Healthy Choice lunch, V8 Fusion vegetable juice, Certified Angus Beef, Method Laundry Detergent, and the American Academy for Orthopedic Surgeons.
- **Case:** Febreze
- **Case:** Superfast Handwash

Part III: Communication and Consumer Behavior

Part III addresses communication and persuasion. Chapter 7 covers the elements of communications and overcoming barriers to effective communications. We outline the differences between the broadcasting communications model (which is rooted in mass and traditional media), and the narrowcasting model (which originates in new media, such as online advertising and social media). The chapter then focuses on the message: its structure, persuasive appeal, and effectiveness. Chapter 8 explores communication channels and the transition from print and broadcast media to social media and mobile advertising. We explore the targeting methods used in old and new communication channels, the role of key entities (such as Google and Facebook), and the electronic evolution of traditional media. Chapter 9 examines the credibility of media and personal sources of information, consumers' reference groups, the role of opinion leaders, and the dynamics of word-of-mouth offline and online.

Chapter 7: Persuading Consumers

- **Hands-On:** Persuasive Appeals—Desley Travel Light, Sojourner Family Peace Center, ALT magazine, and Clorox Bleach
- Narrowcasting versus broadcasting
- Traditional versus new media
- Addressable advertising
- Measures of message effectiveness
- Timely advertising appeals
- **Ads:** British Airways, Mistique Ultra Soft Tissue, “I can’t believe it’s not butter,” Sainsbury’s, Bucharest’s City Police, and Ving hotels.

Chapter 8: From Print and Broadcast Advertising to Social and Mobile Media

- **Hands-On:** Impression-Based Targeting
- Targeting segments versus eyeballs
- Real-time bidding and data aggregators
- Retargeting
- Google’s consumer tracking and targeting
- Web-search, display, and mobile ads
- Google’s “organic results” and “sponsored space”
- Consumers’ permissions for apps’ information gathering
- Effective social media campaigns
- Owned, paid, and earned social media channels
- Consumers and mobile media

- Measuring the effectiveness of advertising in new media
- Analyzing website visits
- Gauging influence within social networks
- Google Analytics
- Nielsen's Cross-Platform measures
- Traditional media's electronic evolution
- Webisodes, advergames, and branded entertainment
- **Showcased:** Google's revenues, number of permissions requested from users by the most popular apps, types of permissions requested, M&M's Mr. Red, declining advertising ad pages, and effective tweeting.

Chapter 9: Reference Groups and Word-of-Mouth

- **Hands-On:** Campbell's
- Word-of-mouth in social networks and brand communities
- Klout scores
- Weblogging and twetting
- Buzz agents and viral marketing
- Managing negative rumors online
- Diffusion of Innovations
- **Showcased:** Group membership and comparative versus normative influence, characteristics of conformists, product conspicuousness and reference group influence, motivations of opinion leaders and receivers, characteristics and shopping patterns of fashion opinion leaders, sample items used in the self-designation of opinion leadership, and characteristics of risk-averse consumers
- **Ads:** MADD, the U.S. Navy, ALT magazine, and PETA.
- **Case:** Keystone Light

Part IV: Consumers in Their Social and Cultural Settings

Part IV examines consumers in their social and cultural settings. Chapter 10 examines the family as a consumption unit and its standing within the social class structure. Chapter 11 describes culture and how it is expressed through values, rituals, and customs. It explains how to measure cultural values, and illustrates Americans' core values with ads and consumers' purchases and priorities. Chapter 12 describes how subcultures are derived from ethnicity, religion, geographic location, age, and gender. Chapter 13 explores cross-cultural analysis, how to assess marketing opportunities abroad, and whether or not customize products and promotions in global markets.

Chapter 10: The Family and Its Social Standing

- **Hands-On:** Toyota's Auris, Yaris, Verso, and Avensis
- Parental styles' and children's development
- Empirical measures of family decision-making
- The role of occupational prestige in determining social class
- Current data about the correlation between education and income
- Enriched descriptions of America's social classes
- **Showcased:** Mothers' socialization styles, parental styles and consumer socialization, children's development as consumers, children as three markets, measure of family decision making, occupational prestige rankings, ethics and occupational prestige, seven educational levels and corresponding incomes, descriptions of social classes: "inherited wealth and privilege," "the nouveau rich," "achieving professionals," "faithful followers," "security minded," "the insecure," and "rock bottom."
- **Ads:** Listerine Smart Rinse, Mott's apple juice, MADD, Lever 2000 soap, Ligne Roset furniture, Rock Resorts, Bad Bath & Beyond, and Brain Candy Toys.

Chapter 11: Culture's Influence on Consumer Behavior

- **Hands-On:** Dodge; Dell
- The Rokeach typology and illustrative promotional themes
- Gordon's Survey of Personal and Interpersonal Values
- **Ads:** distraction.gov, Everlast Recovery, 3-in-one oil, Campbell's Chunky, Dove chocolate, Cross pen, HP, Sojourner Family Peace Center, and Campbell's Healthy Request.

Chapter 12: Subcultures and Consumer Behavior

- **Hands-On:** Kohler's Elevance
- **Showcased:** Age and sources of information; online activities and interests of generations Z, Y, X, Baby Boomers, and older Americans; post-retirement segments
- **Ads:** Jeep and MADD.

Chapter 13: Cross-Cultural Consumer Behavior: An International Perspective

- **Hands-On:** Patek Philippe; Frito Lay
- Measures of cross-cultural dimensions
- Linguistic and legal barriers in global marketing
- **Showcased:** Profiles of leading global brands, five charts depicting prominent nations' consumers' disposable income expenditures, and Japan's VALS.
- **Case:** LG Mobile

Part V: Consumer Decision-Making, Marketing Ethics, and Consumer Research

Chapter 14 integrates the psychological, social, and communication elements into a consumer decision-making model, and discuss the adoption of new products. Chapter 15 addresses marketers' social responsibilities and morals with a focus on ethical issues originating from new media, and, particularly, abuses of consumers' privacy. Chapter 16 details the steps of marketing studies and tools of consumer research.

Chapter 14: Consumer Decision-Making and Diffusion of Innovations

- **Hands-On:** GIA; Advil

Chapter 15: Marketing Ethics and Social Responsibility

- **Hands-On:** PETA
- Stages of consumer socialization and exploitative targeting of children
- Manipulative nutritional labeling
- Encouraging overeating and other undesirable consumption
- Abusing consumers' privacy
- Covert marketing
- Consumer ethics
- **Showcased:** The impact of irresponsible marketing, regulating targeting children online, alternative (award-winning) designs of nutritional labeling, deceptive or false promotional claims, provocative marketing, promoting social causes, and measuring ethical awareness
- **Ads:** Ad Council, NYC Office of Emergency Management, and Utah Transit Authority.

Chapter 16: Consumer Research

- **Hands-On:** Disney's Sophia the First
- **Showcased:** The consumer research process, questions for depth interviews, screener questionnaire, focus group discussion guide, projective techniques, survey methods, wording questions, attitudes' measures, sampling methods, and quantitative versus qualitative research.
- **Case:** Pima Air and Space Museum

Instructor Supplements

Instructor's Manual—This instructor's manual includes sample syllabi, lecture outlines, answers to all end-of-chapter questions, additional activities and assignments for your students. This manual is available for download by visiting www.pearsonglobaleditions.com/Schiffman.

Test Item File—The Test Item File contains more than 1,600 questions, including multiple-choice, true/false, and essay. Each question is followed by the correct answer, the learning objective it ties to, AACSB category, course learning outcome and difficulty rating. It has been thoroughly reviewed by an assessment expert. The Test Item File is available for download by visiting www.pearsonglobaleditions.com/Schiffman.

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Instructor PowerPoints: This presentation includes basic outlines and key points from each chapter. It includes figures from the text but no forms of rich media, which makes the file size manageable and easier to share online or via email. This set was also designed for the professor who prefers to customize PowerPoints and who wants to be spared from having to strip out animation, embedded files, and other media-rich features.

To Our Families, Colleagues, and Friends

During the intense endeavor of making an already successful textbook even better, we were supported and encouraged by our families and friends. Leon Schiffman wishes to thank his wife, Elaine, for her support and devotion; his children and grandchildren: Janet, David, Nikke and Blake Schiffman; Dana, Brad, Alan, and Noah, Reid, and Allison Sherman; and Melissa and Rob and Jordyn and Emily Slominsky.

Joe Wisenblit thanks Alan Pollack for his counsel and support; Eyal Megged for his expertise on new media strategies; Randi Priluck (Pace University) for her insights and research collaboration; Shira Libhaber for her advice in selecting the ads; and his sister, Ilana and her family: Nir, Daniel, Maya, Eli and Saul Wegrzyn.

We are deeply grateful to Marcy Schneidewind for her tenacity and patience in securing the reprint permissions for the ads and exhibits. Special recognition goes to Stanley Garfunkel for many years of friendship and insights about consumer behavior and Shannon Conlisk for her assistance. Thanks to Jenn Pascoe for the book cover artwork.

At Pearson, we thank Stephanie Wall, our steadfast editor; Jackie Martin, our dedicated project manager, and Shyam Ramasubramony.

We thank our colleagues and friends at the Tobin College of Business at St. John's University, in particular: Dean Victoria Shoaf; A. Noel Doherty and the entire St. John's department of marketing for providing a warm and friendly environment in which to conduct research and write, as well as teach. At Seton Hall University's Stillman School of Business, we thank Dean Joyce Strawser and Department Chair Steve Pirog.

Special thanks to our friends and colleagues: Benny Barak, Barry Berman, Joel Evans, William James, Charles McMellon, Susan Caccavale, and Elaine Sherman of the Zarb School of Business at Hofstra University; Martin Topol and Mary Long of the Lubin School at Pace University; Fredrica Rudell of the Hagan School of Business at Iona College; Steve Gould and other colleagues at Baruch College—CUNY; Mark Kay of Montclair State University; and Deborah J. Cohn at New York Institute of Technology.

We also acknowledge Ken Weinstein, Honeywell International; Hank Edelman and Kelley Smith, Patek Philippe; Ross Copper, Gold n Fish Marketing Group; Lancy Herman, Mediemark Research; Moya Amateau, Ipsos Mendelsohn Research; Bill Carroll, Euromonitor International; Diana Schrage, Kohler Company; Mary Lee Keane and Erica Stoppenbach, Effie Worldwide; Helen Priestley, McCain Foods; and Nir Wegrzyn, BrandOpus, UK.

We are especially grateful to our own consumers, the graduate and undergraduate students of consumer behavior and their professors, who have used the earlier editions of this textbook and provided us with invaluable feedback.

Leon Schiffman

Joe Wisenblit

Pearson would like to thank and acknowledge the following people for their work on the Global Edition:

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Consumer Behavior

1

Technology-Driven Consumer Behavior

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings.

Learning Objectives

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

MARKETING is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society.¹ **Consumer behavior** is the study of consumers' actions during searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. The core of marketing is identifying unfulfilled needs and delivering products and services that satisfy these needs. Consumer behavior explains how individuals make decisions to spend their available resources (i.e., time, money, effort) on goods that marketers offer for sale. The study of consumer behavior describes what products and brands consumers buy, why they buy them, when they buy them, where they buy them, how often they buy them, how often they use them, how they evaluate them after the purchase, and whether or not they buy them repeatedly.

People buy cars because they need personal transportation. However, the types of cars people buy are determined not by needs alone, but also by how cars express their owners' characteristics. Therefore, car marketers differentiate their products by how specific car brands and models appeal to buyers' psychology. The tagline in Porsche's Boxster ad in Figure 1.1 states that "unfulfilled dreams cost a lot more,"* and its copy urges buyers to "fulfill their dreams rather than deny them."* Porsche recognized that many people daydream about luxurious items, but, even if they can afford them, they feel guilty about the purchase and often think: "Oh, it costs too much" and "What if I don't like it?" The ad's copy resolves such conflicts with a simple rationale: "It is expensive to fulfill one's dreams, but it is worth the expense." The ad anticipates that some buyers will feel guilty after purchasing the car and assures them that "of all the emotions you can expect while driving a Boxster, regret will never be one of them." It ends with Porsche's classic tagline: "Porsche. There is no substitute."*

Egotism and power are pervasive psychological needs, and marketers often appeal to them in advertisements. The Scion ad in Figure 1.2

*Porsche

FIGURE 1.1 Porsche: “Unfulfilled dreams cost a lot more”

porscheusa.com/boxsterda

Unfulfilled dreams cost a lot more.

Of all the emotions you can expect while driving a Boxster, regret will never be one of them. The top glides down. The Boxer engine comes to life. Its nimble, mid-engine balance recreates the thrills of Porsche motorsport legends. And its philosophy of getting more from less, the core of Porsche Intelligent Performance, invokes another feeling altogether: the harmony of your heart and head. Porsche. There is no substitute.

The Boxster. Starting at \$47,600.

PORSCHE INTELLIGENT PERFORMANCE PORSCHE

Source: Porsche Cars of North America

FIGURE 1.2 Scion: “Take On The Machine”

TAKE ON THE MACHINE

THE ALL-NEW SCION tC
TakeOnTheMachine.com

SCION
what moves you

Source: Scion

invites potential buyers to “Take On the Machine.” Toyota positioned Scion as a car for drivers who like to face challenges, and feel powerful and in control of their environment. Positioning is conveying the product’s benefits and image to potential (or existing) customers, so that the product stands out distinctly in their minds and is not viewed as a “me too” item. Positioning is an essential component of marketing and explained fully in Chapters 2 and 4.

In terms of affordability, Porsche and Scion target contrasting groups of people because their prices are very far apart. Nevertheless, the two carmakers share the same objective, which is to persuade drivers to buy their cars. In order to do so, each car must have a distinct image (or perception) in people’s minds and appeal to their needs. Porsche’s ad tells consumers that although the car is very pricey, it is worth the price because owning it is a dream fulfilled. The Scion, which is a very affordable car, calls upon drivers to take on a personal challenge, presumably because Scion’s target market is young people (some of whom might be buying a

new car with their own money for the first time) and are likely to respond when “dared.”

Although they target entirely different segments, both ads induce (or even provoke) psychological, presumably unfulfilled needs, and illustrate their marketers’ understanding of car buyers’ mindsets. Similarly, our objective is to educate our students about the components and intricacies of consumer behavior, and provide them with the skills needed to market products and services.

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

The Marketing Concept

Learning Objective

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

Marketing and consumer behavior stem from the **marketing concept**, which maintains that the essence of marketing consists of satisfying consumers' needs, creating value, and retaining customers. It maintains that companies must produce only those goods that they have already determined that consumers would buy. For example, Classico's pasta sauce contains the same ingredients that consumers use when they make their own sauce. The slogan of the ad in Figure 1.3 is "We made it like you'd make it," which means that the product fulfills consumers' needs and they would buy it. Marketing-oriented companies do not try to persuade consumers to buy what the firm has already produced, but rather to produce only products that they know they can sell, thereby satisfying consumers' needs and turning them into loyal customers. The marketing concept evolved from several prior business orientations focused on production, the product itself, and selling.

The **production concept**, a business approach conceived by Henry Ford, maintains that consumers are mostly interested in product availability at low prices; its implicit marketing objectives are cheap, efficient production and intensive distribution. This approach makes sense when consumers are more interested in obtaining the product than they are in specific features, and will buy what's available rather than wait for what they really want. Before the 20th century, only wealthy consumers could afford automobiles, because cars were assembled individually and it took considerable time and expense to produce each vehicle. Early in the 20th century, Henry Ford became consumed with the idea of producing cars that average Americans could afford. In 1908, Ford began selling the sturdy and reliable Model T for \$850—an inexpensive price for that day. Soon he found out that he could not meet the overwhelming consumer demand for his cars, so in 1913 he introduced the assembly line. The new production method enabled Ford to produce good-quality cars more quickly and much less expensively. In 1916, Ford sold Model Ts for \$360 and sold more than 100 times as many cars as he did in 1908.² In only eight years, Americans got the product that led to our nation's extensive system of highways and the emergence of suburbs and large shopping malls.

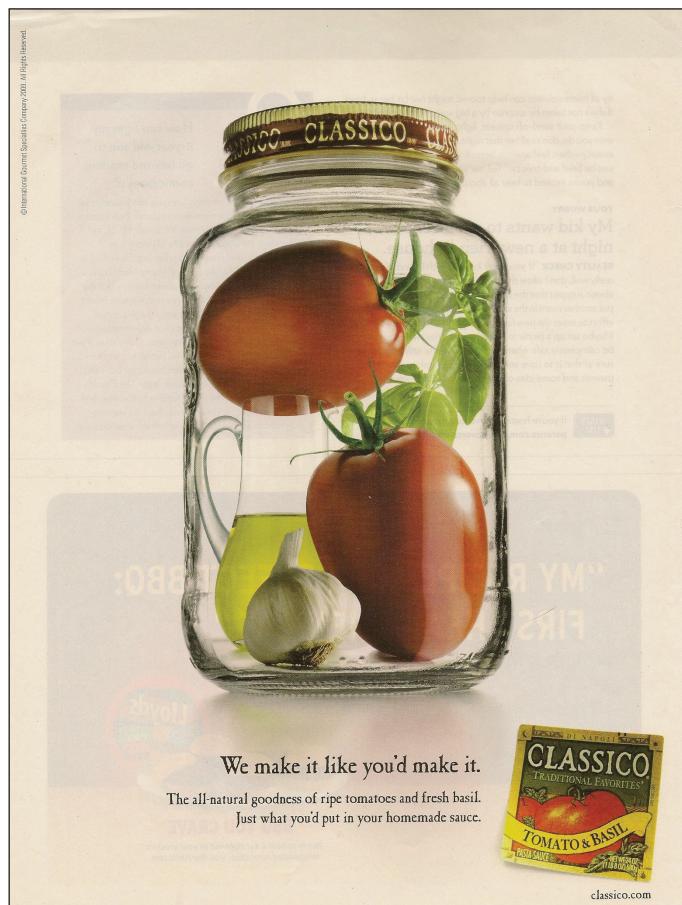


FIGURE 1.3 An Illustration of the Marketing Concept

Source: © H.J. Heinz Co., L.P., used with permission.

Henry Ford's near-monopoly of the car industry did not last. In 1923, as the automobile market was rapidly growing thanks to Ford's mass production, Alfred P. Sloan became president and chairman of General Motors. He inherited a company that was built through takeovers of small car companies that had been producing ill-assorted models unguided by clear business objectives. Sloan reorganized the company and in 1924 articulated the company's product strategy as "a car for every purse and purpose." While Ford continued to produce the Model T until 1927 and stubbornly held onto the production concept, GM offered a variety of affordable mass-produced models, from the aristocratic Cadillac to the proletarian Chevrolet. In addition, Sloan stated: "The best way to serve the customer is the way the customer wants to be served."³ About 30 years before the birth of the marketing concept, Alfred Sloan understood the core elements of marketing: all consumers are *not* alike and firms must identify and cater to different customer groups (or segments) and provide solid customer service. Although Ford was the industry's pioneer and considered unsurpassed, within several years GM took over a large portion of Ford's market share and became America's largest car company.³

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

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

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

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

Consumer Research

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

Market Segmentation, Targeting, and Positioning

The focus of the marketing concept is satisfying consumer needs. At the same time, recognizing the high degree of diversity among us, consumer researchers seek to identify the many similarities that exist among the peoples of the world. For example, we all have the same kinds of biological needs, no matter where we are born: the needs for food and nourishment, for water, for air, and for shelter from

^{*}Alfred P. Sloan

the environment's elements. We also develop or acquire needs after we are born, which are shaped by the environment and culture in which we live, our education, and our experiences. The interesting thing about acquired needs is that many people share the same ones. This commonality of need or interest constitutes a market segment, which enables the marketer to target consumers with specifically designed products and/or promotional appeals that satisfy the needs of that segment. The marketer must also adapt the image of its product (i.e., "position" it), so that each market segment perceives the product as better fulfilling its specific needs than competitive products. The three elements of this strategic framework are market segmentation, targeting, and positioning.

Market segmentation, targeting, and positioning are the foundation of turning consumers into customers. **Market segmentation** is the process of dividing a market into subsets of consumers with common needs or characteristics. It consists of defining or identifying groups with shared needs that are different from those shared by other groups. **Targeting** means selecting the segments that the company views as prospective customers and pursuing them. **Positioning** is the process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds. The image must differentiate the company's offering from competing ones and communicate to the target audience that the particular product or service fulfills their needs better than competing offerings do. Successful positioning focuses on communicating the *benefits* that the product provides. Because there are many similar products in almost any marketplace, an effective positioning strategy must communicate the product's *distinct* benefit(s). In fact, most new products (including new forms of existing products, such as new flavors and sizes) fail to capture significant market shares and are discontinued because consumers perceive them as "me-too" products lacking a unique image or benefit.

The Marketing Mix

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

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

Socially Responsible Marketing

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

Because all companies prosper when society prospers, marketers would be better off if they integrated social responsibility into their marketing strategies. All marketing must balance the needs of society with the needs of the individual and the organization. The **societal marketing concept** requires marketers to fulfill the needs of the target audience in ways that improve, preserve, and enhance society's well-being while simultaneously meeting their business objectives. Regrettably, some marketers ignore laws and market potentially harmful products. The San Francisco city attorney sued Monster Beverage Corp. in a California court, and accused the company of marketing its caffeinated energy drinks to children despite alleged health risks. The lawsuit represents the latest effort by an increasing number of city, state, and federal authorities to restrict the selling and marketing of energy drinks—which have quickly become an estimated \$10 billion industry in the United States. The drinks promise a "kick" and includes caffeine and other stimulants. The lawsuit alleged that Monster was marketing its drinks to children as young as 6 years old, despite warnings from public health authorities that highly caffeinated products can cause brain seizures and cardiac arrest among adolescents. The U.S. Food and Drug Administration (FDA) currently does not set caffeine limits for energy drinks, imposing caffeine limits only on "cola-like" beverages with a regulation that has been in place

since the 1950s and caps caffeine at 6 milligrams per ounce. However, the FDA is now reconsidering this regulation.⁴

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

Many companies have incorporated social goals into their mission statements and believe that marketing ethics and social responsibility are important components of organizational effectiveness. They recognize that socially responsible activities improve their image among consumers, stockholders, the financial community, and other relevant publics, and that ethical and socially responsible practices are simply good business, resulting not only in a favorable image but ultimately in increased sales. The converse is also true: Perceptions of a company's lack of social responsibility or unethical marketing strategies negatively affect consumer purchase decisions. For instance, McDonald's became the target of television commercials blaming it for heart disease. In the commercial, produced by the nonprofit Physicians Committee for Responsible Medicine, a woman weeps over a dead man lying in a morgue. In his hand is a hamburger. At the end, the golden arches appear over his feet, followed by the words, "I was lovin' it," a twist on McDonald's longtime ad slogan, "I'm lovin' it." A voiceover says, "High cholesterol, high blood pressure, heart attacks. Tonight, make it vegetarian."⁵

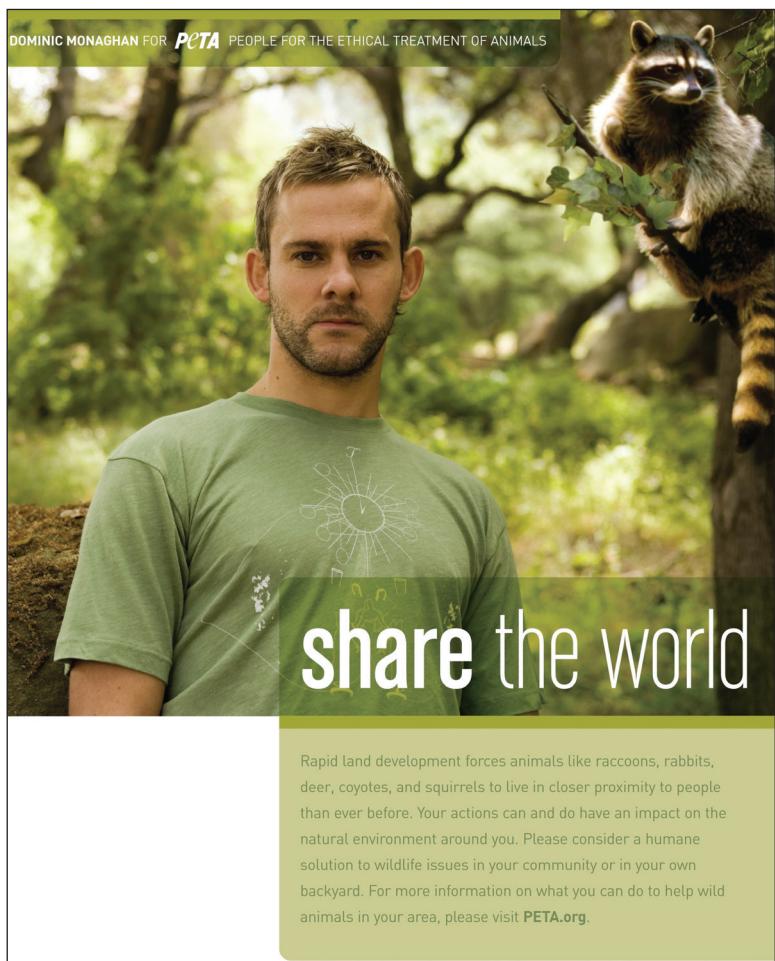


FIGURE 1.4 PeTA Advocates Socially Responsible Behavior

A division of Warner Music Group that operates online fan clubs for pop-music stars was forced to pay \$1 million to settle charges that it illegally collected personal information from the sites' child users. The Federal Trade Commission charged the company with violating the Children's Online Privacy Protection Act—a law that forbids websites from collecting personal information from users under 13 years of age without parental consent. According to the charges, more than 100,000 users' information was gathered illegally through websites for fans of four pop stars. The four websites "attracted a significant number of children under age 13," according to the lawsuit, and "failed" to meet the requirements established by the children's privacy law.⁶ When Google first revealed in 2010 that cars it was using to map streets were also sweeping up sensitive personal information from wireless home networks, it called the data collection a mistake. Subsequently, federal regulators charged that Google had "deliberately impeded and delayed" an investigation into the data collection and ordered a \$25,000 fine on the search giant.⁷

There are also many not-for-profit advocacy groups whose mission is to advance causes that are ethically and morally right. Among many others, such causes include animal rights, fighting childhood obesity and overeating, supporting sober and nondistracted driving, fighting drug abuse and deadly diseases, and encouraging environmentally sound practices (see Chapter 15). Figure 1.4 shows an ad by a notorious not-for-profit entity, People for the Ethical Treatment of Animals (PeTA). It features a celebrity and urges us to "share the world" with animals and not mistreat them. By doing so, we will protect and improve the natural environment.

Technology Enriches the Exchange Between Consumers and Marketers

Learning Objective

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

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

Advertisers are offering more and more original content online because viewers are now so accustomed to watching programs on devices like mobile phones and tablets that the lines between traditional television and Internet video have become blurred. Advertisers are also shifting dollars from traditional display advertising to sites like Facebook that can deliver huge audiences. Many advertisers say they worry that with so much new content being thrown at the market on so many different platforms, audiences for individual shows will become even more fragmented and microscopic than they already are.⁸

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

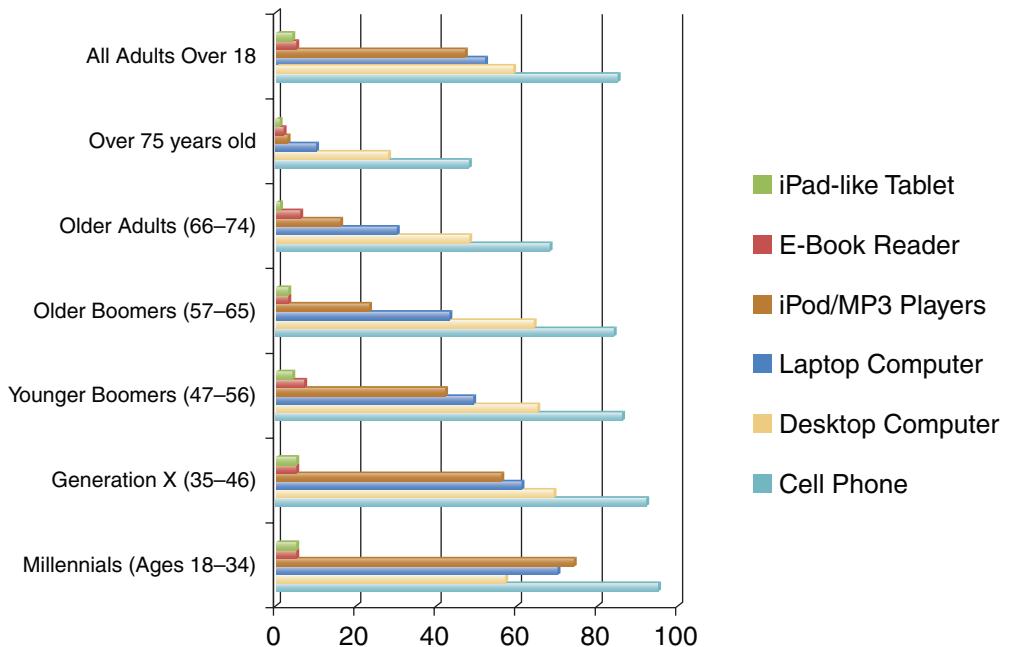
The following example illustrates a value exchange. At Amazon, buyers can find books instantly, read sample pages and reviews posted by other readers, and begin reading purchased books within minutes after placing their orders (as opposed to going to a physical store, picking up a heavy paper copy, standing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

Consumers Have Embraced Technology

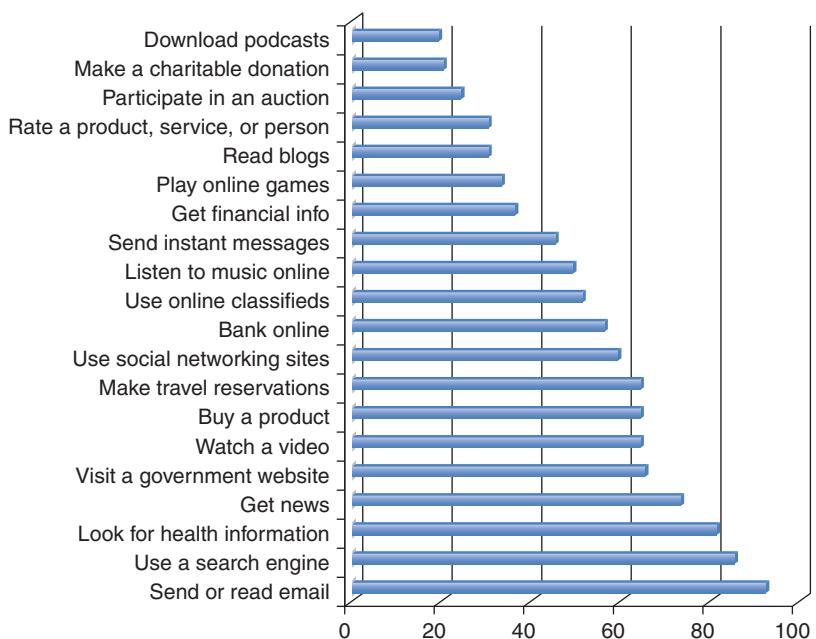
Although many assume that only young consumers visit websites and shop online and “reveal themselves” to marketers, it is not so. As illustrated in Figure 1.5, across age groups, most Americans own technological gadgets. Figure 1.6 details Americans’ use of the Internet’s most prominent features.⁹

FIGURE 1.5

The Ownership of Technological Gadgets across Age Groups (percentages)

**FIGURE 1.6**

Americans' Most Prominent Online Activities (percentages)



Behavioral Information and Targeting

In the online world, specialized “information exchanges” track who is interested in what through “cookies” (invisible bits of code stored on Web pages). When someone does a search, for example, on cheapair.com for first-class flights to Paris in September, that information is captured by a cookie and cheapair.com can sell that cookie using exchanges such as eXelate or BlueKai. Let’s assume that Hilton wishes to target people who visited travel-related sites recently, rather than use banner ads or promotional messages in offline media to attract customers. Hilton logs into the exchange and selects the criteria for the people it wants to reach. Making it simple, let’s assume that Hilton’s only criterion is people who looked for flights to Paris in September. Upon logging in, the exchange tells Hilton how many cookies that meet its criterion are for sale and then Hilton bids on the price, competing against other advertisers wishing to buy the same cookies.¹⁰ If Hilton wins the auction, it can show its ads to the persons with these cookies embedded in their browsers, and send ads to them whenever they go online, regardless of the sites they visit.

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

FIGURE 1.7 Comparing E-book Readers

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

When consumers compare products online, they look at the features and attributes of various models and brands side-by-side. For example, when comparing digital cameras, the most prominent evaluative attributes include the lens, screen, megapixels, light sensor, weight, and photo editing capabilities. Most websites of companies selling comparable brands offer visitors the opportunity to compare models and brands within a single screen, and offer one-click access to more detailed technical information. By observing consumers' comparisons, marketers can identify their direct competitors and the product attributes that consumers consider the most important. Figure 1.7 depicts a comparison of three electronic readers that resemble the options available to customers online for comparing brands of the same products.

Interactive and Novel Communication Channels

Traditional advertising is a one-way process in which the marketer pays large sums of money to reach large numbers of potential buyers via mass media, and can assess whether its promotional messages were effective only after the fact, by looking at sales and post-purchase marketing research studies. In contrast, electronic communications enable a two-way interactive exchange in which consumers instantly react to marketers' messages by, say, clicking on links within websites or leaving them quickly. Thus, marketers can gauge the effectiveness of their promotional messages instantly, instead of relying on delayed feedback (see Chapter 7). In addition, many U.S. homes now have TV cable boxes that enable two-way communications between consumers and broadcasters. Many cable companies are experimenting with technologies that allow consumers to select only the commercials they like to see by using their remote controls. Another example of interactivity is the supermarket scanners that keep track of households' purchases and instantly provide personalized coupons at the checkout counter.

Another facet of interactivity is promotional messages that are designed largely by the customers themselves. For one Super Bowl, rather than relying solely on traditional ad creators, many marketers asked consumers to play a part in creating or choosing that year's big-game commercials. Audi posted three versions of its ad on YouTubeAudi.com and let consumers select which ending should air; Ford Motor's Lincoln brand started a Twitter campaign that asked people to tweet their most memorable road-trip stories. As another example, a Samsung television ad mocking Apple's iPhone incorporated consumer comments from Twitter into its pitch. The spot shows people talking about different features of the new iPhone as they wait in line for an Apple store to open. One of the customers says, "I heard that you have to have an adapter to use the dock on the new one."¹⁰ Another young man chimes in, "Yeah, yeah, but they make the coolest adapters."¹¹ According to Samsung, this ad was based on hundreds of tweets complaining about or poking fun at specific features of the iPhone 5, such as the need for an adapter if a person wants to use the phone with older speakers, chargers, or other accessories.¹²

Technological innovations sometimes force marketers to alter long-established marketing strategies. Consumers can now skip ads using advanced time-shifting and recording devices. Marketers responded by embedding promotional messages directly into TV shows. For example, several department stores, became part of a new reality show entitled *Fashion Star*. This is only one example of the broadcasters' and marketers' response to digital recording and streaming technology and the eroding value of traditional TV advertising caused by viewers' ability to skip ads easily.¹³

Cross-screen marketing consists of tracking and targeting users across their computers, mobile phones, and tablets. New software enables marketers to try to figure out when a mobile user is the same person as a desktop user. The new technology enables advertisers to "push" ads to mobile phones based on the interests people expressed while surfing the Internet. In one year, mobile ads in the United States grew to \$4.1 billion from about \$1.5 billion the previous year, though they still represent only 2.4% of total U.S. advertising spending. The new technologies will increase spending on mobile advertising significantly.¹⁴

Advertising across media platforms is essential. A Nielsen study showed that about 84% of smartphone owners and 86% of tablet owners said they used their mobile device while watching TV at least once during a 30-day period. Nearly half of those tablet owners visited a social networking while watching TV. Therefore, during a broadcast of the MTV Video Music Awards, a well-known rapper appeared in a commercial for Pepsi. At exactly the same time, anyone looking at MTV's website or an MTV mobile application saw interactive ads for the soda maker. Such simultaneous commercial blanketing is aimed at capturing the attention of consumers who watch television while surfing the Web or tweeting.¹⁵

Customizing Products and Promotional Messages

Oakley is the world's primary seller of high-end sunglasses. For both men and women, the company offers numerous models designed for a variety of lifestyles and sports, and even Asian-fit glasses. Most of Oakley's sunglasses can be customized: Consumers can select frame colors (often in polished or nonpolished forms), choose from among several lens shapes and colors, select different colors for the ear socks and the Oakley icon, and even have their initials elegantly and discreetly etched on the lenses. In addition, they can choose between nonpolarized and polarized (glare-reducing) lenses. Oakley also offers several models of backpacks where consumers can choose the item's primary and contrast colors, as well as the colors of trim, logo, and zipper tape. At Nike's website, buyers can choose among many models of sneakers in different price ranges, customize the selected shoe using several colors and features (e.g., some models even allow buyers to choose the colors of the Nike swoosh and the laces), and put a personal ID on each shoe. Researchers pointed out that customization requires that customers clearly understand their preferences and express them, and also be involved with the product. This indicates that "high involvement" products (i.e., infrequently purchased and pricey items) represent the best prospects for customization.¹⁶

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

* Suzanne Vranica "Ads Let Viewers Be Mad Men," online.wsj.com, February 2, 2013; Suzanne Vranica, "Tweets Spawn Ad Campaigns," online.wsj.com,

Better Prices and Distribution

The Internet allows consumers to compare prices more effectively than ever before. For example, when consumers browse at department stores, they often use their mobile phones to check out the prices of comparable products in other stores. This has forced stores such as Target and Best Buy to match the online prices of rival retailers.¹⁶ Some stores and brands are creating new personal touches that feature gadgets rather than a doting sales staff. One makeup marketer installed in-store touch-screen televisions to demonstrate the perfect smoky eye, something that was once the exclusive domain of makeup artists. Another store enables shoppers to use a touchpad to personalize the lighting and music in dressing rooms (there is also a button in case they need help).¹⁷ As more books are going electronic, Apple unveiled a new version of its iBooks digital bookstore that would reduce the prices of high school textbooks by almost 90%.¹⁸

Marketers long ago recognized that consumers research expensive products such as electronics online. However, in trying to find the best deals, more shoppers are now going online to research groceries, personal grooming items, and household maintenance products before buying them in physical stores. In turn, marketers have begun to use advanced technologies, such as smartphone apps, to target shoppers in stores.¹⁹

In addition to better pricing, distribution strategies are also improving. Combating failed package delivery—a prominent problem of online retailers—Amazon has installed large metal cabinets, named Amazon Lockers, in grocery, convenience stores, and drugstores, that function like virtual doormen, accepting packages for customers for later pickup.²⁰

Realizing that, sooner than later, electronic systems will replace cash and credit cards, several retailers have been developing mobile-payments systems to compete with similar products from Google and cell phone companies.²¹ A “shopping bible” for women—the magazine *Lucky*—has introduced a service that saves women the cost and time of driving; a shopping site called myLuckyMag.com directs readers to buy clothing and accessories directly from more than a dozen retailers.²² Many online merchants now offer an “automatic recurring shipment” feature, which appeals to shoppers who like to order habitually needed products, like paper goods and personal care products, online.

The Web also enables marketers to improve customer service inexpensively. A waiter at a restaurant in New York City had trouble remembering all the ingredients of the intricate menu’s item. He snapped pictures of the dishes, developed a system to categorize information, designed a set of icons specifying everything from potential allergens to temperature choices, and constructed a website available to the restaurant’s servers. Soon, other restaurants subscribed to this service in order to train staff, do online scheduling, and provide internal discussion forums.²³

Grocers like Safeway and Kroger are offering individualized prices based on shoppers’ behaviors that could encourage them to spend more. Their pricing encourages a buyer to purchase a bigger box of Tide and bologna if the retailer’s data suggests that the shopper has a large family, and expensive bologna if the data indicate that the shopper is not greatly price-conscious. As another example, a 24-pack of Brand X bottled water costs \$2.71 for Ms. A but \$3.69 for Ms. B. Ms. A’s loyalty data indicates that she likes Brand X products, but not its bottled water. The store encourages Ms. A to put another Brand X product into her grocery cart, with the hope that she will keep buying it, whereas Ms. B is unlikely even to try Brand X bottled water. Some stores have a mobile app that allows shoppers to scan products. When they do, the store identifies them through their frequent shopper number or phone number, and knows where in the store they are. Special e-coupons are created on the spot. Thus, if someone is in the baby aisle and they just scanned diapers, the store presents them at that point with a coupon for a baby formula or baby food, based on the presumed age of their baby and what food the baby might be ready for.²⁴

Customer Value, Satisfaction, and Retention

Learning Objective

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

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

Corporation to deliver the company's four core standards: *quality, service, cleanliness, and value*. Customers flock to McDonald's outlets repeatedly because the restaurants are uniform, customers know what to expect, and customers feel that they are getting value for the resources they expend.

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

Customer Retention

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

1. Loyal customers buy more products and constitute a ready-made market for new models of existing products as well as new ones, and also represent an opportunity for cross-selling. Long-term customers are more likely to purchase ancillary products and high-margin supplemental products.
2. Long-term customers who are thoroughly familiar with the company's products are an important asset when new products and services are developed and tested.
3. Loyal customers are less price-sensitive and pay less attention to competitors' advertising. Thus, they make it harder for competitors to enter markets.
4. Servicing existing customers, who are familiar with the firm's offerings and processes, is cheaper. It is expensive to "train" new customers and get them acquainted with a seller's processes and policies. The cost of acquisition occurs only at the beginning of a relationship, so the longer the relationship, the lower the amortized cost.
5. Loyal customers spread positive word-of-mouth and refer other customers.
6. Marketing efforts aimed at attracting new customers are expensive; indeed, in saturated markets, it may be impossible to find new customers.²⁵ Low customer turnover is correlated with higher profits.
7. Increased customer retention and loyalty make the employees' jobs easier and more satisfying. In turn, happy employees feed back into higher customer satisfaction by providing good service and customer support systems.

Technology and Customer Relationships

Technologies often enhance customer relationships and retention by engaging consumers with brands. Procter and Gamble is the world's larger manufacturer of beauty and grooming (e.g., fragrances, mouthwash, toothpaste, feminine care) and household care products (e.g., household cleaning, laundry detergents, over-the-counter drugs, and disposable diapers). For every brand, the company's website includes suggestions on how to use the product more effectively. For example, for shampoo, the company provides a "scalp care handbook." For its Gillette shaving blades, the website offers comprehensive advice about facial care and proper shaving. For its detergents, P&G advises consumers how to wash white and colors, which temperature is best for which types of fabrics, and how to handle stains on different materials. Amazon.com sends personalized e-mails to previous buyers announcing newly published books that reflect their interests and are based on past purchases. Nature Valley—the granola bar brand—uses technology inspired by Google Street View. A website called Nature Valley Trail View uses cameras showing hikers, in nearly real time, in the Grand Canyon and other national parks. There is no sales pitch on the site and only a small Nature Valley logo appears on the screen. The marketer's objective is to feature lifestyles that its customers care about, engage them with the brand, and build brand awareness and loyalty.²⁶

The opportunities for technology-enabled added value are virtually limitless. Professors can enhance classroom teaching with online networks and tools that enable students to read current and beyond-the-text material and practice and complete assignments from any location and at any time. Online newspapers customized to personal preferences include links to previous articles about

consumers' favorite topics and send them e-mails about breaking stories. The most revolutionary example of technology-enabled value added to physical products are Apple's iTunes and its large software selection for editing and posting content online.

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

Social media include means of interaction among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media use mobile and Web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content. Here are several examples of using social media to engage customers emotionally: Millions of customers take pictures with their cameras and cellphones and post them on shared websites, such as Facebook and Instagram. Because people are spending less and less time looking at magazine ads and TV commercials, marketers came up with "lifestyle advertising," that is, adopting the look and feel of the images consumers find most compelling—the ones they shoot themselves. Some fashion brands created digital ads based on pictures posted by consumers. The Web home pages of several clothing companies now feature real women, rather than professional models, wearing their fashions, and one designer published print magazine ads composed of Instagram photos. When Taco Bell introduced Doritos Locos Tacos, it noticed a lot of Instagram photos of people about to eat their Doritos tacos. The chain then sought and received permission from Instagram to use these photos in a TV spot that looked and felt like Instagram. Many marketers believe that "organic-looking" photos outperform professionally shot images, and some have hired "street-style" photographers who replace professional models with ordinary consumers and photograph them without professional makeup, styling, or lighting for online ads.

In addition to engaging customers with marketers, social media have transformed market research. Many companies can easily collect input about customers' preferences—sometimes without actively questioning consumers. Writers of TV series monitor discussion groups devoted to making critical and humorous observations about broadcasted episodes and rewrite future storylines based on viewers' comments. Similarly, marketers began testing expensive commercials by featuring them in social media first. Before a recent Super Bowl, marketers asked consumers to play a part in creating or choosing the big-game commercials for that year. A car company started a Twitter campaign that asked people to tweet their most memorable road-trip stories.²⁷

In the pre-Internet days, Frito-Lay would have used focus groups, surveys, and depth interviews (see Chapter 16) to develop a new potato chip flavor. Instead, the company invited visitors to the new Lay's Facebook app to suggest new flavors and click an "I'd Eat That" button to register their preferences. Some of the results showed that beer-battered onion-ring flavor was popular in California and Ohio, while a churros flavor was a hit in New York. Frito-Lay planned to produce only three of the flavors from its contest, but gave a \$1 million prize to the creator of one of those flavors. Frito-Lay has run the contest overseas and discovered chip flavors like hot and spicy crab in Thailand and pickled cucumber in Serbia. When Wal-Mart wanted to know whether to sell lollipop-shaped cake makers, it studied Twitter chatter. Walmart found that cake pops—small bites of cake on lollipop sticks—were becoming popular and people were talking a lot about them. Estée Lauder's MAC Cosmetics brand asked social media users to vote on which discontinued shades to bring back. The stuffed-animal brand Squishable solicited Facebook feedback before settling on the final version of a new toy. Samuel Adams asked users to vote on yeast, color, and other qualities to create a new beer.²⁸

Emotional Bonds versus Transaction-Based Relationships

The objective of discerning customers' emotional and transactional motives when buying from a company is to understand the drivers of customer satisfaction, which lead to customer retention and long-term relationships. As consumers buy more and more online, it has become important to understand what makes them satisfied during electronic transactions. Studies have identified the following determinants of customer satisfaction with online websites and merchants.²⁹

1. **Adaptation:** The merchant's purchase recommendations match one's needs; one is enabled to order products that are tailor-made; personalized advertisements and promotions; feeling like a unique and valued customer.

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

Some of these determinants are driven primarily by emotions (e.g., engagement and nurturing), whereas others are factors stemming from the mechanics of the transaction (e.g., assortment and transaction ease). One study developed a four-way categorization of transaction-based and emotional bond-based customers' relationships with marketers.³⁰ Table 1.1 applies this framework to Amazon's customers.

Emotional bonds with loyal customers may sometimes backfire, especially when social media are involved. Seventh Generation faced plunging reviews from its most loyal customers after introducing a new version of its baby wipes—thicker and moister—and discontinuing the older product. A flood of negative reviews on Amazon lowered the wipes' Amazon star rating from 5 to 2.5 stars in mere weeks. In response, the company then offered both the new and old versions of its Free & Clear baby wipes online. The company also sent out boxes of the old wipes with handwritten notes

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

FANS:	LOYAL CUSTOMERS:
<p><i>High bonds and high purchase levels.</i> Buyers and sellers cooperate and make adjustments, expecting to share the benefits of future transactions. High level of commitment. If Amazon is out of a product, fans are willing to wait till the product is in stock. Fans recommend the merchant: "I go to Amazon first, always." "They have my business." "Their customer support policies are the best I have encountered." "Their prices are always at least as good as those of other merchants selling the same merchandise." "I use one of my credit cards only for my Amazon purchases."</p>	<p><i>Frequent purchasers, but without high bonds.</i> "Amazon is OK. I shop there frequently, but always check prices elsewhere first." They stay with Amazon because of calculative commitment. They may have an Amazon credit card that gives them purchase points and no annual fees. Thus, switching costs or lack of alternative suppliers lock them in. They stay loyal not because they are emotionally attached, but for purely rational reasons. They are unlikely to recommend a seller on their own. Amazon should induce them to become committed emotionally.</p>
<p>DELIGHTED CUSTOMERS:</p> <p><i>High bonds but modest purchase levels.</i> The expectations of these customers have been exceeded and they are satisfied, but they are not heavy buyers, in general. "I don't buy these products often, but when I do, I go to Amazon first. They are great." Marketers should try to make these customers advocates for the store and send them purchase incentives.</p>	<p>TRANSACTIONAL CUSTOMERS:</p> <p><i>Low bonds and infrequent purchasers.</i> They are price-sensitive and prone to deals offered by competitors. They regard the product as a commodity and will buy from the seller offering the lowest price. They switch sellers from transaction to transaction. Amazon must ensure that they are satisfied and contact them to ask if they are. Some may become loyal or delighted customers, and eventually fans.</p>

of apology and refunds to disappointed consumers, and e-mailed customers announcing that the old wipes were becoming available again.³¹

Customer Loyalty and Satisfaction

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

A widely quoted study that linked levels of customer satisfaction with customer behavior identified several types of customers:³²

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

Customer Loyalty and Profitability

Classifying customers according to profitability involves tracking the revenues obtained from individual customers and then categorizing them into tiers. For example, a merchant might use a “customer pyramid” where customers are grouped into four tiers:³³

1. **The Platinum Tier** includes heavy users who are not price-sensitive and are willing to try new offerings.
2. **The Gold Tier** consists of customers who are heavy users but not as profitable because they are more price-sensitive than those in the higher tier, ask for more discounts, and are likely to buy from several providers.
3. **The Iron Tier** consists of customers whose spending volume and profitability do not merit special treatment from the company.
4. **The Lead Tier** includes customers who actually cost the company money because they claim more attention than is merited by their spending, tie up company resources, and spread negative word-of-mouth.

Marketers must recognize that all customers are not equal. Sophisticated marketers build *selective* relationships with customers, based on where customers *rank* in terms of profitability, rather than merely “striving to retain customers.” A customer retention–savvy company closely monitors its customers’ consumption volume and patterns, establishes tiers of customers according to their profitability levels, and develops distinct strategies for each group of customers. For example, some stockbrokers program their phones to recognize the phone numbers of high-volume traders to ensure that those calls receive priority. In providing technical support on the phone, customers who have purchased and registered several of a company’s products should receive expedited handling. Many New York City restaurants log data on important guests in their computers. One restaurant knows that a well-known food critique prefers his soup served in a cup and enjoys iced tea with cranberry juice in a large glass over lots of ice, a famous

rapper likes white Burgundy, and one weekly diner wants only the ends of a loaf in his bread-basket. Restaurant also archive where diners like to sit, when they celebrate special occasions, and whether they prefer their butter soft or hard, Pepsi over Coca-Cola, or sparkling over still water.³⁴ In contrast, a bank's less profitable customers who, say, make little use of their credit cards or maintain only the minimum balance needed to receive free checking should *not* have penalties waived for bounced checks or late payments. Some companies also identify customer groups that are unlikely to purchase more even if pursued aggressively; such customers are often discouraged from staying with the company, or even "fired" as customers. For example, pay-TV providers became more selective about the customers they want to keep, because of rising programming costs, and focus more on holding onto the subscribers who generate the most revenue and profit, even if that means letting less valuable customers go. Because the pay-TV market is saturated, providers have to rely on raising prices or selling extra services to increase revenue. Thus, lower-end customers who are not taking such services as digital video recorders and broadband became unattractive to retain.³⁵

Figure 1.8 depicts a hypothetical classification of an airline's customers along levels of profitability. The figures in the left column show how much money the airline makes per mile in each of its four service classes. The top row represents the number of miles travelled by a given customer. The twelve cells represent the airline's revenue from a given customer based on the amount of miles the customer travelled and the class in which he or she sat. The *diamond* is a customer who travelled at least 250,000 miles in first class in one year, which amounts to \$1 million of revenue. The *emeralds* are customers who travel in first class, but not as frequently as the *diamonds*, or customers who travel very frequently in business class. The diamonds and emeralds are the airline's most profitable segments. Airlines provide such travellers with free transportation to the airport, hospitality agents that welcome and check them in, and hosts that usher them into VIP waiting lounges. The diamonds and emeralds receive personal and attentive service during the flight, priority and assistance during luggage collection, and prearranged transportation to their ultimate destinations.

Savvy marketers must also carefully plan customer "demotions." For example, a diamond or an emerald who is some miles short of keeping his or her status at the end of a given year technically must be "demoted" to a lower level, because flight miles are computed annually. However, from a consumer psychology standpoint, people may feel that they did not receive a fair chance to prove themselves as valuable customers within such a limited time frame. Researchers have suggested that minimizing the risk of driving away valuable customers outweighs the additional costs of extending elevated status for another year or two. Companies should enable customers, across all loyalty levels, to maintain their status actively instead of simply having to accept the company's decision. For example, some airlines offer customers who are about to be demoted the opportunity to purchase the revenues (e.g., flight miles) that are "missing" to maintain their elevated status.³⁶

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

FIGURE 1.8
An Airline's Profitability Tiers

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

Measures of Customer Retention

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

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

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

Internal Marketing

Internal marketing consists of marketing the organization to its personnel. Behavioral and motivational experts agree that employees will "go the extra mile" to try and retain customers only if they are treated like valued "internal customers" by their employers. According to this view, every employee, team, or department in the company is simultaneously a supplier and a customer of services and products. If internal marketing is effective, every employee will both provide to and receive exceptional service from other employees. Internal marketing also helps employees understand the significance of their roles and how their roles relate to those of others. If implemented well, employees will view the service or product delivery from the customers' perspective. Overall, internal marketing is a chain where all employees treat each other as customers. The logistics manager would view the customer services function as his internal customers. The customer service function would see field engineers as their customers. The research and development team would see the manufacturing team as their customers. The relationship works in both directions, up and down the company structure.

The objective of internal marketing is to create personnel who go beyond the call of duty to accommodate customers and create "magic moments" (in Disney's vocabulary) that turn satisfied customers into real fans and truly loyal ones. Disney's "hosts" and "hostesses" (or "cast members," but *never* "employees") are trained to be "aggressively friendly," which is consistent with the company's mission: "To Make People Happy." When a cast member at Disney's Magic Kingdom sees a parent taking a picture of his family, the cast member offers to take the picture instead and with the entire family in it. Disney's objective is to create repeat visitors to its theme parks, where more than 70% of the "guests" (*not* "customers") are repeat visitors. Disney is an expert in consumer behavior because it truly understands how to satisfy and delight customers and create memories that emotionally bond people and Disney.

Customers who experience unexpected and superior treatment are especially likely to become loyal and trusting customers. For example, at the end of a long day at the Magic Kingdom, parents and two tired and cranky children are waiting for the tram to the parking lots. The confused expressions on the couple's faces indicates that they have forgotten the number of the lot where they parked their car (according to Disney, about 30% of guests do so). Supposedly unprompted (but trained to do so), a Disney cast member walks over to the bewildered couple and offers to help. The cast member asks the couple for their approximate time of their arrival, checks which parking lot was closed at about that time, and tells the visitors the likely location of their parked car. Undoubtedly, the grateful visitors will remember this service and also tell the story to others. Of course, the cast member was able to help the guests efficiently because Disney put in place technological information that enables



FIGURE 1.9 Internal Marketing at the United States Navy

cast members to go out of their way to help guests, and also implemented an effective internal marketing program that “markets” the company’s vision of customer service to its personnel.

The two ads in Figure 1.9 are part of an advertising campaign by the United States Navy aimed at retaining its men and women.

Consumer Behavior Is Interdisciplinary

Learning Objective

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

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

Consumer Decision-Making

The process of consumer decision-making, featured in Figure 1.10, includes the input, process, and output stages of decision-making.

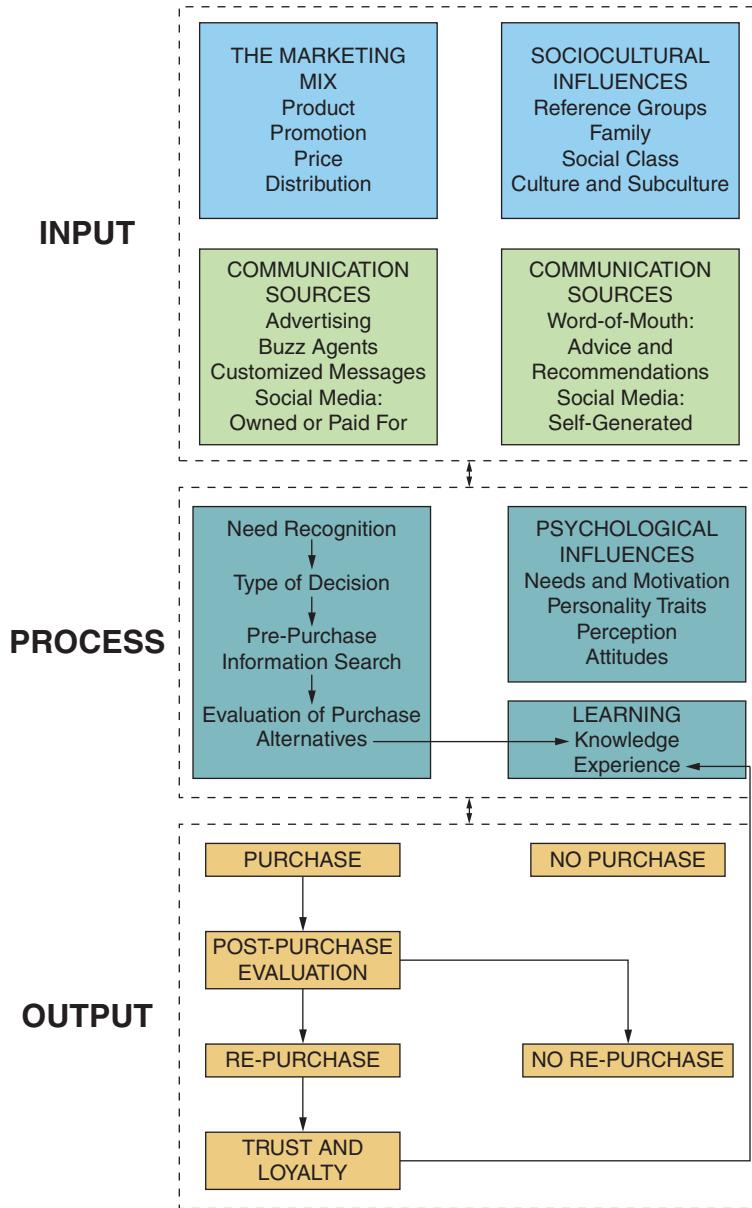
The *input stage* of consumer decision-making includes two influencing factors: the firm’s marketing efforts (i.e., the product, its price and promotion, and where it is sold) and sociocultural influences (i.e., family, friends, neighbors, social class, and cultural and subcultural entities). This stage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

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

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

FIGURE 1.10

A Model of Consumer Decision-Making



The Structure of This Book

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

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

Part III addresses the communication and persuasion process along its components: sender, message, media, receiver, and feedback. Feedback alerts the sender as to whether the intended message was, in fact, received. Chapter 7 introduces the elements of the communication process and explains how to overcome the barriers to effective communications. It then discusses the differences between the traditional broadcasting model of communications, which is rooted in mass traditional media, and the narrowcasting model, which originated in new media such as online advertising and social media. Thereafter, the chapter focuses on the message: Its structure, the persuasive appeal used, and measurements of its effectiveness. Chapter 8 explores the communication channels and the transition from print and broadcast media to social media and mobile advertising. The discussion describes targeting consumers by using different media, and the role of prominent online advertising tools such as Google and Facebook. We then address marketing via social media and mobile advertising, and conclude with discussing the electronic evolution of traditional media. Two sources of communications influence people's purchases: Messages from marketers and information from the consumers' peers, family, word-of-mouth, and their social and cultural groups. Chapter 9 begins with an examination of the credibility of information sources and the groups that consumers use as frames of reference. It continues by describing the characteristics of people, known as opinion leaders, who often influence their peers' buying decisions. We conclude by presenting the dynamics and strategic uses of word-of-mouth, with an emphasis on electronic-word-of-mouth.

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

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

Summary

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

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society. Consumer behavior consists of consumers' actions taken while searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. Consumer behavior influences how marketers can communicate and deliver products that offer value to customers and society and explains how individuals make decisions to spend their available resources on products and services. Marketing and consumer behavior stem from the marketing concept, which maintains that the essence of marketing

consists of satisfying consumers' needs, creating value, and retaining customers. Companies must produce only those goods they have already determined that consumers will buy. Marketing myopia is a focus on the product rather than on the needs that the product presumes to satisfy. The marketing mix (also known as the Four Ps) consists of product, price, place (distribution), and promotion. Market segmentation, targeting, and positioning are the foundation of turning consumers into customers. Market segmentation is the process of dividing a market into subsets of consumers who share common needs or characteristics. Targeting means selecting the segments that the company views as prospective customers and pursuing them. Positioning is the process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds. The societal marketing concept requires marketers to fulfill the needs of their target

markets in ways that improve, preserve, and enhance society's well-being and simultaneously meet their business objectives.

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

Technology has revolutionized the marketing mix, segmentation, targeting, positioning, and customer retention. When consumers use their computers, mobile phones, electronic readers, tablets, and other electronic devices, they provide marketers with the kind of information that enables companies to target them immeasurably more effectively than during the pre-Internet days. Online technologies create a "value exchange": Marketers provide value to consumers in the form of information, opportunities to customize products easily, entertainment content, and much more. While online, consumers provide value to marketers by "revealing themselves," thereby enabling companies to market their products more efficiently and precisely. Surfing online allows consumers to locate the best prices for products or services, bid on various offerings, bypass distribution outlets and middlemen, and shop for goods around the globe and around the clock. Online communication abilities have created sophisticated and discerning consumers, who are hard to attract, satisfy, and retain. More than ever before, marketers must customize their products, add value to the physical product or the core of a service, provide the right benefits to the right consumer segments, and position their products effectively. Technology also enables marketers to refine their strategies because they can readily customize their offerings and promotional messages, offer more effective pricing and shorter distribution channels, and build long-term relationships with customers. By using rapidly advancing technologies to track consumers, marketers can identify opportunities for creating new offerings, as well as improving and extending existing products and services. They can gather comprehensive consumer information by tracking consumers online, requiring prospective buyers to register at their websites, and combining this knowledge with demographic and lifestyle data gathered offline.

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

Customer value is the ratio between customers' perceived benefits and the resources they use to obtain those benefits. Customer satisfaction is customers' perceptions of the performance of the product or service in relation to their expectations. Customer retention

involves turning individual consumer transactions into long-term customer relationships by making it in the best interests of customers to stay with the company rather than switch to another firm. It is more expensive to win new customers than to retain existing ones. Technologies allow marketers to retain more customers, and collect highly sophisticated data about shoppers' preferences and post-purchase evaluations. Consumers who are highly satisfied or delighted keep buying the same products and brands, provide positive word-of-mouth to others, and often become "customers for life." Those who are less satisfied or feel neutral either switch to a competitor immediately or wait until another marketer offers them a somewhat lower price and then switch. Dissatisfied customers spread negative and often exaggerated word-of-mouth. Internal marketing is marketing the organization to its personnel.

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

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

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

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

Review and Discussion Questions

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

Hands-on Assignments

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

Key Terms

- anthropology 47
- communication 47
- consumer behavior 30
- consumer research 33
- cross-screen marketing 39
- customer retention 41
- customer satisfaction 41
- customer value 40
- emotional bonds 42
- internal marketing 46
- market research 33
- market segmentation 34
- marketing 30
- marketing concept 32
- marketing mix (four Ps) 34
- marketing myopia 33
- positioning 34
- product concept 33
- production concept 32
- psychology 47
- selling concept 33
- social media 42
- societal marketing concept 34
- sociology 47
- targeting 34
- transactional bonds 42



2

Segmentation, Targeting, and Positioning

Learning Objectives

- 1 To understand the interrelationship among market segmentation, targeting, and positioning and how to select the best target markets.
- 2 To understand the bases used to segment consumers, including demographics, psychographics, product benefits sought, and product usage-related factors.
- 3 To understand behavioral targeting and its key role in today's marketing.
- 4 To understand how to position, differentiate, and reposition products.

MARKET SEGMENTATION, targeting, and positioning are the foundation of turning consumers into customers. **Market segmentation** is the process of dividing a market into subsets of consumers with common needs or characteristics. Each subset represents a consumer group with shared needs that are different from those shared by other groups. **Targeting** consists of selecting the segments that the company views as prospective customers and pursuing them. **Positioning** is the process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds. The image differentiates the company's offering from competition by communicating to the target audience that the product, service, or brand fulfills their needs better than alternatives.

Segmentation, targeting, and positioning are interrelated and implemented sequentially. For example, airlines traditionally offered three in-flight service choices: first class, business class, and economy (or coach). Because more and more flyers used their frequent flyer awards to upgrade their seats from coach to business or first class, airlines have steadily lowered the level of service and amenities in first and business classes, and these alternatives lost their appeal over economy class. Rather than pay the high fares for first or business class on commercial airlines, many first and business-class flyers switched to flying on shared, private and corporate jets. When some airlines realized that the traditional in-flight classes—first, business, and economy—no longer attracted three distinct customer segments, they redesigned their services. In order to illustrate such redesigns, the photos in Figure 2.1 show the four classes that Qantas now offers. The redesigned First class offers small, room-size private spaces; seats that turn into flat beds; designer linen and towels; gourmet food and a large selection of wines and alcoholic beverages;



First

Source: Qantas Marketing



Business

Source: Qantas Marketing



Premium Economy

Source: Qantas Marketing



Economy

Source: Qantas Marketing

FIGURE 2.1 Qantas Market Segments

personal attention (one flight attendant for every two or three passengers); and elaborate pre- and post-flight amenities. Business class features generously reclining seats that become nearly flat beds, delicious food and drinks, a personal kit with expensive cosmetics and grooming products, and pre- and post-flight services. Qantas also realized that there is a new segment of flyers: passengers who are willing to pay more for larger seats and more legroom, but not for extras such as fancy meals, free alcohol, and pricey toiletries. To this newly discovered segment, Qantas offers Premium Economy, which features larger and more spaciously placed seats that recline more than those in coach. Qantas also redesigned its Economy class with more comfortable seats and an open buffet of refreshments during the flight.

Qantas targets four distinct segments: coach passengers; premium economy, which costs 50% more than coach; business class, which costs twice as much as premium; and first class, which often costs three or four times as much as business. The four alternatives are clearly differentiated: an almost hotel-like privacy and sleeping accommodations, personal attention, and luxurious amenities in first class; privacy, beds, and extensive amenities in business class; more space, legroom, and generously reclining seats in premium economy; and improved seating and food service in coach.

This chapter describes the criteria and bases for selecting target markets, introduces a new strategy called behavioral targeting, and concludes with a discussion of positioning and repositioning strategies.

Market Segmentation and Effective Targeting

Learning Objective

- To understand the interrelationship among market segmentation, targeting, and positioning and how to select the best target markets.

All consumers are not alike because they have different needs, wants, and desires, and different backgrounds, education levels, and experiences. Therefore, marketers must offer alternatives that correspond to the needs of different consumer groups or segments. For example, Marriott offers hotel accommodations to travelers, but different travellers have different needs. Thus, JW Marriott offers fine, elegant accommodations with extensive amenities and superior service. The Courtyard by Marriott hotels are conveniently located near cities' business districts and provide quality stays for business travellers. Fairfield Inn & Suites by Marriott offer modestly priced rooms, and Residence Inn by Marriott hotels are designed for long stays of business travellers. Like Marriott, most companies of consumer goods and services provide multiple products for different market segments.

Market segmentation, strategic targeting, and product (or service) positioning are the key elements of marketing consumer goods and services. They enable producers to avoid head-on competition in the marketplace by differentiating their products on the basis of such features as price, styling, packaging, promotional appeal, method of distribution, and level of service. Effectively catering to the distinct needs of consumers by offering them clearly differentiated products is significantly more profitable than mass marketing, in spite of the much higher research, production, advertising, and distribution costs that accompany segmentation and strategic targeting.

Marketers use segmentation research to identify the most appropriate media in which to place advertisements. All media vehicles—from Facebook, Google, and Twitter to TV, radio stations, newspapers, and magazines—use segmentation research to determine the characteristics of their audiences so that they can attract advertisers seeking to reach a given audience. For example, The New York Times and The Wall Street Journal offer separate editions for readers in different areas of the world, as well as online editions that can be customized according to the reader's interests.

Before describing how market segments are identified, we must point out that not every segment is viable or profitable. To be an effective target, a market segment must be identifiable, sizeable, stable and growing, reachable, and congruent with the marketer's objectives and resources.

Identifiable

Marketers divide consumers into separate segments on the basis of common or shared needs by using demographics, lifestyles, and other factors named “bases for segmentation.” Some segmentation factors, such as demographics (e.g., age, gender, ethnicity), are easy to identify, and others can be determined through questioning (e.g., education, income, occupation, marital status). Other features, such as the product benefits buyers seek and customers' lifestyles, are difficult to identify and measure.

Sizeable

To be a viable market, a segment must consist of enough consumers to make targeting it profitable. A segment can be identifiable, but not large enough to be profitable. For example, athletic and slim men with wide shoulders and narrow waists often have to buy suits with trousers that are larger than they need (and have them retailored). Other than high-end fashion designers such as Prada and Dolce & Gabbana, most American clothiers make suits only for men who have more generous waists than the relatively small segment of very athletic men.

Stable and Growing

Most marketers prefer to target consumer segments that are relatively stable in terms of lifestyles and consumption patterns (and are also likely to grow larger and more viable in the future) and avoid “fickle” segments that are unpredictable. For example, teenagers are a sizeable and easily identifiable market segment, eager to buy, able to spend, and easily reached. Yet, they are also likely to embrace fads, and by the time marketers produce merchandise for a popular teenage trend, interest in it may have waned.

Reachable

To be targeted, a segment must be accessible, which means that marketers must be able to communicate with its consumers effectively and economically. With the diversification of magazines (and their

TABLE 2.1 Readers' Profiles of Selected Media

PUBLICATION	AUDIENCE & MEDIAN HOUSEHOLD INCOME	GENDER	MEDIAN AGE	EDUCATION	OCCUPATION
Scientific American	2.8 million \$90,000	70% men 30% women	47	62% college + 31% postgraduate 7% unreported	52% managerial 19% decision makers, high tech 13% owner, partner 16% unreported
National Geographic Traveller	7.3 million \$72,000	55% men 45% women	42	69% college +	31% professional, managerial
National Geographic	6.7 million worldwide 5.2 million US \$68,000	56% men 44% women	45.6	66% college	27% professional, managerial
The Wall Street Journal	911,000 \$285,000	63% men 37% women	45	100% college +	Majority are impressive earners and investors

Source: Based on www.scientificamerican.com/mediakit/assets/pdf/audience_demoprofile.pdf wsjmediakit.com/downloads/gny_audience_profile.pdf?12060903

online versions), the emergence of TV channels that target narrowly defined interests, and the growth of new media (e.g., sending ads to cell phones), marketers have significantly more avenues for reaching unique segments and can also do so with customized products and promotional messages.

Whether in print or online, magazines and leading newspapers have been one of the best media used to reach narrowly defined market segments. Magazines focus on specific areas of knowledge, interest, or hobbies, such as travel, science, literature, art, home decorating, architecture, occupation, and any leisure activity conceivable. Magazines and newspapers provide extensive profiles of their readers to advertisers wishing to reach groups of consumers with specific characteristics. Table 2.1 describes the readers' profiles of prominent print media.¹ In addition, The Wall Street Journal's readers have an average net worth of \$1.6 million; 31% have liquid assets of more than \$1 million; 50% spend more than \$1,000 with their credit cards per month; 89% visit museums and antique shows regularly; 87% attend the theater, concerts, and the opera. Advertisers use audience profiles in deciding where to place their ads. For example, ads for the opera and the theater often appear in The Wall Street Journal, and ads for educational and pricey cruises are regularly featured in the National Geographic Traveller.

Congruent with the Marketer's Objectives and Resources

Not every company is interested in or has the means to reach every market segment, even if that segment meets the four preceding criteria. For example, in contrast to the four in-flight options that Qantas provides, Southwest Airlines offers only one class of service because its business objective is to provide uniform, inexpensive, no-frills air transportation.

Applying the Criteria

To demonstrate the application of the criteria to selecting a target market, let's assume that Perry & Swift, an investment management firm, is considering adding a hedge fund to its financial services. The company has determined that it has the resources to do so and that adding a hedge fund is congruent with its objectives. Because hedge funds are risky and require sizeable financial investments, their target market is wealthy households with high net worth. Using a P\$YCLE Segmentation System, which is part of a database entitled Nielsen NyBestSegments, Perry & Swift identifies a segment entitled *Financial Elite* whose members are the most affluent Americans with the highest amount of income-producing assets. Members of this segment invest in a large variety of financial growth tools, such as stocks, bonds, mutual funds, investment-focused life insurance, and real estate, mostly through financial investment firms. Within this broad group, Nielsen's system features two more precisely defined segments: the *Wealth Market* and *Business Class*. Table 2.2 illustrates how Perry & Swift applied the criteria for effective targeting to the two segments.²

TABLE 2.2 An Illustration of Effective Targeting

	WEALTH MARKET	BUSINESS CLASS
The segment is identifiable by its demographics	Millions in assets, median household income \$137,000, 55+ years old, have graduate and postgraduate education. Kids are grown and have their own families.	Wealthy, median household income \$101,000, 45–64 years old, have graduate and postgraduate education. Kids are away from home studying.
Is the segment likely to be profitable?	2.28% of the 2,659,000 U.S. households. Members use many brokers and financial advisers.	1.97% of the U.S. households. Members trade financial instruments frequently.
Is the segment stable?	Members invest regularly in a mix of short- and long-term instruments.	Members are still working and wish to accumulate more wealth before retiring.
How can the segment be reached?	Live in wealthy suburbs or in the wealthiest areas of large cities. Belong to country clubs and read financial magazines.	Live in wealthy suburbs or in the wealthiest areas of large cities. Attend horse races and read financial magazines.
Members' financial aspirations and objectives	Although they hold diversified financial portfolios, are reluctant to invest in risky instruments. Their home(s) are paid for, as is their children's education. Somewhat receptive to making risky investments as part of trust funds they have set up for their grandchildren.	Kids are in expensive schools. Expect to pay for kids' graduate and postgraduate education. Some are looking to buy a second home. Have made successful, risky financial decisions in the past. Feel that they are still young enough to make up for bad investment decisions, if necessary.

Source: Based on selected data from MyBestSegments at claritas.com (May 2012).

As shown in Table 2.2, both segments are likely to be profitable, and Perry & Swift can pursue both or either one. Let's assume that the company decided to focus on the Business Class segment because it has higher growth prospects than the Wealth Market: its members are younger and still accumulating wealth. Therefore, they invest in long-term investments, and their financial aspirations and objectives indicate that they are willing to take greater financial risks, while members of Wealth Market invest in less risky financial instruments. The firm should use Nielsen's ZIP Code geodemographic tool, which is described later in this chapter, to determine which geographic areas of the country include substantial numbers of the Business Class segment. Then, it should use salespersons and local advertising to recruit customers.

Bases for Segmentation

Learning Objective

- 2 To understand the bases used to segment consumers, including demographics, psychographics, product benefits sought, and product usage-related factors.

A segmentation strategy begins by dividing the market for a product into groups that are relatively homogeneous and share characteristics that are different from those of other groups. Generally, such characteristics can be classified into two types: behavioral and cognitive.

Behavioral data is evidence-based; it can be determined from direct questioning (or observation), categorized using objective and measurable criteria, such as demographics, and consists of:

1. **Consumer-intrinsic** factors, such as a person's age, gender, marital status, income, and education.
2. **Consumption-based** factors, such as the quantity of product purchased, frequency of leisure activities, or frequency of buying a given product.

Cognitive factors are abstracts that "reside" in the consumer's mind, can be determined only through psychological and attitudinal questioning, and generally have no single, universal definitions, and consist of:

1. **Consumer-intrinsic** factors, such as personality traits, cultural values, and attitudes towards politics and social issues.
2. **Consumption-specific** attitudes and preferences, such as the benefits sought in products and attitudes regarding shopping.

The bases for segmentation are discussed next and separately. However, in reality, marketers use multiple bases. For example, although demographics and lifestyles (or psychographics), which are the most widely used bases, are discussed separately, every psychographic classification of consumers includes their demographics. Whereas demographics *determine* consumers' needs for

products (e.g., males and females buy different products) and the ability to buy them (e.g., income), psychographics *explain* buyers' purchase decisions and choices. For example, being a student and having limited financial resources are demographic factors, but how students spend their resources is a function of their lifestyles, values, and interests. Some students buy expensive designer brands, whereas others rummage for clothes in thrift and vintage clothing stores. Some students go to sports events, while others go to the latest nightclubs.

Demographics

Demographic segmentation divides 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 be determined easily through questioning or observation. They enable marketers to classify each consumer into a clearly defined category, such as an age group or income bracket. Similarly, one's social class is defined by computing an index based on three objective and quantifiable variables: income (number of dollars earned), education (number of years studied for the highest degree held), and occupation (prestige scores associated with various occupations). As discussed later, consumers' geographic locations and zip codes can be easily matched with their demographics.

All segmentation plans include demographic data for the following reasons:

1. Demographics are the easiest and most logical way to classify people and can be measured more precisely than the other segmentation bases.
2. Demographics offer the most cost-effective way to locate and reach specific segments, because most of the secondary data compiled about any population consists of demographics (e.g., U.S. Census Bureau, audience profiles of various media).
3. Using demographics, marketers can identify new segments created by shifts in populations' age, income, and location.
4. Demographics determine many consumption behaviors, attitudes, and media exposure patterns. For example, many products are gender-specific, and music preferences are very closely related to one's age. Therefore, local radio stations specializing in various types of music are an efficient and economical way to target different age groups. Leisure activities and interests, as well as the media people read or watch, are functions of their ages, education, and incomes.

Next, we describe the most prominent demographics used in segmenting markets and targeting consumers.

Age

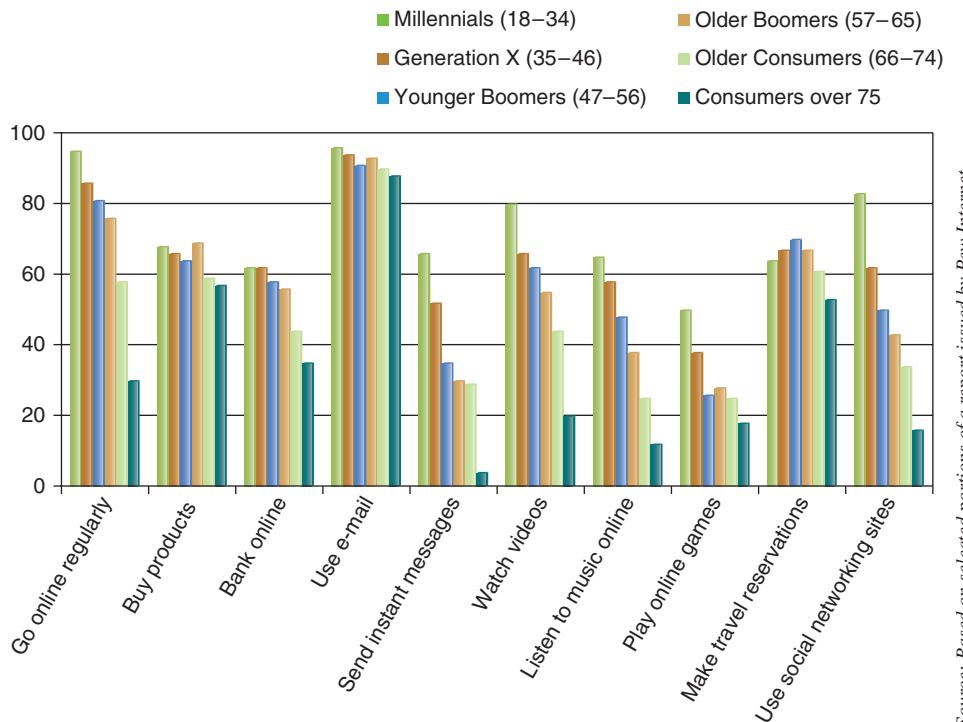
Product needs often vary with consumers' age, and age is a key factor in marketing many products and services. For instance, younger investors—in their mid-20s to mid-40s—are often advised to invest aggressively and in growth stocks, whereas people who are older and closer to retirement should be much more cautious, keep a significant portion of their assets in bonds (which provide stable and safe income), and avoid risky, long-term investments. Age also influences our buying priorities. For example, as a young student, would you say that your opinions regarding what is a "luxury" product are the same as those of your parents or grandparents? The most likely answer is no: your parents, and especially grandparents, would probably criticize your purchases of upscale sneakers, designer shirts and handbags, jeans from Abercrombie & Fitch, and many other things you buy as "ridiculously expensive."

Marketers commonly target age groups. For example, Colgate understands that brushing teeth is not a child's favorite activity, while being proud of one's age is a priority. Therefore, Colgate divides the preteens toothpaste group into four segments and offers each one its own toothpaste. So, while 2-year-olds may feel proud of their first toothpaste, as they become 3 or 4 years old and very involved with growing older, they often demand a different toothpaste than the one they associate with "being babies." Thus, Colgate offers *My First Colgate* to children up to age 2, *Colgate Dora the Explorer* to ages 2 to 5, and *Colgate SpongeBob SquarePants* and *Colgate Pop Stars* to older, preteen children.³

Many marketers cater to the needs of 18- to 34-year-old consumers, known as Millennials. For example, as MTV's audience got older, the network developed programs specifically aimed at this segment, and Keds—positioned as "The Original Sneaker"—has started a campaign allowing millennials to express their creativity using Keds sneakers as the canvas for drawing pictures.⁴ Every

FIGURE 2.2

Online Activities of Different Age Groups



Source: Based on selected portions of a report issued by Pew Internet (accessed May 2012).

summer, movie studios compete for young adult viewers, because teenagers and people in their very early 20s go to movies frequently and many see the same movies more than once. Therefore, in recent years, Hollywood's summer staples have been sequels and prequels to the movies that have previously been hits among these age groups (e.g., movie series such as Harry Potter, Twilight, and The Hunger Games).⁵

Although the Internet is often described as a “young” medium, consumers of all ages go online regularly. However, people of different ages use online access differently, as featured in Figure 2.2. Not surprisingly, people go online less frequently as they age, but continue using social networking sites and e-mail. Surprisingly, buying online varies only somewhat across age groups.⁶

Gender

Many products and services are inherently designed for either males or females, but sex roles have blurred, and gender is no longer an accurate way to distinguish among consumers in some product categories. Today, more and more magazine ads and TV commercials depict men and women in roles traditionally occupied by the opposite sex. For example, many ads reflect the expanded child-nurturing roles of young fathers in today's society. In contrast, some companies of “men's products” are targeting women specifically. For instance, Van Gogh Blue, a vodka brand, has been targeting 25- to 44-year-old female consumers with a somewhat provocative campaign entitled “You Unbottled.”⁷ Other companies have introduced gender-specific versions. Frito-Lay overhauled all of its calorie-conscious snacks, making them more appealing to women, and introduced 100-calorie packages of snacks.⁸ Recognizing that many advertisers target women 25 to 35, the cable channel VH1 introduced shows to attract them, such as a reality show entitled *Mob Wives*, which portrays the lives of women who were born, or married, into reputed organized-crime families.⁹

Women have traditionally been the main users of such products as hair coloring and cosmetics, and men have been the main users of shaving tools and preparations. However, men's grooming products are becoming a fast-growing sector as more men use exfoliators, toners, aftershave creams, and cooling and tinted moisturizers. In the past, women bought skin products for men, but today men are buying such products themselves. Recognizing that many men feel embarrassed to be seen looking for cosmetics, many department stores have redesigned the areas where men's grooming products are sold. For example, they now display large signs over the men's grooming products section, so that men will not confuse men's skin care products with women's cosmetics.

SMART CAR CARE

You can help keep your car safe and on the road.

Cars are complex, and it's easy to feel overwhelmed when you look under the hood. But there are plenty of basic things you can do yourself to keep your car safe, economical and dependable. From checking the oil to keeping your tires inflated to the proper pressure, preventive maintenance can extend the life of your car and help save you money. Learn how to keep your vehicle safe and on the road with the new "Smart Car Care" booklet. It's free from Shell. Pick one up at your nearest Shell station, visit countonshell.com or call 1-800-376-0200.

Count on Shell

Source: Shell Oil Company

FIGURE 2.3 Appealing to Women and Changing Gender Roles

as moving, marriage, a child's birth or adoption, the death of a close family member, significant changes in one's employment, and caring for older relatives are viable segmentation variables when used together with age cohorts.¹²

Traditionally, most marketers have targeted families. They researched the number and kinds of households that buy and own certain products and the media profiles of household decision makers, and then developed appropriate marketing appeals. More recently, marketers began targeting specific marital status groups, such as singles, divorced individuals, single parents, and dual-income married couples without children. For instance, urban, one-person households with incomes greater than \$75,000 tend to buy premium alcoholic drinks and beer, books, organic products, and fresh produce, and to shop in green markets and specialized food stores rather than in conventional supermarkets.

Social Class

Income is an important variable for distinguishing between market segments, because it indicates an ability or inability to pay for a product model or brand. Income is often combined with other demographic variables to define target markets more accurately. To illustrate, a combination of high income and age identified the Affluent Elderly segment. Income has also been combined with both age and occupational status to single out the Yuppies, a sought-after subgroup of the baby boomer market (see Chapter 12).

Education, occupation, and income are closely correlated; high-level occupations that produce high incomes usually require advanced education and are more prestigious than occupations requiring less education. Social class is an important base for market segmentation in the form of a weighted

Although women's products are generally placed behind counters and with salespeople standing in front and ready to advise, men's products are displayed on open shelves, because many men do not like to speak with salespersons. The store sections where men can buy grooming products feature TVs tuned to sports or financial channels, and semiprivate areas where men can try shaving creams, moisturizers, and other products.¹⁰ Still, studies discovered that nearly half of U.S. men don't use face wash or moisturizer. Dove, a well-established brand of face and body care products, introduced a product line named Dove Men+Care. The products' positioning centers around trying to prove that a man's face needs pampering. The ad, which urges men to "end the face torture," shows the ways a man's face is exposed to harsh elements, such as wind-burn from a roller coaster, pokes from a child, close shaves, and snowballs.¹¹

The ad in Figure 2.3 illustrates targeting women and also shows how stereotypes—such as that women cannot change a car's oil—are no longer true.

Families and Households

Many families pass through similar phases in their formation, growth, and dissolution. At each phase, the family unit needs different products and services. For example, brides are generally happy and spending consumers. Young, single people, for example, need basic furniture for their first apartment, whereas their parents, finally free of child rearing, often refurbish their homes with more elaborate pieces. The **family life cycle** is a classification of the phases that most families go through; each stage represents an important target segment to many marketers (see Chapter 10). A study investigated the impact of major life events on consumption and discovered that occasions such

index of education, occupation, and income. **Social class** is a hierarchy in which individuals in the same class generally have the same degree of status, whereas members of other classes have either higher or lower status. Studies have shown that consumers in different social classes vary in terms of values, product preferences, and buying habits (see Chapter 10).

Conditions that affect social classes often have a direct effect on marketing. For example, Procter and Gamble (P&G), the world's largest maker of consumer goods and advertiser, has been worried about the financial hardship of America's middle class, which it believes will be long lasting. P&G's definition of "middle class" is households with annual income between \$50,000 and \$100,000, which amounts to 40% of the country's households. These families are P & G's core customers and, with their net worth declining following the financial crisis and the increased costs of children's education, they have become more price conscious. In response, like many other companies, P & G introduced lower-priced lines of many of its goods, despite the negative impact of this action on the company's earnings.¹³ Looking at the other aspect of recessionary times, during the financial crisis very affluent people avoided being seen leaving expensive stores and carrying shopping bags bearing the stores' logos. After the financial markets recovered, the same consumers resumed buying extraordinarily expensive products (e.g., at Neiman Marcus, Chanel coats that cost \$9,000 and women's Christian Louboutin shoes that sell for \$800) and these goods' prices went up.¹⁴

Ethnicity

Marketers segment some populations on the basis of cultural heritage and ethnicity because members of the same culture tend to share the same values, beliefs, and customs. In the United States, African Americans, Hispanic Americans, and Asian Americans are important subcultural market segments (see Chapter 12). Culturally distinct segments may be prospects for the same product, but marketers should target them using different promotional appeals. For example, *Cosmopolitan* magazine and other media have started targeting Latin women, a segment that, for a long time, went unnoticed by most media. *Cosmopolitan Latina* targets American-born, bilingual Latinas. *Cosmopolitan* also has editions for women in Argentina, Mexico, and Colombia.¹⁵ Similarly, L'Oreal USA collaborated with Telemundo (an American TV network that broadcasts in Spanish) in building a website for Hispanic consumers.¹⁶

Geodemographics

Where a person lives determines some aspects of consumption behavior. For example, climates determine the types of clothing most people own, and fashions and styles in large cities are often very different from those in nonurban areas. Local customers, as opposed to visiting tourists, are also a distinct segment. For instance, one study investigated the "local resident gambler" segment in Las Vegas and found that the gaming habits of this group were distinctly different from those of tourists—a segment on which most marketing studies have focused.¹⁷ Sometimes, new market segments emerge because of climatic changes. For example, many travellers are willing to pay unusually high prices to travel to exotic destinations, such as glaciers, coral reefs, ice fields, and tropical rain forests, in order to see them before they become less majestic or disappear altogether because of global warming; in the travel industry, this segment is known as "Tourism of Doom."¹⁸ Another creative example of using geography is Absolut Vodka's introduction of limited editions of flavored vodkas in major cities with the cities' names integrated into the brand (e.g., "Absolut New York" and "Absolut Chicago") and with well-recognized features of the city embedded in the ads (e.g., in an ad for Absolut Chicago, wind is blowing the letters off the bottle).¹⁹ Some marketers have introduced regional products into other markets. For example, Cheerwine—a wine-colored, highly carbonated soda with wild cherry flavor—has been made, for decades, by a family-owned business in North Carolina, where it had a devoted following. Then, the company's management hired an advertising agency and made plans to introduce the product nationally.²⁰ In the alcoholic beverages industry, as Americans' appetite for flavored spirits has steadily risen, originally local brands introduced flavored versions. Such products include Southern Comfort Fiery Pepper, Jack Daniels Tennessee Honey whiskey, and Red Stag, a black cherry-flavored bourbon made by Jim Beam.²¹

The most popular use of geography in strategic targeting is **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"). The primary application of geodemographics is **PRIZM**,

TABLE 2.3 Nielsen's Segmentation Frameworks

NAME	DESCRIPTION
PRIZM	Household segmentation model that groups consumers into 66 PRIZM segments based on socioeconomic ranking, consumer behavior, and media exposure patterns. Each segment is assigned into an SER (socioeconomic rank) based on neighborhood data for income, education, occupation, and home value.
Urbanization Classes	Assigns the 66 segments into 4 types of population density: Urban, Suburban, Second City, and Town & Rural
Social Groups	Each of the 66 segments is classified according to its levels of affluence and urbanization.
Lifestage Classes	Each of the 66 segments is classified into one of the following classes: Younger Years (2 types): 35 years old or younger without kids; middle age without kids at home. Family Life: households with kids living at home. Mature Years (2 types): over 55 years old; ages 45–64 without children living at home.
Lifestage Groups	Each of the 66 segments is classified according to its levels of affluence and Lifestage Classes.
P\$YCLE	Every U.S. household is classified into one of 58 consumer segments based on the household's finances and wealth.
Income-Producing Assets (IPA)	Each of the 58 consumer segments is classified into one of seven IPA groups based on retirement accounts, cash, demand deposits, stocks, money market funds, and other assets that can be liquidated easily. Then, each of the 58 segments is classified according to the Lifestage Classes.
ConneXions Groups	Fifty-three segments based on the household's willingness to adopt new technologies early. The segments are: High Tech, Mid Tech, Low Tech, and No Tech. The segments are then classified according to the Lifestage Classes.

offered by Nielsen's MyBestSegments service. Marketers can locate each of PRIZMS's 66 segments according to their postal ZIP Codes. The residents of most ZIP Codes include more than one PRIZM segment, and Nielsen's ZIP Code Look-Up details the relative percentage of each segment within each local population in the United States. If you go to the Look-Up and enter your residence's ZIP Code, you will find out the characteristic of the segments residing in your area and their relative sizes (claritas.com). The sixty-six segments are also classified according to levels of population density (urbanization) and affluence, and placed into one of several Lifestage Classes. These groups are similar to the stages of a typical family's evolution (see Chapter 10). In recent years, Nielsen developed two additional segmentation measures: P\$YCLE (based on the household's wealth) and ConneXions (based on the household's receptivity to new technologies). Table 2.3 describes Nielsen's segmentation frameworks.

Green Consumers

Green consumers are attractive prospects for many products and marketers have explored targeting them. One study identified three types of green consumers:

1. **Environmental activists:** "green" enthusiasts and people who adopt lifestyles focused on health and sustainability. They seek foods from farms that not only produce organic products, but also cut down on water use, power use, and trash.
2. **Organic eaters:** concerned about sustaining their own health and not so much about sustaining the planet.
3. **Economizers:** experimenting with buying eco-friendly products in order to save money.²²

Another study identified four groups of green consumers:²³

1. **True Greens:** persons who have adopted environmentally friendly behaviors. They try to convince friends to use environmentally friendly products, and avoid buying products that have a negative environmental impact. They switch brands for ecological reasons and are willing to make personal sacrifices to protect the environment. Furthermore, they maintain that the government should do more to protect the environment and educate children regarding future environmental protection, and want companies to be transparent when marketing environmentally friendly products.
2. **Donor Greens:** These individuals feel guilty about their lack of environmentally sound buying behavior, and sometimes consider environmental impacts when purchasing products. They are willing to sacrifice financially to support the environment, but unwilling to change their shopping behaviors.
3. **Learning Greens:** These persons are still learning about environmental issues, but are not actively engaged in ecological causes. They seek easy ways—that do not involve big changes in consumption behavior—to support the environment and sometimes consider environmental impact when purchasing products, but are skeptical about environmentalists' claims.
4. **Non-Greens:** People who do not care about wildlife or environmental issues. They neither engage in environmentally friendly behaviors, nor feel guilty about adversely impacting the environment. Although some of them acknowledge environmental problems, they still buy ecologically unsound products, do not look for green seals when shopping, and believe that it is okay for large companies to act in ways that have negative effects on the environment.

Yet another study divided consumers according to a *spectrum of green*, on which the *darkest greens* are consumers who are willing to pay a premium for eco-friendly products in order to help reduce global warming, and the *lightest greens* are mostly concerned about saving money on their energy bills, rather than saving the planet. Table 2.4 describes five segments of green consumers along the spectrum of green.²⁴

TABLE 2.4 Segmenting Green Consumers Along the Spectrum of Green

SEGMENT	ENVIRONMENTAL ATTITUDES	ENVIRONMENTAL BEHAVIORS	MARKETING STRATEGIES
<i>ALPHA-ECOS</i> (darkest green), 43 million U.S. adults	Deeply committed to green causes, saving the planet, and concerned about global warming.	Early adopters of environmentally responsible products (i.e., hybrid autos, organic foods, eco-friendly cleaning products) and willing to buy them at a premium.	In appealing to this group, promote the company's corporate social responsibility in order to gain their trust and reinforce their behaviors.
<i>Eco-Centrics</i> (second most green), 34 million U.S. adults	More concerned about how environmentally responsible products benefit them personally and immediately; view environmental issues abstractly.	Willing to pay more for green products if they believe those products are better for their own health and wellbeing.	Messages that show Eco-Centrics how people's green consumption behaviors benefit the global environment.
<i>Eco-Chics</i> 57 million adults, the largest segment	Not particularly concerned about environmental issues, but undertake efforts to be perceived as green by others.	Buy few green products, if any. Likely to buy green products that are very conspicuous.	Messages that associate environmentally responsible brands with influential public figures and symbols. Encourage the Eco-Chics to use social media as a forum to show their friends and family just how green they are.
<i>Economically Ecos</i> 53 million U.S. adults	Less concerned about saving the planet, but very concerned about saving money. Willing to pay more for green products if convinced it will save them money in the long run.	Hate to waste anything; their behaviors are driven by practicality (i.e., conserving water and energy, recycling).	Promote products by emphasizing their economic, long-lasting, and reusability benefits.
<i>Eco-Moms</i> about 33% of U.S. mothers with children under 18	Interested in cost-effective and socially responsible practices that also play a role in ensuring their families' well-being.	Buy products made in environmentally conscious ways, such as organic foods and green cleaners.	Demonstrate how their green behaviors benefit their families and also help save the earth for future generations to enjoy.

Personality Traits

Many psychographic factors overlap with personality characteristics or traits. Through personality tests—which consist of questions or statements presented to respondents—researchers can study consumers' personality characteristics and apply them in segmenting markets (see Chapter 3). For example, consumers who are open-minded and generally perceive less risk than others in trying new things are likely to be **innovators**—that is, more likely to buy a new product when it is first introduced and before many other consumers buy it. Therefore, marketers of new products must identify these individuals (and also find out their demographics, lifestyles, and values) and target them during introductions of the new products. Furthermore, if personality tests also discover that innovators tend to score high on “exhibition”—a trait where a person wants to be the center of a group—the promotion directed at this group should encourage the innovators to initiate positive word of mouth and tell others about new products. Table 2.5 includes descriptions of three groups of online shoppers segmented on the basis of personality traits and attitudes about buying online.²⁵

Psychographics, Values and Lifestyles

In marketing, lifestyles are named **psychographics**, which include consumers' *activities, interests, and opinions*. In consumer research, psychographics consists of creating statements and asking respondents to indicate their level of agreement or disagreement with each statement. The dimensions studied include consumers' buying patterns, opinions about consumption and/or social issues, values, hobbies, leisure activities, and many other dimensions. There are no standardized definitions of psychographic dimensions (such as an “active lifestyle” or consumer types like an “impulse buyer” or a “green consumer”), because almost all psychographic terms are defined in the scope of specific studies. Nevertheless, because they are so versatile, psychographics are widely used, and, together with demographics, are included in almost all segmentation frameworks. Table 2.6 shows a sample of psychographic measures Figure 2.4 shows an ad that targets affluent travellers who like to explore new cuisines.

VALS™ (an acronym for “values and lifestyles”) is the most popular segmentation system combining lifestyles and values. Drawing on Maslow’s need hierarchy and the concept of a person’s “social character” (see Chapter 3), researchers at Strategic Business Insights developed a segmentation scheme of the American population known as VALS. It classifies America’s adult population into eight distinctive subgroups (segments) based on consumer responses to both attitudinal and

TABLE 2.5 The Personality Traits of Three Segments of Online Shoppers

CHARACTERISTIC	FIRST SEGMENT	SECOND SEGMENT	THIRD SEGMENT
	Consumers who feel that online shopping is risky	Consumers who are open-minded about online shopping	Consumers who feel cautious about online shopping and seek more information about it
Being extraverted and outgoing or reserved	Reserved, keep to themselves	Very extraverted	Reserved, keep to themselves
Trusting or feeling skeptical about online shopping	Skeptical and do not trust online shopping	Trust online shopping fully	Trust online shopping reasonably
Attitude about online shopping	Unfavorable	Favorable, believe that online shopping is pleasant	Favorable but do not find online shopping pleasant
The degree of perceived risk regarding online shopping	High	Low	High
Willingness to shop online	Unwilling	Very willing	Somewhat willing

Source: Based on Stuart J. Barnes, “Segmenting Cyberspace: A Customer Typology for the Internet,” European Journal of Marketing, 41, no. 1/2 (2007): 71–93. Copyright © 2007, Emerald Group Publishing Limited.

TABLE 2.6 Samples of Psychographic Measures

PSYCHOGRAPHIC FACTOR	SAMPLE STATEMENTS
Values and goals*	<ul style="list-style-type: none"> • Sense of belonging • Fun and enjoyment in life • Warm relationship with others • Self-fulfillment • Being well respected
Attitudes toward Life**	<ul style="list-style-type: none"> • Financial security is important to me • My greatest achievements are ahead of me • I am more conventional than experimental • I would rather spend a quiet evening at home than go to a party • My social status is an important part of my life
Apparel and Fashion**	<ul style="list-style-type: none"> • I buy clothes I like regardless of current fashion • My friends often ask me for advice on fashion • Men do not notice women who do not dress well
Gift Giving**	<ul style="list-style-type: none"> • I generally give gifts because people expect me to • I try to give gifts that carry personal messages to recipients • Gifts always communicate love and friendship
Control of Life**	<ul style="list-style-type: none"> • I find it hard to speak in front of a group • When I make friends I always try to make the relationships work • I enjoy making my own decisions • Others usually know what's best for me
Buying Online**	<ul style="list-style-type: none"> • It requires too much time to set up accounts with online stores • The look of a website is an important factor in my buying decisions • I tell others about my experiences in buying online
Leisure Activities***	<ul style="list-style-type: none"> • Played adult games (e.g., cards or mahjong) • Visited art gallery or museum • Went hunting or shooting • Went to the movies • Attended a sporting event

* Responses use an “extremely important” to “extremely unimportant” scale

** Responses use a “strongly agree” to “strongly disagree” scale

*** Responses use a “frequently” to “never” scale

demographic questions. Figure 2.5 is a diagram of the VALS segments, and Table 2.7 describes the eight VALS segments.

Examining the diagram from left to right, there are three *primary* motivations: the *ideals motivated* (these consumer segments are guided by knowledge and principles), the *achievement motivated* (these consumer segments are looking for products and services that demonstrate success to their peers), and the *self-expression motivated* (these consumer segments desire social or physical activity, variety, and risk). Furthermore, each of these three major self-motivations represents distinct attitudes, lifestyles, and decision-making styles. Examining Figure 2.5 from top to bottom, the diagram reveals a continuum in terms of resources and innovation—that is, *high resources-high innovation* (on the top) to *low resources-low innovation* (on the bottom). This range of resources/innovation (again, from most to least) includes the range of psychological, physical, demographic, and material means and capacities consumers have to draw upon, including education, income, self-confidence, health, eagerness to buy, and energy level, as well as the consumer’s propensity to try new products.

Each of the eight VALS segments contains between 10 and 17% of the U.S. adult population, with Believers, at 17%, being the largest VALS group. In terms of consumer characteristics, the eight VALS segments differ in some important ways. For instance, *Believers* tend to buy American-made products and are slow to alter their consumption-related habits, whereas *Innovators* purchase top-of-the-line and new products, especially innovative technologies. Therefore, for example, it is not surprising that smart marketers of the first intelligent in-vehicle technologies (e.g., global positioning devices) targeted innovators, because they are early adopters of new products. Many business plans have used VALS, and Table 2.8 includes examples of such projects.²⁶



FIGURE 2.4 An Appeal to Sophisticated Consumers Who Travel and Explore New Destinations

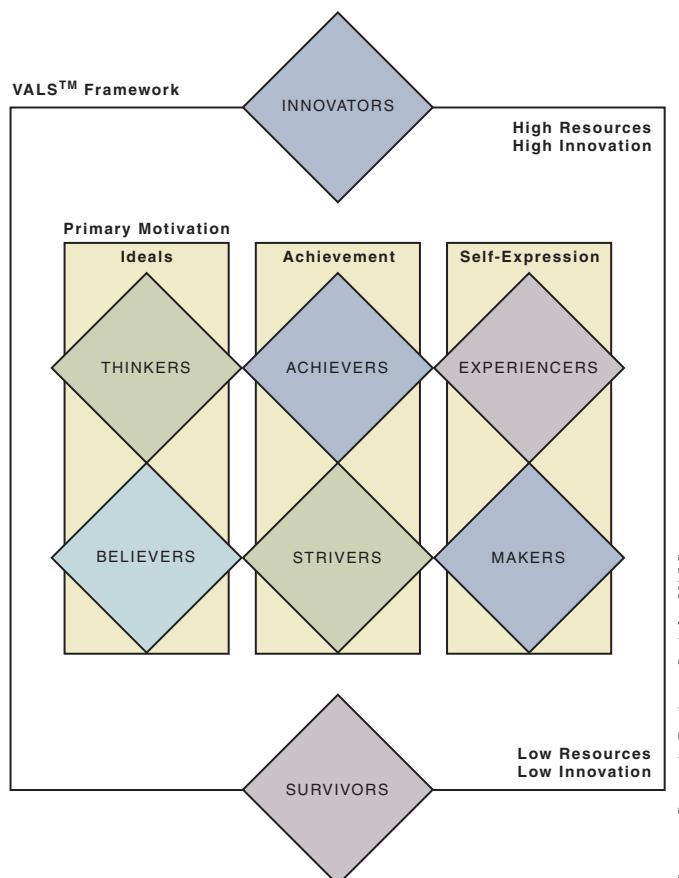


FIGURE 2.5 Diagram of the VALS™ Segments

Benefit Segmentation

Benefit segmentation is based on the benefits that consumers seek from products and services. The benefits that consumers look for represent unfulfilled needs, whereas buyers' perceptions that a given brand delivers a unique and prominent benefit result in loyalty to that brand. Marketers of personal care products, such as shampoos, soaps, and toothpastes, create different offerings designed to deliver specific benefits. Colgate is probably the world's most sophisticated marketer of personal care products, and its line of toothpastes is an excellent example for understanding the benefits that consumers seek in regard to care for their teeth and oral hygiene. Colgate's website includes a link entitled "Search by Benefit." Toothpastes are classified into four benefits: (1) long-lasting fresh breath; (2) plaque and gingivitis protection; (3) sensitivity relief; and (4) tooth whitening. For example, *Colgate Total* provides 12 hours of germ fighting, which other toothpastes do not. *Colgate Max Fresh* wipes out bad breath. *Colgate Sensitive Pro-Relief* is for people who have sensitive gums. Other Colgate versions whiten teeth, protect enamel, prevent cavities, fight tartar, combine mouthwash with toothpaste, and provide many other benefits. In addition, the *Colgate Pro-Clinical* line includes three versions—daily cleaning, daily whitening, and daily renewal—and is presumably aimed at encouraging consumers to brush their teeth three times a day.²⁷ The V8 ad in Figure 2.6 reflects the product's primary benefit, which is consuming vegetables.

A study identified three groups of benefits that consumers commonly seek when visiting each of three service providers: a dentist, a hairdresser, and a travel agent. The study also discovered that consumers' loyalty levels to their service providers correlated positively with the benefits these consumers believed they had received.²⁸ Service providers can use the findings to improve customer retention. For example, dentists can enhance patients' confidence by post-visit contacts inquiring if patients had experienced any problems following a dental procedure, and also e-mailing patients press clippings featuring the dentist's appearances at conferences or media interviews. Another study explored the relational benefits that banking customers seek from financial firms and identified the same groups of benefits as the study just discussed.²⁹ Table 2.9 summarizes the benefits identified in the two studies.

Media-Based Segmentation

As more and more forms of media emerge, marketers must study the benefits that consumers seek from adopting these communication tools, so that they can advertise in these media effectively. In one study, consumers singled out *immediacy*, *accessibility*, and *free cost* as the most relevant features of digital newspapers, while identifying *writing style* and more *depth* and *details* as the key features of traditional newspapers. These findings indicate that publishers of traditional newspapers should position online and paper newspapers as complementing one another and that the two versions represent opportunities for somewhat different types of ads.³⁰ Another study found that car buyers substituted information searches online for reading print ads in order to reduce the amount of time spent on negotiating prices with car dealers.³¹ This means that marketers should approach car buyers who have consulted the Internet differently than those who have not. Another study identified six types of benefits sought by users of mobile electronic devices (see Table 2.10).³² A Canadian study identified three distinctive segments of online consumers and their characteristics, which are listed in Table 2.11.³³ As

TABLE 2.7 Descriptions of the VALS™ Segments

SEGMENT NAME	MOTIVATION AND RESOURCES	SELECTED DEMOGRAPHICS	VALUES AND CONSUMPTION PATTERNS
Innovators	Abundant resources; motivated by ideals, achievement, self-expression, and self-esteem.	10% of the U.S. population. Median age 45. 65% are married and 72% work full time.	Successful, sophisticated, and curious. Receptive to new ideas and technologies, and buy niche products and services. Concerned about how their purchases express their tastes and personalities. Cultivate tastes for the finer things in life.
Thinkers	Motivated by ideals and have solid resources.	11% of the U.S. population. Median age 56. 75% are married and 55% work full time.	Mature, satisfied, and comfortable; value order and responsibility. Well educated and informed about world, wish to broaden their horizons and open to new ideas. Practical consumers, who look for durability, functionality, and value in products.
Believers	Motivated by ideals and have moderate resources.	16.5% of the U.S. population. Median age 52. 63% are married and 47% work full time.	Conservative, conventional with traditional beliefs, whose priorities are family, religion, and community. Follow routines focused on their homes, families, and social or religious organizations. Predictable consumers who buy established brands, favor U.S. products, and are brand loyal.
Achievers	Motivated by desire for achievement and have solid resources.	14% of the U.S. population. Median age 41. 72% are married and 70% work full time.	Goal-oriented and committed to career and family. Their lives are focused on family, religion, and work. Live conventionally, are politically conservative, and seek predictability and stability. As consumers, they favor products that demonstrate success to their peers.
Strivers	Motivated by achievement and have moderate resources.	11.5% of the U.S. population. Median age 28. 34% are married and 52% work full time.	Trendy, fun loving, and seek approval from others. Don't have enough resources to meet their desires and impulsively buy stylish products that emulate the purchases of people with greater material wealth. Lack the skills they need to move ahead.
Experiencers	Motivated by self-expression and have solid resources.	13% of the U.S. population. Median age 24. 25% are married and 52% work full time.	Young, enthusiastic, and impulsive consumers who seek variety and excitement and savor the new, offbeat, and risky. Favor exercise, sports, outdoor recreation, and social activities. Spend a lot on fashion and entertaining and concerned about appearing "cool."
Makers	Motivated by self-expression and have moderate resources.	12% of the U.S. population. Median age 46. 68% are married and 59% work full time.	Express themselves by building houses, raising children, and fixing cars. Practical people, who value self-sufficiency, live traditionally, and have little interest in what lies beyond their family lives. Prefer value to luxury and buy practical products.
Survivors	No strong primary motivation and low resources.	12% of the U.S. population. Median age 70. 45% are married and 13% work full time.	Live narrowly focused lives and often believe that the world is changing too quickly. Comfortable with the familiar and concerned with safety and security. Brand loyal and seek discounts. As a group, they are a modest market for most products and services.

Source: Reprinted with permission of Strategic Business Insights; www.strategicbusinessinsights.com/VALS

TABLE 2.8 Sample Business Applications of VALS™

TYPE OF APPLICATION	DESCRIPTION
New product development at a manufacturer of wireless devices	Using VALS, the company explored new opportunities to create consumer value and evaluate consumer demand and prospective markets for new products.
Positioning of a Japanese car in the United States	Using VALS, the company enhanced its understanding of its target market and consumers' perceptions of its product and used this knowledge to develop a highly effective advertising campaign.
Communications plan for a company providing pension plans	Using VALS, the company identified customers who preferred to be served electronically, studied their motivations, and developed a more effective website.
Policy development by a non-profit organization	Using VALS, the organization studied the motivations of environmentalists and then developed ideas for environmental campaigns targeting specific groups.

Source: Based on Strategic Business Institute

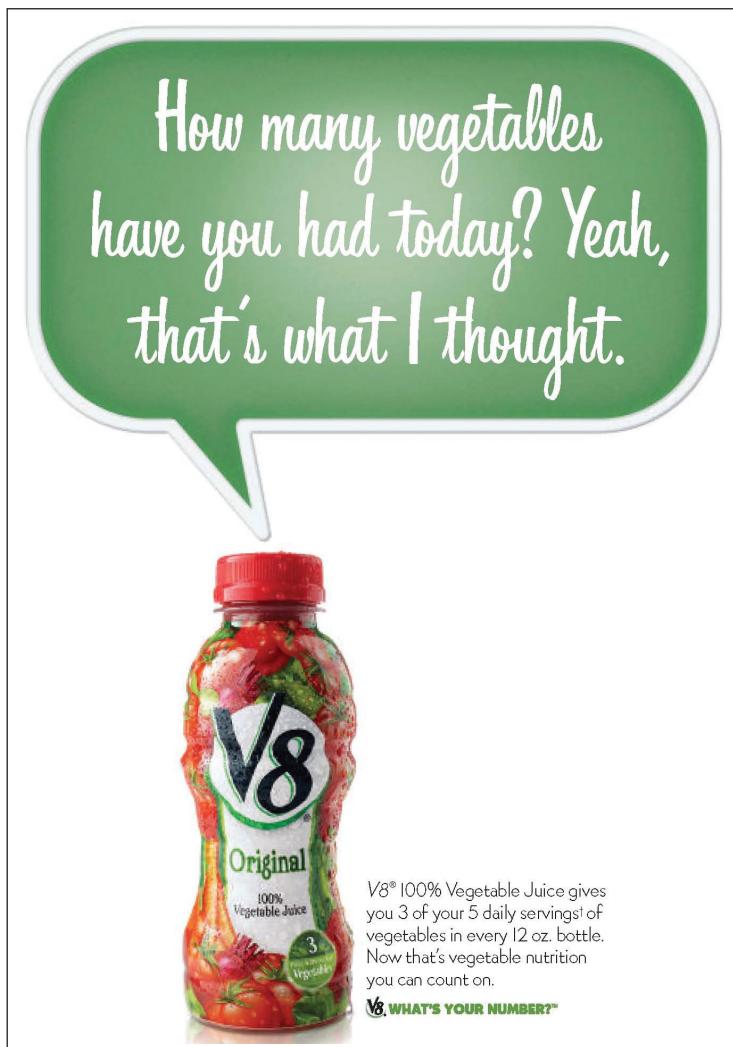


FIGURE 2.6 V8's Benefit: Consuming Vegetables

illustrated in this table, marketers should study consumers' demographics and their Internet navigation patterns and segment them accordingly.

Usage Rate Segmentation

Usage rate segmentation reflects the differences among heavy, medium, and light users, and nonusers of a specific product, service, or brand. Marketers of many products, such as soup, laundry detergent, beer, and dog food, have found that a relatively small group of heavy users accounts for a disproportionately large percentage of the total product usage. For example, about 25% of all those who drink beer account for about 75% of all beer consumed. Therefore, most beer companies direct their advertising campaigns to heavy users rather than spend money trying to attract medium or light users. This also explains the successful targeting of light beer to heavy drinkers under the positioning that it is “less filling” (and thus can be consumed in greater quantities) than regular beer.

Targeting heavy users is a common marketing strategy and is often more profitable than targeting other user categories. However, catering to this segment requires a lot of expensive advertising because all competitors target the same heavy users. Some marketers prefer to target light and medium users with products that are distinct from those preferred by heavy users. For example, every Super Bowl broadcast includes many very expensive commercials for mainstream brands of American beer directed at the product's heavy users. In contrast, the beer section at a Whole Foods supermarket consists of numerous brands from different countries and microbreweries, and with more exotic flavors; these products also cost more than top-selling beer brands and are backed by minimal advertising. Whole Foods targets consumers who drink less beer than those targeted by the Super Bowl ads, but who have more discerning tastes and also greater disposable incomes.

Usage rate segmentation also focuses on the factors that directly affect the usage behavior. For instance, a study of supermarket customers found differences between two segments of buyers in terms of usage frequency, defined as the number of times per week buyers visited the supermarket. The researchers also examined usage frequency in relation to buyers' reasons for purchasing at that

TABLE 2.9 Clients' Expectations from Their Service Providers
(Dentists, Hairdressers, Travel Agents, Financial Firms)

SOCIAL BENEFITS	SPECIAL TREATMENT BENEFITS	CONFIDENCE-RELATED BENEFITS
<ul style="list-style-type: none"> • Being recognized immediately upon arrival and being known by name to the staff • Having a genuine relationship with the service provider • Being treated in a way that makes them feel important • Being treated as if they were the provider's personal friends 	<ul style="list-style-type: none"> • Having providers go out of their way in searching out the best treatment for each client • Providers paying more attention to client's specific needs • Providers charging reasonable prices; at banks, giving better interest rates • Providers helping clients when something goes wrong • Receiving priority treatment in queues and faster service 	<ul style="list-style-type: none"> • Providers should make clients feel confident that the service will be provided well and correctly • Receiving clear descriptions of services • Being told what to expect • Feeling less anxious during the service process • Providers should convince clients that there is little risk that something will go wrong

TABLE 2.10 Benefits That Consumers Seek When Using Mobile Devices

LOCATION INFORMATION	COMMUNICATION	SPORTS AND ENTERTAINMENT	VALUE-ADDED SHOPPING	FINANCIAL SERVICES
Directions to location; location of the place where they are; weather and news reports	Sending and receiving email, pictures, and texts; chatting with strangers	Receiving sports-related information; accessing adult entertainment; gambling and gaming online; downloading music	Comparing prices; receiving coupons and sales alerts; receiving product information	Banking; trading stocks; filing insurance claims; bidding at auctions; buying tickets; making currency conversions

Source: Based on Gillian Sullivan Mort and Judy Drennan, "Marketing M-Services: Establishing a Usage Benefit Typology Related to Mobile User Characteristics," *Database Marketing & Consumer Strategy Management*, 12 no. 4 (2005): 327–341.

chain, levels of expenditure at the store, travel times to the store and modes of transportation, and whether buyers came in from home, a job, or were simply passing by.³⁴

Rate of usage is strongly related to **product awareness status**, which is 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. The consumer's degree of awareness of the product, along with whether the consumer is unaware and needs to be informed about the product, represent distinct targeting opportunities. A related factor is **product involvement**, which reflects the degree of personal relevance that the product holds for the consumer (see Chapter 5). A study identified three clusters of consumers based on their varied involvement with a wine's "background or history" (i.e., its "appellation of origin") and found significant differences among the clusters in terms of knowledge of wine brands and wine purchases.³⁵

Usage Occasion Segmentation

Usage occasion segmentation recognizes that consumers purchase some products for specific occasions, as expressed in the following statements:

- "Whenever our son celebrates a birthday, we take him out to dinner at the Gramercy Tavern"
- "When I'm away on business for a week or more, I try to stay at the Setai"
- "I always buy my wife candy on Valentine's Day"

TABLE 2.11 Segments of Online Consumers

CHARACTERISTICS	BASIC COMMUNICATIONS	LURKING SHOPPERS	SOCIAL STRIVERS
Percentage of total & gender	39% 75% female	39% 52% female	22% 57% female
Age	41% under 35 41% 35–54 19% over 54	31% under 35 48% 35–54 21% over 54	49% under 35 31% 35–54 20% over 54
Income	39% \$49,000 or less 35% \$50,000–74,000 26% \$75,000 and up	40% \$49,000 or less 23% \$50,000–74,000 37% \$75,000 and up	54% \$49,000 or less 27% \$50,000–74,000 19% \$75,000 and up
Internet use	12.4 hours per week	16.7 hours per week	20.7 hours per week
E-mail	High	Regularly	Regularly
Browsing	Some	High	Some
Shopping	Some	Very high	Some
Blogging	Low	Some	Very high
Chatting	Low	Low	Very high
Video streaming	Low	Some	Very high
Downloading	Low	Some	Very high

Source: Based on Muhammad Alijukhadar and Sylvain Senecal, "Segmenting the online consumer market," *Marketing Intelligence and Planning*, 29 no. 4 (2011): 421–435.



FIGURE 2.7 Usage Occasion: Spring Break

Learning Objective

- 3 To understand behavioral targeting and its key role in today's marketing.

Tracking Online Navigation

Tracking consumers' navigation online includes:

1. Recording the websites that consumers visit.
2. Measuring consumers' levels of engagement with the sites (i.e., which pages they look at, the length of their visits, and how often they return).
3. Recording the visitors' lifestyles and personalities (derived from the contents of consumers' blogs, tweets, and Facebook profiles).
4. Keeping track of consumer purchases, almost purchases (i.e., abandoned shopping carts), and returns or exchanges.

Long stays and repeat visits to sites indicate a high level of product involvement and purchase intention. Because websites are versatile, marketers can respond quickly to consumers' purchase interests and intentions. For example, customers who visit an online store in search of digital cameras are asked whether they want the cameras displayed by brand or by price. Then, when they visit again, in an attempt to "convert" visitors into buyers, the cameras are immediately displayed in the order the customers preferred during their initial visits.

Geographic Location and Mobile Targeting

Smartphones and GPS devices have created highly effective targeting opportunities. For example, Broadway theaters in New York City can offer unsold seats for the same day's performance

Many marketers promote their offerings for holidays or seasons. Kunafa is a classic example. A very common dessert in the Levant, traditionally it is made with nuts and syrup. In Egypt, the country it is rumored to have originated in, the dessert becomes available in all bakeries during Ramadan, the holy month for the followers of Islamic faith. During this period Kunafa is made using chocolates, fruits, and cream, and as red velvet cakes and even cupcakes, in addition to the more conventionally prepared versions. These variations only appear during the month of Ramadan, when the products are actively advertised, but not throughout the rest of the year. As consumers purchase more products online, the marketers of Campbell's Soup, Kraft, Hershey, Kellogg, and other prominent brands have been promoting their products online before the holidays, because consumers spend more money during the weeks before New Year's Eve.³⁶ The ad for Mack's Earplugs in Figure 2.7 promotes using the product during spring break.

Behavioral Targeting

Behavioral targeting consists of sending consumers personalized and prompt offers and promotional messages designed to reach the right consumers and deliver to them highly relevant messages at the right time and more accurately than when using conventional segmentation techniques. This method is enabled by tracking online navigation, current geographic location, and purchase behavior.

at discounted prices by sending messages to the mobile phones of people travelling by cabs through the city's theater district, because a cab's GPS device shows its location on tracking devices.

Customers' mobile devices brought upon problems for brick-and-mortar retailers. Customers frequently engage in **showrooming**, which occurs when consumers use smartphones to scan the bar codes of products displayed in physical stores and then check the items' prices online in order to purchase them at the lowest prices. In order to combat showrooming, some physical stores started **geofencing**, which consists of sending promotional alerts to the smartphones of customers who opted into this service, when the customers near or enter the store.³⁷

Purchase Behavior

Many marketers are now using **predictive analytics**, which are measures that foresee consumers' future purchases on the bases of past buying information and other data, and also evaluate the impact of personalized promotions stemming from the predictions. Some of the questions that can be answered by predictive analytics include:

1. When leaving a given page, what content and pages are visitors likely to look at next?
2. Which websites' features (and combinations of features) are likely to persuade people to register with a website?
3. What are the characteristics of visitors who are likely to return to a website and why?
4. What factors make visitors click on specific ads?

Predictive analytics often focuses on *noticing* significant changes in a consumer's buying behavior, because such changes often alert marketers that consumers are going through significant life events, such as the arrival of a new baby, upcoming marriage, and even divorce; during such times, consumers are inclined to spend more money and shop less carefully. For example, Target developed a model that detects changes in women's buying pattern to identify their pregnancies early on. Figure 2.8 describes how this model was used to market baby-related products to Susan, a hypothetical Target shopper. After Susan started buying several products that she had never bought before, Target's predictive analytics signaled that these purchases strongly indicate that Susan is expecting a baby. Using this data and a lot of additional information, Target then started sending Susan applicable promotional offers and also took steps to conceal its spying on her.³⁸

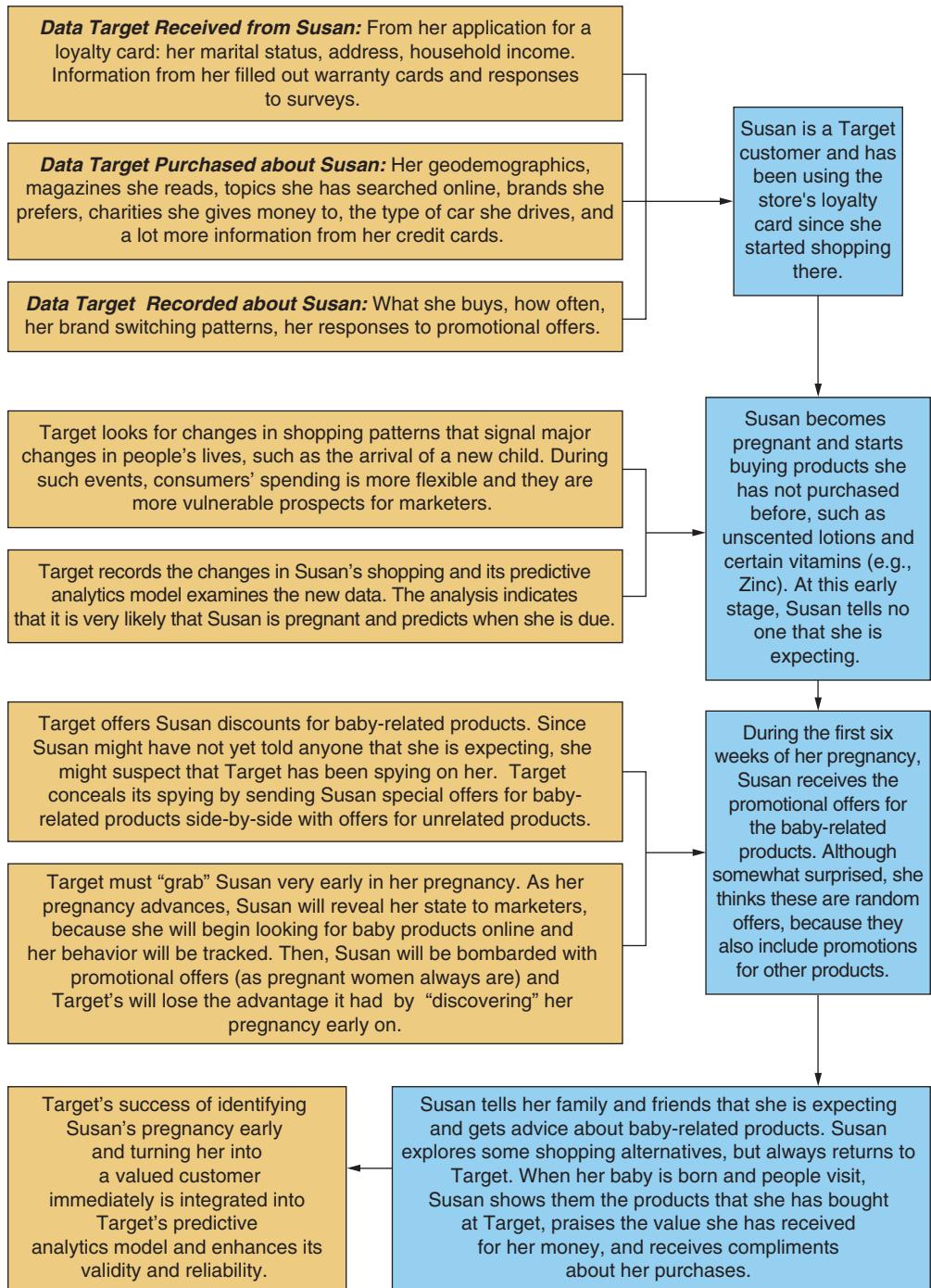
The Information “Arms Race”

Collecting and analyzing the right data are the foundations of effective behavioral targeting. Marketers strive to anticipate occurrences and events in consumers' lives that affect the consumers' shopping. Marketers are also eager to discover information about people's interests and the social networks with which they connect online. Because of its strategic importance, the competition for more and more data about consumers has become extraordinarily fierce.

Companies such as Acxiom are virtually unknown to the public, but their databases "know" everything about the majority of American adults, such as a person's age, race, gender, weight, height, marital status, education level, politics, buying habits, household health worries, and vacation dreams. They collect this data from public records, consumer surveys, credit card information, and other sources. Acxiom's servers process more than 50 trillion data "transactions" a year, and its database contains information about 500 million active consumers worldwide, with about 1,500 data points per person. In addition, these firms are rapidly developing increasingly sophisticated methods that "mine" and refine data. They recruited digital experts from Microsoft, Google, Amazon, and Myspace and are using multiplatform databases to predict consumer behavior.³⁹

Online marketers customize ads to users based on the users' past activities, which are tracked and collected via "cookies," which are bits of computer code placed on browsers to keep track of online activity. Acxiom integrates what it knows about consumers' offline, online, and even mobile selves, and creates in-depth behavior portraits known as "360-degree view" on consumers. Chapter 15 addresses the ethics of gathering a lot of personal information about consumers without their knowledge.

FIGURE 2.8
Behavioral Targeting



Source: From Charles Duhigg, "How Companies Learn Your Secrets," *nytimes.com* February 16, 2012

Positioning and Repositioning

Learning Objective

- 4 To understand how to position, differentiate, and reposition products.

After segmenting the market and selecting targeting prospects, marketers must persuade prospective buyers to buy the products that they offer, rather than competing products. **Positioning** is the process by which a company creates a distinct image and identity for its products, services, or brands in consumers' minds. The image and unique identity are called a "position." The position, which is intangible and exists only in the consumer's mind, represents how marketers want consumers to perceive products and brands (see Chapter 4). The result of effective positioning is a unique

perception of the product in consumers' minds relative to competing offerings. Most new products fail because consumers perceive them as "me-too" offers that do not provide any advantages or unique benefits over competitive products because they are not positioned effectively.

The positioning process includes the following steps:

1. Defining the market in which the product or brand competes, who the relevant buyers are, and the offering's competition.
2. Identifying the product's key attributes and researching consumers' perception regarding each of the relevant attributes.
3. Researching how consumers perceive the competing offerings on the relevant attributes.
4. Determining the target market's preferred combination of attributes.
5. Developing a distinctive, differentiating, and value-based positioning concept that communicates the applicable attributes as benefits.
6. Creating a positioning statement focused on the benefits and value that the product provides and using it to communicate with the target audiences.

Marketers of different brands in the same category differentiate their labels effectively by stressing the benefits that their brands provide. The benefits must reflect product attributes that research studies have found are relevant and important to consumers. Positioning is especially difficult among commodities, where the physical characteristics of all the brands are identical, such as water. Nevertheless, marketers offer many brands of mineral water that range in price and are positioned differently. Table 2.12 describes the positioning claims, unique benefits, and prices of several brands of bottled water.

The result of successful positioning strategy is a distinctive brand image on which consumers rely in making product choices. A positive brand image also leads to consumer loyalty, promotes consumer interest in future brand promotions, and "inoculates" consumers against competitors' promotions. When new products arrive and the marketplace becomes more crowded, it is increasingly harder to create and maintain a distinctive brand image among many competing ones.

The positioning strategies used most often are: umbrella positioning, premier position, positioning against competition, key attribute, and finding an "un-owned" perceptual position. It must be noted that these strategies are not mutually exclusive and often overlap.

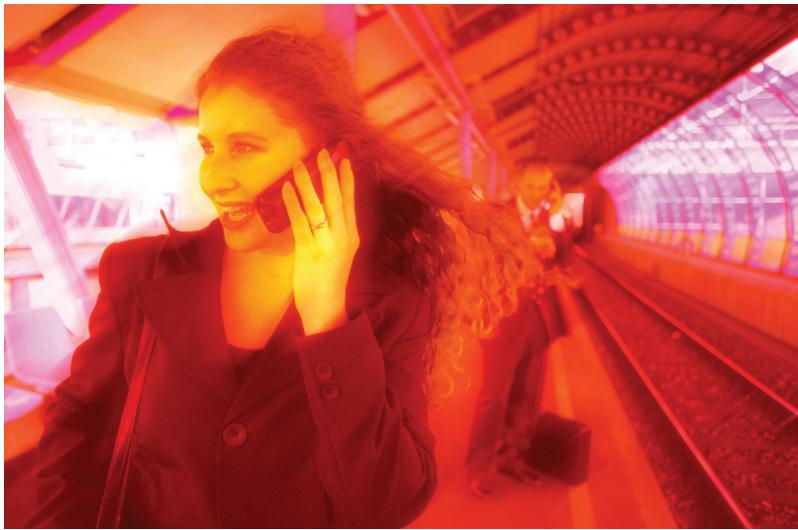
TABLE 2.12 Positioning, Advertised Benefits, and Prices of Bottled Water Brands

BRAND	DESCRIPTION	POSITIONING, UNIQUE BENEFIT	PACKAGING	PRICE*
Tŷ Nant,	From Wales. Award winning. Served at top hotels and restaurants.	Style. Status. Attention-grabbing bottle.	Cobalt or red glass, elegant bottle.	\$2.50
Voss	From Norway. From a virgin aquifer that was shielded by ice and rock for centuries.	Purity.	Cylindrical, frosted glass, modern, engraved font.	\$3.50
Fiji	From the rain forest. The company is committed to conservation.	Environmental—"drink with a clear conscience."	Conventional glass bottle, printed label.	\$2.50
Jana	From Croatia. Artesian water from deep beneath the surface. Pure and balanced.	The perfect pH**.	Conventional tall bottle, printed label.	\$2.25
GOTA	From the Guarani Aquifer in Argentina, which is one of the purest reserves of underground water on earth, consists of sandstones deposited 200 million years ago, and is overlaid with igneous basalt of low permeability, which provides a high degree of containment.	Perfectly selected by nature. Provides minerals that help one's body remain young, healthy, and lively.	Clear glass, unconventional clear glass bottle with elegant, dark print.	\$3.80

Notes:

* Price of 1 liter bottle

** pH is a measure of a liquid's acidity level.



Source: John Foxx Collection, iStockphoto

FIGURE 2.9 An illustration of a mobile user demonstrating the mobile network operator, Mobinil’s brand philosophy – “*Dayman maa baad*” or “always together”

(“always together”). This slogan focuses on the notion of a unified, interconnected community facilitated by a mobile network operator. As a result, Mobinil has become a symbol of union, which greatly contributed to the company’s domination of the market for mobile telecommunications services in the country.

Premier Position

This positioning strategy focuses on the brand’s exclusivity. For example, the “snobby” positioning of The New York Times is “All the news that’s fit to print.” Sometimes, the brand centers on the belief that the higher the product’s price, the higher its exclusivity. For example, the marketer of Joy (a fragrance brand) positioned it as “the costliest perfume in the world.” Although all prestigious fragrances are very expensive, no other perfume marketer has claimed that its product is the *most* expensive. Chapter 4 describes the concept of price-quality relationship.

For years, L’Oreal’s hair coloring product presented women with an unstated but obvious question: “Why should I use this product?” and then provided an answer in the form of a positioning statement: “Because I’m Worth It” (coined in 1971). In the age of feminism, this slogan sounds arrogant because it strongly implies that only a woman’s physical appearance counts more than her profession and knowledge. Thus, L’Oreal changed its positioning to “Because We’re Worth It.” In addition to being a more timely tagline, the new slogan can also be readily translated into many languages.⁴⁰ Chapter 13 describes the importance of translating brand names and advertising themes to other languages.

Positioning against Competition

Some positioning statements acknowledge competing brands. For example, Avis claims that “We’re No. 2. We Try Harder” and indirectly acknowledges the existence of Hertz, the number-one brand in car rentals. The positioning of 7Up as the “Uncola” recognized that Coke dominates the soft drink market. Contrasting one’s brand with competitors is very effective in positioning and differentiation,

Umbrella Positioning

Umbrella positioning is a statement or slogan that describes the universal benefit of the company’s offering. At times, this statement does not refer to specific products. McDonald’s has used this strategy over the years, with slogans such as: “You deserve a break today” (1971); “Nobody makes your day like McDonald’s can” (1981); “Make every time a good time” (2002); and “I’m Lovin’ It” (2003).

This strategy works across a spectrum of products, as illustrated by Sila Edible Oils Company and Mobinil in Egypt. Sila focuses on clean, blemish-free oil. In Sila’s promo ad, a chef emphasizes healthy living and repeats the phrase “*Monfadlek khodi balek*” (“please take care”) while addressing women concerned with their families’ health. By doing this, the brand asserts the importance of choosing pure oil for a wholesome diet. So, the brand’s tagline promotes its entire offering, and not one specific product.

Mobinil, a mobile network company in Egypt, does the same with its slogan “*Dayman maa baad*”

A FOOT LONG ANYTHING
is too much food to be healthy.

The leading foot long Italian sub = 970 calories and 24 grams of fat.
Healthy Choice's Pumpkin Squash Ravioli = 300 calories and 6 grams of fat.
Hey, numbers don't lie.

AN HONEST-TO-GOODNESS LUNCH

JUST LETTUCE.

Your salad would be under 200 calories if it was

The average prepared salad from national restaurant chains = 468 calories and 28 grams of fat.
Healthy Choice's Rosemary Chicken & Sweet Potatoes = 170 calories and 2.5 grams of fat.
Now that's honestly awesome.

AN HONEST-TO-GOODNESS LUNCH

Source: (Left & Right) Reprinted with permission of ConAgra Foods, Omaha, Nebraska

FIGURE 2.10 Differentiation: Healthy Choice versus Italian Subs and Prepared Salads

as illustrated by the Healthy Choice in Figure 2.10. The first ad positions Healthy Choice as a more nutritional lunch than Italian sub sandwiches and the other ad makes the same claim in comparison of prepared salads.

Key Attribute

Positioning based on relevant attributes often expresses the brand's superiority. The marketer of Bounty, a paper towels brand, initially positioned it as "the quicker picker upper" (presumably against Viva, its major competitor), later on as "the quilted picker upper," and then as "the clean picker upper." During an economic downturn, Bounty altered its positioning and appealed to consumers' frugality using the following statements: "With one sheet of Bounty, you'll have confidence in your clean," "One sheet keeps cleaning," and "Thick and absorbent Bounty helps you clean up quickly and easily, so you get more out of each day."⁴¹

Believing that consumers use brands to express their identities, some marketers have repositioned their products from focusing on functional attributes to focusing on how the products fit into a consumer's lifestyle. However, one study indicated that this approach is undesirable, because consumers' need for "self-expression" can be satiated not only by a brand's direct competitors but also by brands from unrelated product categories.⁴²

The ad in Figure 2.11 features a high-definition GPS device that provides the most current traffic information. Thus, the ad's tag line—"Anything Less Is Just GPS"—proclaims the brand's superiority because of its high-definition display.

Un-Owned Position

Linguistically, perception is not a physical object and cannot be "owned." In marketing, the term "un-owned" position loosely means a perception that is not clearly associated with a brand or product. For example, in New York City, the Daily News newspaper specializes in sensationalized stories for readers without much education. In contrast, The New York Times focuses on articles written by famous and credible journalists for educated readers. *Long Island Newsday* positioned itself as "On top of the News and ahead of the Times," and targeted readers who wanted a



FIGURE 2.11 Positioning Focused on a Key Product Attribute: A High-Definition GPS

beer, and the product was a great success. Miller discovered (figuratively, by looking at the outside) that heavy beer drinkers wanted a less filling beer so that they could drink more beer without feeling filled. The exact same physical product failed when it was positioned as a diet beer, but succeeded handsomely when it was positioned as a less-filling beer. Beer drinkers perceived the second positioning as beneficial. The Fage yogurt ad in Figure 2.12, for a “Ridiculously thick yogurt,” stresses thickness as the product’s primary benefit, and also distinguishes Fage from the “much thinner” American yogurts.

Repositioning

Repositioning is the process by which a company strategically changes the distinct image and identity that its product or brand occupies in consumers’ minds. Companies do so when consumers get used to the original positioning and it no longer stands out in their minds. Similarly, when consumers begin to view the old positioning as dull, marketers must freshen up their brands’ identities. At times, too many competitors stress the same benefit in their positioning, so marketers must uncover other attributes that consumers perceive as important. For instance, at present Fage Greek yogurt is “ridiculously thick” and Chobani (a competing brand of Greek yogurt) is marketed as “authentic, real, and indulgent.” Let’s assume that a new brand of Greek yogurt is introduced as “thickly authentic.” If the new brand begins to gain market share, Fage and Chobani will have to reexamine their positioning claims. Table 2.13 features examples of umbrella repositioning.⁴⁵

newspaper that was not as “trashy” as The Daily News, but also not as highbrow as The New York Times.

Because unfilled or un-owned perceptual positions present opportunities for competitors, sophisticated marketers create many distinct product versions, often under the same brand, in order to fill as many positions as possible. For example, Visine originally consisted of eye drops to relieve redness. Visine’s line now includes items for relief of multi-symptom, allergy, redness, and tired and dry eyes.⁴³ Crest toothpaste’s line includes many categories of toothpaste offering distinct benefits, such as tartar, cavity, and sensitive teeth protection; toothpastes with baking soda and stripes; and Crest Kids. In response to the highly successful *Colgate Total*, Crest introduced a new line named *Crest Pro-Health*. In addition, the *Crest Expressions* line claims to “amaze the mouth,” “awaken the senses,” and “keep the taste buds tingling.”⁴⁴ Crest offers each line’s toothpaste in pastes, gels, liquid gels, and flavors. The marketers of Crest and Visine studied customers and discovered which attributes represent benefits that consumers seek from their products. By offering product versions that provide distinct benefits and filling as many positions as possible, the makers of Visine and Crest made it virtually impossible for other companies to penetrate their respective markets.

The un-owned position must be in the consumer’s mind and not the marketer’s. Stated differently, marketers must not look in the mirror (at themselves), but through the window, at consumers. For example, in 1967, a biochemist working for New York’s Rheingold Brewery observed (figuratively, he looked in the mirror) that there was no beer catering to diet-conscious drinkers and introduced Gablinger’s Diet Beer. The product failed because heavy beer drinkers—who account for more than 80% of all the beer sold—were not diet conscious. Later on, using the same beer formula, Miller introduced Miller Lite as the “less filling”

Source: With permission of TomTom, Intl.



FIGURE 2.12 Fage Yogurt's Thickness: A Key Attribute and Occupying an “Un-Owned” Position

Another reason to reposition a product or service is to appeal to a new segment. For example, GM tried for years to convince younger consumers that Oldsmobile was not an “old folks” car and tried to reposition it as being “not your father’s Oldsmobile.” However, this effort failed because the “old folks” image of the brand was strongly set in the minds of car buyers, and GM stopped making this formerly highly successful brand.

A major factor that fueled the financial crisis of fall 2008 was consumers’ excessive borrowing in the form of home equity loans. Traditionally, Americans looked forward to paying off their mortgages (the ritual of burning the mortgage note was an American tradition) and associated the term “second mortgage” with desperate borrowing, as a last resort. However, over the years, bank marketers repositioned this negatively perceived loan by luring consumers to get “equity loans” and use the funds for discretionary spending. In reality, an equity loan is a positive expression of the negatively perceived second mortgage. Consumers responded and used equity loans excessively and increasingly unwisely because the banks brilliantly repositioned the dreaded second mortgage. The banks convinced consumers to take advantage of their homes’ appreciation and borrow money against the value of those homes. Banks advertised the new credit lines with such statements as “There’s got to be at least \$25,000 hidden in your house. We can help you find it.” Marketers also replaced the term “equity loans” with “equity access,” because a “loan” means borrowing, whereas consumers associate “access” with having resources. As the market for these lines of credit grew, the repositioning statements became bluntly aggressive, with slogans such as: “Is your mortgage squeezing your wallet? Squeeze back,” “The smartest place to borrow? Your place,” “The easiest way to haul money out of your house,” and “You’ve put a lot of work into your home. Isn’t it time for your home to return the favor?” The repositioning of the second mortgage was a spectacular success and since the 1980s equity loans ballooned from \$1 billion to \$1 trillion.⁴⁶ Apparently, consumers’ needs were fulfilled, but the same strategies that filled these needs destabilized the world’s financial structure.

Perceptual Mapping

Perceptual mapping is constructing a map-like diagram representing consumers’ perceptions of competing brands along relevant product attributes. Perceptual maps show marketers:

1. How consumers perceive their brands in relation to competition.
2. How to determine the direction for altering undesirable consumer perception of their brands.
3. Gaps, in the form of un-owned perceptual positions, that represent opportunities for developing new brands or products.

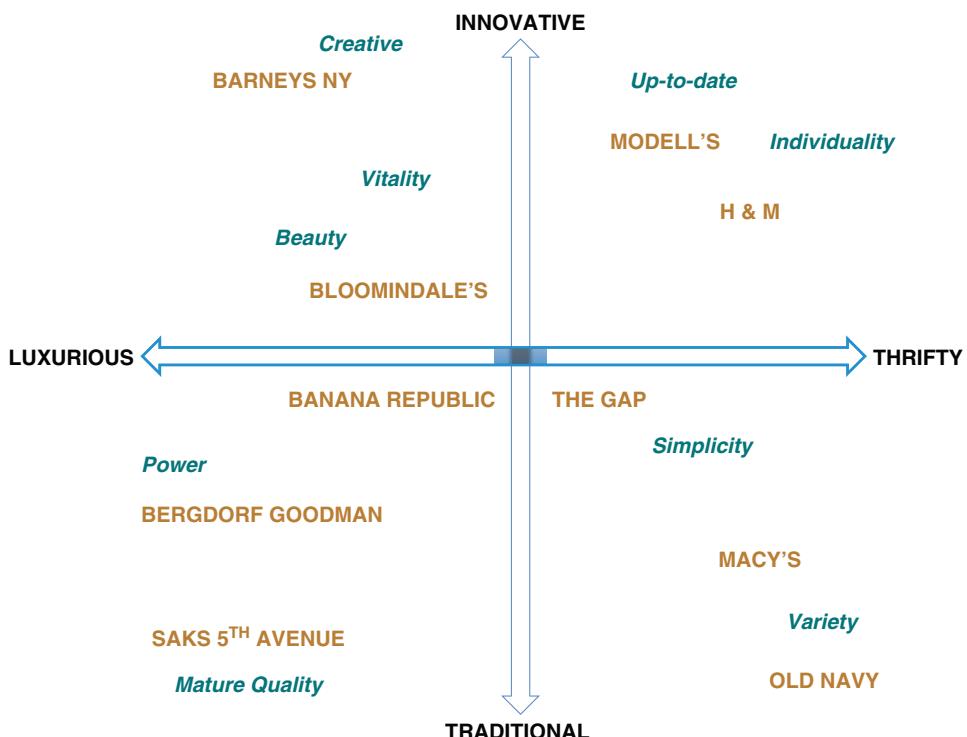
The aim of perceptual mapping is to develop repositioning strategies and fine-tune the images (i.e., consumers’ perceptions) of products and services. Figure 2.13 features a perceptual map of 10 well-known stores. It represents a hypothetical study in which researchers asked consumers how they perceived 10 stores along two dimensions: (1) “innovative” versus “traditional” and (2) “luxurious” (high-end) versus “thrifty” (low-end). The additional adjectives listed in the four quadrants represent words used to characterize the stores by the study’s subjects. For example, consumers viewed Barneys as a very innovative, high-end store, and, additionally, as creative and up-to-date. On the map, Barneys stands by itself and far from Bloomingdale’s, its closest competitor. In contrast, consumers perceived Macy’s and Old Navy similarly and as rather non-distinct variety stores (note that this is a *hypothetical* example). The management of Macy’s should recognize that it has a problem: consumers did not perceive the store accurately, because, in reality, it is neither very thrifty nor traditional. This indicates that the store’s promotional messages must focus on “correcting” this image and

TABLE 2.13 Examples of Repositioning

COMPANY	PREVIOUS POSITIONING	UMBRELLA REPOSITIONING
Hard Rock Café International	“You know who you are” appealed to the inner rebel in young adults, the company’s primary target audiences, by referring to them as “rockers” and making them feel “young at heart.”	“See the show” is focused on getting customers to believe that there is always something fun happening at Hard Rock restaurants, hotels, and hotel-casino combinations.
New York Lottery	“You got to be in it to win it.” “You never know.” “Good things happen in an instant.”	“Be Ready” tells players that they are likely to win immediately and experience instant gratification. The “Good things happen in an instant” phrase is used as a tagline.
Yellow Tail, a line of wines imported from Australia	“Open for everything” and “Tails, you win” conveyed that the wine an unpretentious choice for those who do not know much about vintages and pairings.	“The go to” slogan reinforces the previous one and tells consumers that this wine is the default choice for everyday wine and suitable for most occasions.
Condominiums in New York City	High-flying slogans that expressed glamour, such as a condo being “not just an address but also an attitude.”	Glitz pitches and images have been replaced by slogans such as “clean styling and attractive prices.” Private roof cabanas were converted into a common roof deck.
Banks	Before the financial crisis in the fall of 2008, banks aggressively promoted home equity loans with such lines “Need Cash? Use Your Home,” and “The smartest place to borrow? Your place.”	Less than a year after the financial crisis, which many angrily attributed to the banks’ aggressive promotion of irresponsible spending (among other factors), the common theme in the banks’ ads became “Can’t we just move on?,” illustrated by such semi-apologetic slogans as “We make money with you, not off you.”
Chili’s restaurant chain	Focused on the food itself and showed close-ups of food being prepared in slow motion.	Focused on the restaurant’s personality and value and engaging the customer. For example: “Get out of the office more often, with Chili’s \$6 Lunch Break combos.”

Sources: Stuart Elliott, “Choosing Between a Hard Rock and a Place,” 11.22.10 nytimes.com; Stuart Elliott, “It Only Takes an Instant, Lottery Ads Declare,” 5.9.11 nytimes.com; Stuart Elliott, “A Wine Brand Creates a New Theme to Help Spur Growth,” 8.29.11 nytimes.com; Vivian S. Toy, “Goodbye, Glitz Condo Pitches,” 8.20.10 nytimes.com; Louise Story, “In Ads, Banks Try the Warm, Cozy Approach,” 6.9.09 nytimes.com; Andrew Newman, “Bold Commercials and Flavors Aim to Spice Up Chili’s Brand,” nytimes.com, September 29, 2011.

convincing consumers that Macy’s is more high-end than Old Navy. The study’s respondents viewed Modell’s and H & M as close competitors, and the Gap and Banana Republic as close competitors and middle-of-the-road in terms of pricing and innovativeness. To management, this indicates that the two stores must be positioned more clearly in consumers’ minds. Bergdorf Goodman and Saks 5th Avenue were perceived as high-end competitors, and with Saks as a more traditional store.

FIGURE 2.13 A Perceptual Map of Well-Known Stores

Summary

Learning Objective 1: To understand the interrelationship among market segmentation, targeting, and positioning and how to select the best target markets.

Market segmentation consists of dividing a potential market into distinct subsets of consumers. Each subset represents a consumer group with common needs and characteristic. Targeting means selecting one or more segments and approaching each one with a specially designed marketing mix. Besides aiding in the development of new products, segmentation studies assist in the redesign and repositioning of existing products, in the creation of promotional appeals, and in the selection of advertising media. To be a viable target market, a segment must be identifiable, sizeable, stable or growing, accessible, and congruent with the marketer's objectives and resources.

Learning Objective 2: To understand the bases used to segment consumers, including demographics, psychographics, product benefits sought, and product usage-related factors.

A segmentation strategy begins by dividing the market for a product into groups that are relatively homogeneous and share characteristics that are different from those of other groups. Broadly speaking, the shared characteristics include consumers' behaviors (e.g., how often do they buy the product) as well as their cognitions (e.g., attitudes towards new products). The bases for segmentation include demographics, personality and psychographics, geodemographics, product benefits, media exposure, usage rate, and usage occasion.

Learning Objective 3: To understand behavioral targeting and its key role in today's marketing.

Behavioral targeting consists of sending consumers personalized and prompt offers and promotional messages based on marketers' tracking of one or more of the following factors: online navigation, current geographic location, and purchase behavior. The objective of behavioral targeting is to reach the right consumers and deliver highly relevant messages to them at the right time more accurately than when using conventional segmentation

techniques. Many marketers use predictive analytics, which consists of methods predicting consumers' future purchases on the bases of past buying information and other data, and evaluating the impact of personalized promotions stemming from the predictions. Collecting the right data and analyzing it strategically are essential to effective behavioral targeting. Marketers collect and use information about consumers' interests, personal lives, and the social networks with which they connect online for targeting them with customized products and promotional messages.

Learning Objective 4: To understand how to position, differentiate, and reposition products.

After segmenting the market and selecting targeting prospects, marketers must persuade prospective buyers to buy the products that they offer, rather than competing products. Positioning is the process by which a company creates a distinct image and identity for its products, services, or brands in consumers' minds. The image and unique identity are called a "position." The "position," which is intangible and exists only in the consumer's mind, represents how consumers perceive the product. Positioning is more important to the ultimate success of a product than are its actual characteristics, although products that are poorly made will not succeed on the basis of image alone. The result of effective positioning is a unique perception of the product in the mind of the consumer. Most new products fail because consumers perceive them as "me too" offers that do not provide any advantages or unique benefits over competitive products.

Repositioning is the process by which a company intentionally changes the distinct image and identity that its products, services, and brands occupy in consumers' minds. Several reasons may force marketers to reposition products, such as many competitors focusing on the same product attribute in positioning their offerings.

Perceptual mapping consists of constructing a map-like diagram representing consumers' perceptions of competing brands along relevant product attributes.

Review and Discussion Questions

- 2.1. What is market segmentation? How is the practice of market segmentation related to the marketing concept?
- 2.2. How are market segmentation, targeting, and positioning interrelated? Illustrate how these three concepts can be used to develop a marketing strategy for a product of your choice.
- 2.3. Apply the criteria for effective targeting to marketing a product of your choice to college students.
- 2.4. Discuss the advantages and disadvantages of using demographics as a basis for segmentation. Can demographics and psychographics be used together to segment markets? Illustrate your answer with a specific example.
- 2.5. For each of the following products, identify the segmentation base that you consider to be the best for targeting consumers: (a) biscuits, (b) shampoo, (c) wireless broadband, and (d) holidays. Explain your choices.
- 2.6. Some marketers consider benefit segmentation to be the segmentation approach most consistent with the marketing concept. Do you agree or disagree with this view? Why?
- 2.7. Regent Seven Seas Cruises and Royal Caribbean International are two companies in the vacation and travel industry. After looking at their websites, describe the kind of consumers that each company is seeking to attract. Also, describe how either company can use demographics and psychographics to identify TV shows and magazines in which to place its advertisements.
- 2.8. Mobile service providers segment their customers based on several variables. What are some of these variables? Identify five benefits that mobile users might seek that could be used for targeting this group.

- 2.9.** Using one of the frameworks described in Table 2.3, find at least two suitable segments for one of the following products: (1) SUVs; (2) financial retirement plans; or (3) LED TVs. Using Nielsen's online Zip Code Look-Up, identify the closest location of consumer clusters belonging to these segments to your home. Describe the segments you chose and why, and the locations you looked up.
- 2.10.** Explain how marketers can use each of the following pieces of data in predictive analytics:
- The websites consumers visit.
 - Consumers' levels of engagement with visited websites (i.e., the pages viewed, length of visits, frequency of return to the site).
 - Visitors' and consumers' interests, lifestyles, and personalities (e.g., from the contents of their blogs, tweets, and Facebook profiles).
 - Visitors' purchases, almost purchases, abandoned carts, and product returns and exchanges.
- 2.11.** How would you segment the market of consumers who would like to order Oakley sunglasses online? Explain your answer.
- 2.12.** What is umbrella positioning? Illustrate its pros and cons with the help of an example.
- 2.13.** How is the understanding of consumers' perceptions of a product's attributes used to position a brand within that product category?
- 2.14.** What is the relationship between benefit segmentation and positioning?
- 2.15.** Why do marketers have to reposition their brands? Illustrate with examples.
- 2.16.** How might retailers reevaluate the segmentation base of social class during a recession? What kinds of tactics might they use, and how might this help the customer and the retailer?
- 2.17.** Describe the relationship between behavioral targeting and predictive analytics.

Hands-on Assignments

- 2.18.** Select a product and brand that you use frequently and list the benefits you receive from using it. Without disclosing your list, ask a fellow student who uses a different brand in this product category (preferably a friend of the opposite sex) to make a similar list for his or her brand. Compare the two lists and discuss the differences and similarities among the benefits that you and your friend seek from the same product category.
- 2.19.** Does your lifestyle differ significantly from your parents' lifestyle? If so, how are the two lifestyles different? What factors cause these differences?
- 2.20.** Have a look at one of your social media accounts. How many "Likes" do you have? How many comments do you have? How quickly do people post comments in response to your content? How many people are you following? What are the things that people are interested in, and what topics do they engage in the most? Explain how this information could prove valuable to marketers.
- 2.21.** Imagine you are the brand director of a successful, but mature antiseptic cream gradually heading toward the decline stage of product life cycle. How might you go about repositioning your product? How will this affect the life of the antiseptic cream?
- 2.22.** Find three print advertisements directed at three different clusters, each one belonging to one of the three frameworks listed in Table 2.3: PRIZM, P\$YCLE, and ConneXions. Explain your choices.

Key Terms

- behavioral data 56
- behavioral targeting 69
- benefit segmentation 65
- cognitive factors 56
- innovators 63
- demographic segmentation 57
- family life cycle 59
- geodemographics 60
- geofencing 70
- market segmentation 52
- perceptual mapping 76
- positioning 71
- predictive analytics 70
- PRIZM 60
- product awareness status 68
- product involvement 68
- psychographics 63
- repositioning 75
- showrooming 70
- social class 60
- targeting 52
- umbrella positioning 73
- usage occasion (situation) segmentation 68
- usage rate segmentation 67
- VALS 63

Case One:**Porsche*****“How Porsche Created New Relevance for a Revered Icon”***Lead Agency: **Cramer-Krasselt**Contributing Agencies: **Struck Axiom/OmnicomMediaGroup****Strategic Challenges**

Was America’s luxury sports car category on the ropes? With the uncertain economic times, it seemed no one needed a sports car and it was no longer publicly acceptable to share a longing for one—let alone the sports car of all sports cars, a Porsche.

This was the problem weighing on the minds of the Porsche team in 2010. In the larger sports car category, which was down 56%, Porsche was experiencing precipitous declines. Since 2007, sales of the 911—Porsche’s revered icon, and the heart and soul of the brand—were down 54%. Not only were 911 sales down dramatically, sales of *all* two-door Porsche sports cars (including the 911, Boxster, and Cayman) had fallen an unprecedented 58%. Thus, the loss of relevance and diminished road presence of the 911, Porsche’s flagship model, had wide reverberations that strongly affected the very identity of Porsche.

The key challenge: Figuring out how to sell a product that’s synonymous with success and status during a time when affluent consumers were examining, reexamining, and justifying each and every purchase.

The challenge was exacerbated by several factors. Porsche had no new product to generate buzz. In fact, the 911 was in the last year of its current model cycle, and the new 911 model, the Type 991, had already been publicly announced and was eagerly anticipated by Porsche enthusiasts. Those who were interested in buying a new 911 were on the sidelines, waiting for the new model, and some dealers were taking orders. To meet its aggressive sales goals, Porsche knew it had to reach beyond its core enthusiasts, and establish brand relevance with a larger audience, many of whom had never owned or considered a Porsche before. Porsche intended to sell its current \$80,000-plus vehicle without any major promotional or pricing programs, and with a communications budget that was half that of its closest competitor.

Objectives

1. Change Brand Perceptions: Within the challenging economic environment, the company had to make the Porsche 911 and mid-engine models (Boxster and Cayman) relevant and worth their price.
2. Dealer Lead Generation: With the 911 sales down 54%, people weren’t even putting Porsche sports cars on their shopping lists, and dealers were running low on leads. Porsche had to significantly increase purchase consideration and “find a dealer” requests on its website.
3. Sales: With the new 911 model going into production, the company needed to increase existing 911 sales and ultimately sell the remaining models. To do this, it had to broaden its audience and create new brand relevance—reaching both men and women, many of whom had never even considered a Porsche.

Insights

Porsche assumed that for those who could afford it, the economic downturn had made owning a Porsche socially unacceptable. People didn’t want to pull up to their driveway in a shiny new sports car, for fear of looking insensitive to all that was going on around them, including neighbors and friends who might be struggling financially.

This assumption was wrong. Potential customers weren’t afraid to spend the money, but the economic times were dictating *how* they spent it. *“I respect and like the 911. I even test-drove one about five years ago before I bought my Mercedes. It’s definitely a great sports car, but it didn’t have the luxury touches I was looking for. It felt too impractical to drive every day.—It’s a great third car, but not a daily driver”* (quote from a customer).

Buying a Porsche wasn’t socially unacceptable; it was personally unjustifiable. *“If I bought a Porsche, when would I actually drive it?” “Now isn’t the time to buy a weekend toy* (quotes from customers). Customers perceived Porsche as an epic sports car.

This perceived epic sports car status of the 911 Porsche kept people away from showrooms and resulted in dated brand images. The timeless shape of the 911 had slowly evolved over the years, but with no radical exterior changes to cue reconsideration, many prospects assumed that the car was more for racing than daily driving. They thought the interior of the cars had nothing more than three pedals and a gear shift, resulting in a rough and uncomfortable ride they wouldn't want to drive daily, making it hard to justify spending more than \$80,000. Even though they wanted a sports car, what they needed was one car that could comfortably fill multiple roles—and because they didn't see Porsche as this type of car, they compromised. They settled for luxury cars with less magic but more versatility, even calling them their "compromise cars."

Porsche's research studies discovered that few people realized that the 911s are built to be driven every day, year round. They are not precious, but solid and substantial. The company needed to expand the Porsche 911 and mid-engine driving occasions and let people know that Porsches are comfortable, functional, and intended to be driven every day.

The Big Idea

Porsches are amazing sports cars designed to be driven hard every day, making everyday driving more magical.

Questions

1. Before you read this case, did you believe that Porsche cars were meant to be driven everyday or only for special occasions? Explain your answer.
2. Since it was founded, in 1931, the core of the Porsche brand was "outstanding engineering, tradition, and versatility." How does the "everyday magic" campaign fit within the core's three elements?
3. Was the campaign designed to reposition the Porsche 911? Explain your answer.
4. Although not stated overtly, the campaign targeted *two* segments. Which ones? Explain your choices.
5. Find three print ads for the "everyday magic" campaign (available online) and evaluate their persuasive effectiveness. Do you find any of these ads "unrealistic?" Explain.
6. How would Porsche determine whether the campaign's objectives were achieved?

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

3

Consumer Motivation and Personality

Learning Objectives

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

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

Human beings' most basic needs are biological and fulfilling them sustains physical existence and safety. For example, when parents send their kids to school they expect a physically safe environment. The ad in Figure 3.1 targets drivers by showing parents' concerns for their children's safety when the youngsters get off a school bus. The slogan "It shouldn't be this dangerous" urges drivers to stop when they see flashing lights and ensure that kids get home safely.

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

Brand personification is a form of **anthropomorphism**, which refers to attributing human characteristics to something that is not human. For example, Figure 3.2 features Mr. Clean, who is one of America's most beloved and instantly recognized "persons." The brand and mascot are owned by Procter and Gamble and used for positioning and marketing cleaning solutions and related items. The mascot was introduced in the 1950s, quickly became a best seller, and "his" product line now includes bathroom cleaners, a magic eraser, multisurfaces liquids and sprays, cleaning tools, and "Pro" items for heavy and outdoor cleaning. Procter and Gamble continues to add items to the brand and consumers buy them because they personify Mr. Clean: He is strong, tenacious, competent, dependable, and friendly.

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



Source: Government of Alberta. Used with permission.

FIGURE 3.1 An Appeal Directed at Safety Needs



Source: Procter & Gamble

FIGURE 3.2 Brand Personification

The Dynamics of Motivation

Learning Objective

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

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

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

For example, Procter and Gamble defines its business as "providing branded products and services of quality and value that improve the lives of the world's consumers"**—a need-focused definition—rather than stating that the company sells products such as detergents, shampoos, diapers, household cleaners, and dozens of other items (i.e., a product-oriented approach). Similarly, the mission of the Ritz Carlton Hotels and Resorts is not to provide rooms for overnight stays, but "the genuine care and comfort of guests," through providing customers an experience that "enlivens the senses, instills well-being, and fulfills even the unexpressed needs and wishes"*** of guests. The diagram in Figure 3.3 illustrates the process of motivation.

Needs

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

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

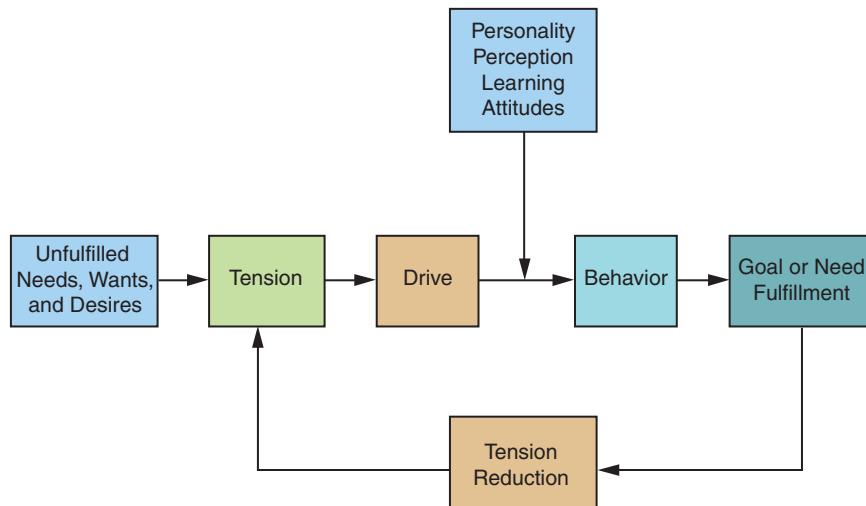
Both types of needs affect our buying decisions. For example, all individuals need shelter from the elements and therefore buy homes. However, the kind of homes they buy is the result of psychological, learned needs. A young, professional couple working in New York City's financial district is likely to buy a loft downtown, because they have no children and want to live in a somewhat unusual space, which they can decorate modernly and impress their friends. However, a couple in their 60s, whose kids have left their suburban home, may buy a home in a managed community that has a pool, clubhouse, and other communal amenities, where they are likely to meet new friends with whom they can socialize and travel.

Goals

Goals are the sought-after results of motivated behavior, and all human behavior is goal oriented. There are two types of goals: **Generic goals** are outcomes that consumers seek in order to satisfy physiological and psychological needs. **Product-specific goals** are outcomes that consumers seek by using a given product or service. For example, when a student tells his parents that he wants to become an entrepreneur, he expresses a generic goal. If he says he wants to earn an MBA from Stanford, he expresses a product-specific goal. The ad for the Kaplan Bar Review course in Figure 3.4

FIGURE 3.3

The Motivation Process



* Proctor & Gamble
** Ritz Carlton

FIGURE 3.4

An Appeal Focused on Achieving Goals.

KAPLAN PMBR
BAR REVIEW

You can conquer the bar.

Stay on track with our LPAS™ System.
Our LPAS™ (Learn – Practice – Assess – Strengthen) integrated system of tools will provide you with the structure and tailored guidance you need to master each subject.
Learn more at KaplanPMBR.com.

A proven track record.
Our approach is based on over 30 years of preparing students for the bar and over 70 years of preparing students for high-stakes exams.

Money-Back Guarantee.
Some companies only offer a free repeat if you don't pass. But Kaplan PMBR goes much further. *You will pass the bar exam guaranteed or your money back.*

1-800-523-0777 | KaplanPMBR.com

Join your law school class at Facebook.com/KaplanPMBR
 Follow us at Twitter.com/KaplanPMBR

*Must be a first-time test-taker with a 0 from an ABA-approved law school and be enrolled in a Kaplan PMBR Complete Bar Review Course to qualify. Other restrictions apply. Visit KaplanPMBR.com for complete eligibility requirements.

Prep. Pass. Prevail.™

Source: RockResorts

tells prospective students that they can “conquer the bar.” That is, they can achieve a generic goal (i.e., passing the bar exam) by completing the Kaplan course (i.e., a product-specific goal).

As consumption became technology-driven, marketers have become keenly interested in the motivations of bloggers and individuals who post comments online. Such individuals influence other consumers, because people perceive both positive and negative reviews from other consumers as more credible information than advertisements. In fact, many bloggers shape the views of thousands of consumers, and many have documented their influence by following the number of responses that they get to their postings and tweets (see Chapter 9). Marketers would be delighted to have any—even the smallest—degree of influence over online writers whose essays and comments focus on products and consumption, because understanding the motivations of the writers often enables marketers to influence what is being written. One study identified three motivations for blogging: (1) self-expression; (2) documenting one’s life (i.e., keeping a diary); and (3) identifying other influential bloggers.¹ Table 3.1 summarizes the motivations of consumers who share information on Facebook.²

Need Arousal

Most of an individual’s needs are dormant much of the time. The arousal of any need at a specific moment in time may be caused by biological stimuli, emotional or cognitive processes, or stimuli in the outside environment. A drop in blood sugar level or stomach contractions will trigger awareness of a hunger need. A decrease in body temperature will induce shivering, which makes the individual aware of the need for warmth. Most of these physiological cues are involuntary, but they arouse needs that cause uncomfortable tensions until they are satisfied. For example, a person who is cold may turn up the heat in his bedroom and make a mental note to buy a warm sweater to wear around the house.

In cognitive arousal, random thoughts can lead to a cognitive awareness of a need to act. For instance, a greeting card company’s ad might remind a viewer that her grandchild’s birthday is next week, and that it is time to run out and purchase a gift and a birthday card, and be ready for the

TABLE 3.1 Motivations of Facebook Users**INFORMATION SHARING**

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

CONVENIENCE AND ENTERTAINMENT

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

PASSING TIME

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

INTERPERSONAL UTILITY

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

CONTROL

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

PROMOTING WORK

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

birthday party. Many promotional messages are cues designed to arouse consumer needs. Without these cues, consumers' needs may remain dormant. Thus, creative marketing messages arouse needs by stimulating a psychological desire or imbalance in consumers' minds. The goal then becomes to act on the desire, and reduce the felt imbalance by buying products.

Selecting Goals

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

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

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

Needs and Goals Are Interdependent

Needs and goals are interdependent; neither exists without the other. However, people are often not as aware of their needs as they are of their goals. For example, a teenager may not consciously be aware of his social needs, but may join a number of chat groups online to meet new friends. Similarly, people are aware that they need to buy certain items, but may have different goals when they go shopping. One study contrasted the shopping motivations of pairs of mothers and daughters and discovered that daughters go to malls for recreational or social shopping, whereas their mothers tend to be more purposeful in their shopping.³ Another study identified several factors that motivate people to go shopping:⁴

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

Needs Are Never Fully Satisfied

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

New Needs Emerge as Old Ones Are Satisfied

Some motivational theorists believe that a hierarchy of needs exists and that new, higher-order needs emerge as lower-order needs are fulfilled.⁵ For example, a man whose basic physiological needs (e.g., food, housing, etc.) are fairly well satisfied may turn his efforts toward achieving acceptance among his neighbors by joining their political clubs. Once he is confident that he has achieved acceptance, he then may seek recognition by giving lavish parties or building a larger house.

Success and Failure Influence Goals

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

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

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

Frustration and Defense Mechanisms

Frustration is the feeling that results from failure to achieve a goal, and **defense mechanisms** are cognitive and behavioral ways to handle frustration. At one time or another, everyone has experienced the frustration that comes from the inability to attain a goal. The barrier that prevents attainment of a

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

People cope with frustrations differently. For example, two young women yearn for European vacations that they cannot afford. The coping woman may select a less expensive vacation trip to Disneyland or a national park. The other woman, who cannot readily cope with frustration, may react with anger toward her boss for not paying her enough money to afford the vacation she desires, or she may persuade herself that Europe is unseasonably and uncomfortably warm this year. These latter two possibilities are examples, respectively, of **aggression** and **rationalization**, defense mechanisms that people sometimes adopt to protect their egos from feelings of failure when they do not attain their goals. Other defense mechanisms include **regression**, **withdrawal**, **projection**, **daydreaming**, **identification**, and **repression**. These defense mechanisms are described in Table 3.2. This list of defense mechanisms is far from exhaustive, because individuals tend to develop their own ways of redefining frustrating situations to protect their self-esteem from the anxieties that result from experiencing failure. Marketers often consider this fact in their selection of advertising appeals and construct advertisements that portray a person resolving a particular frustration through use of the advertised product. The

TABLE 3.2 Defense Mechanisms

DEFENSE MECHANISM	DESCRIPTION AND ILLUSTRATIONS
Aggression	In response to frustration, individuals may resort to aggressive behavior in attempting to protect their self-esteem. The tennis pro who slams his tennis racket to the ground when disappointed with his game or the baseball player who physically intimidates an umpire for his call are examples of such conduct. So are consumer boycotts of companies or stores.
Rationalization	People sometimes resolve frustration by inventing plausible reasons for being unable to attain their goals (e.g., not having enough time to practice) or deciding that the goal is not really worth pursuing (e.g., how important is it to achieve a high bowling score?).
Regression	An individual may react to a frustrating situation with childish or immature behavior. A shopper attending a bargain sale, for example, may fight over merchandise and even rip a garment that another shopper will not relinquish rather than allow the other person to have it.
Withdrawal	Frustration may be resolved by simply withdrawing from the situation. For instance, a person who has difficulty achieving officer status in an organization may decide he can use his time more constructively in other activities and simply quit that organization.
Projection	An individual may redefine a frustrating situation by projecting blame for his or her own failures and inability on other objects or persons. Thus, the golfer who misses a stroke may blame his golf clubs or his caddy.
Daydreaming	Daydreaming, or fantasizing, enables the individual to attain imaginary gratification of unfulfilled needs. A person who is shy and lonely, for example, may daydream about a romantic love affair.
Identification	People resolve feelings of frustration by subconsciously identifying with other persons or situations that they consider relevant. For example, slice-of-life commercials often portray a stereotypical situation in which an individual experiences a frustration and then overcomes the problem by using the advertised product. If the viewer can identify with the frustrating situation, he or she may very likely adopt the proposed solution and buy the product advertised.
Repression	Another way that individuals avoid the tension arising from frustration is by repressing the unsatisfied need. Thus, individuals may “force” the need out of their conscious awareness. Sometimes repressed needs manifest themselves indirectly. The wife who is unable to bear children may teach school or work in a library; her husband may do volunteer work in a boys’ club. The manifestation of repressed needs in a socially acceptable form is called <i>sublimation</i> , another type of defense mechanism.



Source: Ving Norgeas

FIGURE 3.5 An Appeal to Daydreaming

ad in Figure 3.5 playfully suggests that parents who are frustrated because their vacations are not relaxing sometimes daydream (or fantasize) about their kids “disappearing.” The ad’s tagline and the funny visual “cut outs” tell parents that Ving Resorts is a place where their daydreams come true.

Systems of Needs

Learning Objective

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

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

Murray’s List of Psychogenic Needs

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

Murray organized his needs into five groups: *ambition, materialistic, power, affection, and information* needs. Later on, the psychologist Allen Edwards developed a self-administered *personality*

TABLE 3.3 Psychogenic Needs Applicable to Consumer Behavior

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

inventory that became one of the most widely used tools in the study of personality traits. Table 3.3 lists the definition and illustrative characteristics of several needs researched by Murray and Edwards that are most relevant to consumer behavior.

Maslow's Hierarchy of Needs

Psychologist Abraham Maslow formulated a theory of human motivation based on the notion that there is a hierarchy of human needs.⁶ **Maslow's hierarchy of needs** consists 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. The lowest level of unsatisfied needs motivates a person's behavior. When that need is fairly well satisfied, the individual is motivated to fulfill a need in the next level of the hierarchy. When that need is satisfied, the need in the next level is one's primary motivator, and so on. However, if a person experiences renewed deprivation regarding a formerly met lower-level need, that need becomes the dominant factor in the person's motivation, even if only temporarily. For example, if a person who is well off and trying to satisfy his ego needs loses his job, he reverts or "goes back" to trying to satisfy his security needs; if he gets a new job that pays well, thus satisfying security needs, he will once again "move" to a higher level in the hierarchy.

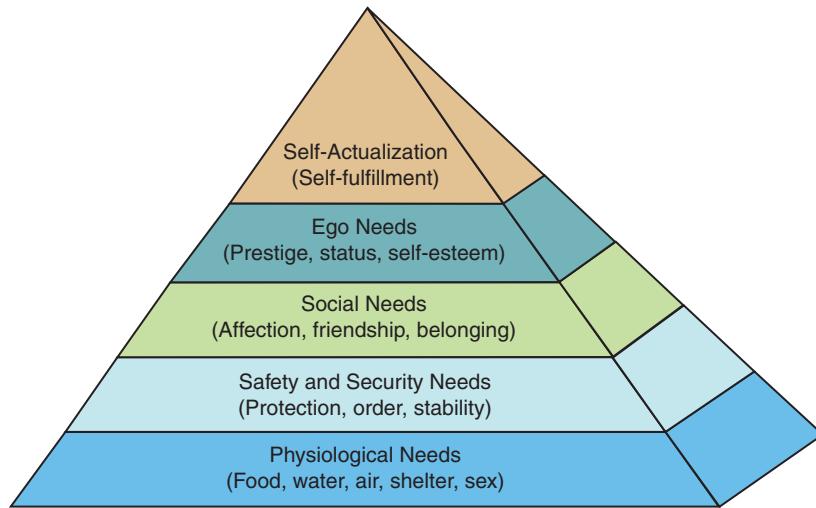
Figure 3.6 presents a diagram of Maslow's hierarchy of needs. For clarity, the levels appear as mutually exclusive. According to the theory, however, there is some overlap among the levels, as no need is ever completely satisfied. Thus, to some extent, all levels of need below the level that is currently dominant continue to motivate behavior. Nevertheless, the prime motivator—the major driving force within the individual—is the lowest level of need that remains largely unsatisfied.

Physiological Needs

Maslow maintained that **physiological needs** are the first and most basic level of human needs. These primary needs, which are required to sustain biological life, include food, water, air, shelter, clothing,

FIGURE 3.6

Maslow's Hierarchy of Needs



and sex—all biogenic needs. According to Maslow, physiological needs are dominant when they are chronically unsatisfied: “For the man who is extremely hungry, no other interest exists but food. He dreams food, he remembers food, he thinks about food, he emotes only about food, he perceives only food, and he wants only food.”⁷

Safety Needs

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

Social Needs

The third level of Maslow’s hierarchy consists of **social needs**, such as love, affection, belonging, and acceptance.

Egoistic Needs

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

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

Need for Self-Actualization

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

Evaluation of Maslow’s Theory

Maslow’s theory states that higher-order needs become the driving force behind human behavior as lower-level needs are satisfied. The theory says, in effect, that dissatisfaction, not satisfaction, motivates behavior. The need hierarchy has received wide acceptance in many social disciplines because it appears to reflect the assumed or inferred motivations of many people in American society. The five

levels of needs are sufficiently generic to encompass most individual needs. The major problem with the theory is that it cannot be tested empirically; there is no way to measure precisely how satisfied one level of need must be before the next higher need becomes operative. The need hierarchy is very closely bound to the American culture (i.e., it appears to be both culture- and time-bound). In non-Western countries, the needs specified by Maslow are ranked differently. Indeed, research indicated that in some countries, safety, love, and belonging are at the apex of the needs pyramid.⁸

Marketing Applications of Maslow's Theory

Despite its limitations, Maslow's hierarchy has been a highly useful framework for marketers. Maslow's needs hierarchy is readily adaptable to market segmentation and the development of advertising and other marketing communications appeals, because there are consumer goods designed to satisfy each of the need levels, and because most needs are shared by large segments of consumers. For example, individuals buy health foods, medicines, and low-fat products to satisfy physiological needs. They buy insurance, preventive medical services, and home security systems to satisfy safety and security needs. Consumers buy personal care and grooming products (e.g., cosmetics, mouthwash, shaving cream), as well as most clothes, in order to satisfy social needs. They purchase high-tech and luxury products, such as elaborate sound systems, high-end wristwatches, sports cars, and expensive furniture, to fulfill ego and esteem needs. Postgraduate college education, hobby-related products, and exotic and physically challenging adventure trips are often sold as ways of achieving self-actualization.

Advertisers and other forms of marketing messages can also use the need hierarchy to position products; that is, to develop a strategy that will make consumers perceive a product or brand as its marketer intends. The need hierarchy is a versatile tool for developing positioning strategies because different appeals for the same product can be based on different needs. For example, a study that tested the appeal of different military recruitment slogans found that the two slogans that resonated well with potential recruits were "Be All You Can Be" and "The Few, the Proud, the Marines." The slogans that most respondents disliked were "I Want You" and "Join the People Who've Joined the Army."⁹ Clearly, egoistic and self-actualization needs are the prime motivators behind joining the armed forces.

A Trio of Needs

Another framework for organizing human needs is known as the trio of needs: the needs for power, affiliation, and achievement (these needs are reflected in Table 3.3 and also in Maslow's needs hierarchy). Individually, each of the three needs can affect consumer motivation.

Power

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

Affiliation

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

Achievement

Individuals with a strong **achievement need** often regard personal accomplishment as an end in itself. They are self-confident, enjoy taking calculated risks, actively research their environments, and value feedback, often in the form of monetary rewards. People with high achievement prefer situations in which they can take personal responsibility for finding solutions.¹⁰ Because of this,

portraying achievement is a useful promotional strategy for many products and services, especially those targeting educated and affluent consumers. (Figure 3.4 represents an appeal based on the need for achievement, as does Figure 11.4.)

The Measurement of Motives

Learning Objective

- 3 To understand how to identify and measure motives.

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

Self-Reporting

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

Qualitative Research

Frequently, respondents may be unaware of their motives, or may be unwilling to reveal them when asked directly. In such situations, researchers use **qualitative research** to delve into the consumer’s unconscious or hidden motivations. Many qualitative methods also termed **projective techniques** because they require respondents to interpret stimuli that do not have clear meanings, based on the assumption that the subjects will “reveal” or “project” their subconscious, hidden motives onto the ambiguous stimuli. The findings of qualitative research methods are highly dependent on the training and experience of the analyst; the findings represent not only the data themselves but also what the analyst thinks they imply. Though some marketers are concerned that qualitative research does not produce hard numbers that objectively “prove” the point under investigation, others are convinced that qualitative studies are sometimes more revealing than quantitative studies (see Chapter 16). The major types of qualitative methods used to study motivation are featured in Table 3.4, together with applicable examples.¹¹

Motivational Research

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

When Dr. Dichter, trained as a clinical psychoanalyst in Vienna, arrived in the United States in the late 1930s, he joined a major New York advertising agency rather than establish a clinical

TABLE 3.4 Qualitative Measures of Motives**RESEARCH METHOD DESCRIPTION AND EXAMPLES**

Storytelling	Storytelling consists of having customers tell real-life stories regarding their use of the product under study. By using this method to study parents' perceptions of diapers, Kimberly-Clark discovered that parents viewed diapers as clothing related to a particular stage in the child's development. Thus, if their children wore diapers too long, parents became distressed and embarrassed because it was an overt sign of their failure to toilet-train their children. The company introduced its highly successful Huggies Pull-Ups training pants—a product that established a new category in the U.S. diaper industry.
Word Association	In the word association method , respondents are presented with words, one at a time, and asked to say the first word that comes to mind. This method is highly useful in determining consumers' associations with existing brand names and those under development. In sentence completion, respondents are asked to complete a sentence upon hearing the opening phrase (e.g., "People who drive convertibles . . .").
Thematic Apperception Test	Developed by Henry A. Murray, the Thematic Apperception Test consists of showing pictures to individual respondents and asking them to tell a story about each picture. For example, Clearasil employed an image of a female looking into a mirror under the caption "Here is a teenager looking into the mirror and seeing pimples." The researchers discovered that teenagers view their lives as fast-paced and socially active and that the discovery of a pimple abruptly disturbs the swiftness of their lives. The resulting advertising depicted a teenage male walking briskly down the street and spotting a pimple on his face in a store window. All motion around him stops. He applies Clearasil, the pimple disappears, and life resumes its pace.
Drawing Pictures	Visual images are often used to study consumers' perceptions of various brands and to develop new advertising strategies. For example, when respondents were asked to draw pictures of the typical Pillsbury cake-mix user, their drawings depicted old-fashioned, chubby females wearing frilly aprons. When asked to draw pictures of the Duncan Hines cake-mix user, their drawings showed slim, "with it" women wearing heels and miniskirts. These findings provided important input to Pillsbury concerning the need to reposition its product.
Photo Sorts	In a study using photo sorts conducted by the advertising agency for Playtex (a manufacturer of bras), respondents received stacks of photos depicting different types of women and asked to select pictures portraying their own self-images. Although many of the respondents were overweight, full-breasted, and old-fashioned in appearance, they selected photos showing physically fit, well-dressed, and independent women. The advertising agency advised Playtex to stop stressing the comfort of its bras in its ads and designed a new campaign showing sexy, thin, and big-bosomed women under the slogan: "The fit that makes the fashion."

Sources: Emily Eakin, "Penetrating the Mind by Metaphor," *New York Times*, February 23, 2002, B9, B1 1; Ronald B. Leiber, "Storytelling: A New Way to Get Close to Your Customer," *Fortune*, February 3, 1997; and Bernice Kramer, "Mind Games," *New York*, May 8, 1989, 33–40.

practice. Dr. Dichter applied Freud's psychoanalytical techniques to the study of consumer buying habits and used qualitative research to figure out *why* consumers did what they did. Marketers became fascinated by the glib, entertaining, and sometimes surprising explanations offered for consumer behavior, especially since many of these explanations were grounded in sex. For example, Dichter told marketers that consumers bought cigarettes and Life Saver candies because of their sexual symbolism, that men regarded convertible cars as surrogate mistresses, and that women baked cakes to fulfill their reproductive yearnings. Before long, almost every major advertising agency in the country had a psychologist on staff to conduct motivational research studies. Table 3.5 includes a sample of product profiles created by Dichter and his colleagues.

Modern motivational research includes many qualitative methods and procedures and is well established in consumer research.¹² It includes research methods not only from psychology, but also from sociology and anthropology. Qualitative consumer research methods, consisting of focus group sessions and depth interviews, are routinely used by businesses seeking to gain deeper insights into the *whys* of consumer behavior. Motivational research often reveals unsuspected consumer

TABLE 3.5 Examples of Dichter's Subconscious Interpretations

PRODUCT	SUBCONSCIOUS INTERPRETATION
Baking	Baking expresses femininity and motherhood by evoking nostalgic memories of delicious odors pervading the house when the mother was baking. When baking a cake, a woman is subconsciously and symbolically going through the act of giving birth, represented by the baked product being pulled from the oven. Thus, when a woman bakes a cake for a man, she is offering him a symbol of fertility.
Automobiles	A car allows consumers to convert their subconscious urges to destroy and their fear of death—two key forces in the human psyche—into reality. For example, the expression “step on it” stems from the desire to feel power, and the phrase “I just missed that car by inches” reflects the desire to play with danger. Based on this view, Dichter advised Esso (now Exxon) to tap into consumers’ aggressive motives for driving cars in promoting the superiority of its gasoline product. The slogan “Put a tiger in your tank” was developed as a result of his advice. Dichter also maintained that cars have personalities, and that people become attached to their cars and view them as companions rather than objects. This notion stands behind his views that a man views a convertible as a mistress and a sedan as his wife.
Dolls	Dolls play an important part in the socialization of children and are universally accepted as an essential toy for girls. Parents choose dolls that have the kind of characteristics they want their children to have, and the doll is an object for both the parents and the children to enjoy. When Mattel introduced Barbie in 1959, the company hired Dichter as a consultant. His research indicated that although girls liked the doll, their mothers detested the doll’s perfect bodily proportions and Teutonic appearance. Dichter advised Mattel to market the doll as a teenage fashion model, reflecting the mother’s desire for a daughter’s proper and fashionable appearance.
Ice cream	Ice cream is an effortless food that does not have to be chewed and that melts in your mouth, a sign of abundance, an almost orgiastic kind of food that people eat as if they want it to run down their chins. Accordingly, Dichter recommended that ice cream packaging should be round, with illustrations that run around the box panel, suggesting unlimited quantity.

motivations concerning product or brand usage and is often used to develop ideas for promotional campaigns. Qualitative research also enables marketers to explore consumer reactions to product ideas and advertising copy at an early stage, and avoid the costly errors resulting from using ineffective and untested ads. Furthermore, motivational research findings provide consumer researchers with insights that serve as the foundations of structured, quantitative marketing research studies, which employ larger and more representative consumer samples than qualitative studies.

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

The Nature and Theories of Personality

Learning Objective

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

Personality consists of the inner psychological characteristics that both determine and reflect how we think and act. The emphasis in this definition is on *inner characteristics*—those specific qualities, attributes, traits, factors, and mannerisms that distinguish one individual from other individuals. As discussed later in this chapter, the deeply ingrained characteristics that we call personality influence the individual’s product choices: They affect the way consumers respond to marketers’ promotional efforts, and when, where, and how they consume many products or services. Therefore, the identification of specific personality characteristics associated with consumer behavior has been highly effective in the development of market segmentation and promotional strategies.

The Facets of Personality

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

Personality Reflects Individual Differences

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

Personality Is Consistent and Enduring

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

Personality May Change

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

Theories of Personality

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

Freudian Theory

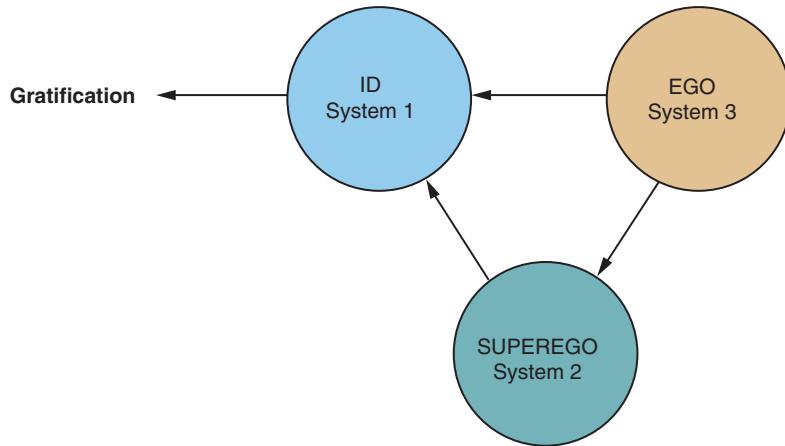
The premise of **Freudian theory** is that *unconscious* needs or drives, especially sexual and other biological drives, are at the heart of human motivation and personality. Freud constructed his theory on the basis of patients' recollections of early childhood experiences, analysis of their dreams, and the specific nature of their mental and physical adjustment problems. Freud proposed that the human personality consists of three interacting systems: the id, the superego, and the ego. Figure 3.7 shows the interrelationships among Freud's three interacting systems.

The **id** is the "warehouse" of primitive and impulsive drives—basic physiological needs such as thirst, hunger, and sex—for which the individual seeks immediate satisfaction without concern for the specific means of satisfaction. The Godiva ad in Figure 3.8 captures the mystery and excitement aroused by these "primal forces."

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

FIGURE 3.7

Freud's Theory



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

Neo-Freudian Personality Theory

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

Karen Horney was also interested in anxiety and studied the impact of child-parent relationships on the individual's desire to reduce feelings of anxiety. Horney proposed that individuals be classified into three personality groups:¹³

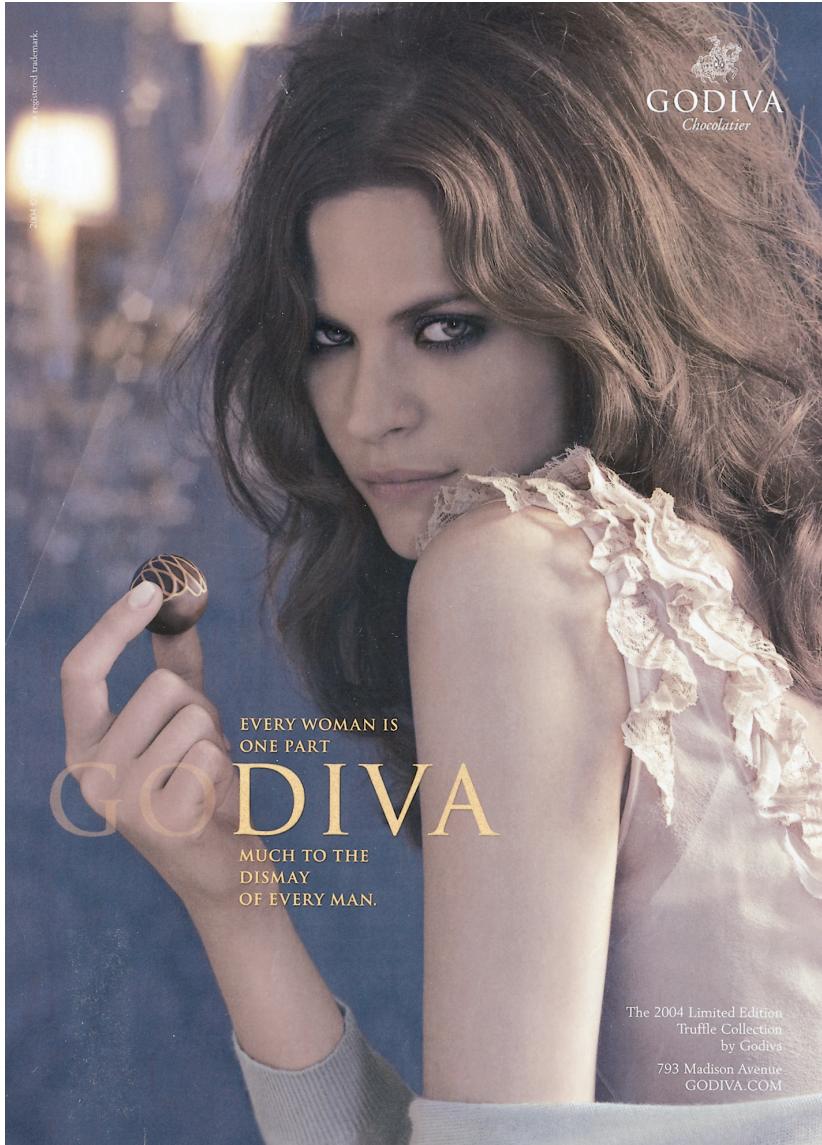
- Compliant individuals** are those who move *toward* others and wish to be loved, wanted, and appreciated.
- Aggressive individuals** are those who move *against* others and desire to excel and win admiration.
- Detached individuals** are those who move *away* from others and seek independence, self-reliance,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

Researchers developed a personality test based on Horney's theory (the CAD test) and used it to study consumer behavior.¹⁴ The initial CAD research uncovered a number of tentative relationships between college students' scores and their product and brand usage patterns. For example, highly compliant students liked name-brand products such as Bayer aspirin, whereas aggressive subjects preferred Old Spice deodorant over other brands (seemingly because of its masculine appeal); and highly detached students were heavy tea drinkers (possibly reflecting their desire not to conform).

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

FIGURE 3.8

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



Trait Theory

Trait theory represents a departure from the qualitative, nonempirical approaches of the Freudian and neo-Freudian movements. **Trait theory** focuses on empirical measures of personality in terms of specific psychological characteristics, called “traits.” Traits are personal characteristics or features that set one person apart from another person. Trait theorists use personality tests (or inventories) that pinpoint individual differences in terms of “high” versus “low” scores on specific traits. Researchers developed tailor-made, single-trait personality tests for consumer behavior studies. These personality tests measure such traits as **innovativeness** (how receptive a person is to new consumer-related experiences or the early consideration and purchase of new products and services), **materialism** (the degree of the consumer’s attachment to worldly possessions), and **ethnocentrism** (the consumer’s likelihood to accept or reject foreign-made products).

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

Personality Traits and Consumer Behavior

Learning Objective

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

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

Consumer Innovators and Innovativeness

Innovators are the first to try new products, product line extensions, and services because they are open to new ideas and practices. Their response to newly introduced products is critical to the success or failure of new products. Consumer innovators are enthusiastic about innovative products and can speed up the market acceptance of innovations, because they tell others about their purchases and often show them the new products. Furthermore, as more consumer innovators discuss the new products online, their domains of innovative behavior expand.¹⁵ Table 3.6 presents illustrative opinions of an innovator of high-tech products.

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

1. **Functional factors** reflect interest in the performance of an innovation.
2. **Hedonic factors** relate to feeling gratified by using the innovation.
3. **Social factors** reflect the desire to be recognized by others because of one's pursuit of innovations.
4. **Cognitive factors** express the mental stimulation experienced by using an innovation.¹⁶

Whereas most researchers view innovativeness as a single personality trait, one study identified three levels of innovativeness:¹⁷

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

TABLE 3.6 | Illustrative Opinions of an Innovator of High-Tech Products

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

As expected, there is a positive relationship between innovativeness and using the Internet and new technologies. One study reported that heavy Internet shoppers saw themselves as being able to control their own future, used the Internet to seek out information, enjoyed change, and were not afraid of uncertainty.¹⁸ Another study found that while online banking was positively associated with Internet-related innovativeness (i.e., domain-specific innovativeness), global consumer innovativeness was negatively related to embracing online banking; these results highlight the importance of researching domain-specific innovativeness.¹⁹ Researchers have also discovered that consumer innovativeness strongly affects consumers' likelihood to purchase brand extensions, and therefore firms introducing such products must target innovative consumers.²⁰ Several studies showed that consumer innovativeness shaped buying decisions to a greater degree than such factors as price consciousness, value consciousness, and perceived price variation.²¹

Dogmatism

Dogmatism is one's degree of rigidity—the opposite of being open-minded—toward information and opinion contradictory to one's beliefs and views (i.e., closed-mindedness).²² A person who is highly dogmatic approaches the unfamiliar defensively and with uncertainty and discomfort. In contrast, a person who is less or not dogmatic readily considers unfamiliar or opposing beliefs. Generally, consumers who are not dogmatic prefer innovative products rather than traditional ones.

Highly dogmatic consumers tend to be more receptive to ads that contain appeals from authoritative figures, such as celebrities and experts. In contrast, low-dogmatic consumers are more receptive to messages that stress factual differences, product benefits, and other product-usage information. Researchers found that consumers scoring high on the traits of "openness to experiences" (similar to low dogmatism) and "extraversion" (which is related to personal energy, ambition, venturesomeness, and being outgoing) responded favorably to emotional messages, and were likely to purchase and become loyal to the brand advertised.²³

Social Character: Inner- versus Other-Directedness

Inner-directed consumers rely on their own inner values or standards in evaluating new products and are likely to be consumer innovators. Conversely, **other-directed** consumers look to others for guidance as to what is appropriate or inappropriate and are unlikely to be consumer innovators. Inner- and other-directed consumers are receptive to different types of promotional messages. Inner-directed people prefer ads that stress product features and personal benefits, whereas other-directed people prefer ads that feature social acceptance and respond favorably to appeals portraying social or group interactions. The ad in Figure 3.9 features an inner-directed person experiencing adventure and wilderness by himself. The ad's secondary tagline—"This is Outward Bound. This challenge belongs to you"—focuses on a person's inner-directedness.

Need for Uniqueness

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

Understanding this personality trait is highly pertinent to the fashion industry, because clothing trends and styles are ever changing. Many marketers target people with a high need for uniqueness with marketing stimuli designed to enhance self-perceptions of uniqueness. Illustrative opinions of a consumer with a high need for uniqueness appear in Table 3.7.

Optimum Stimulation Level

Optimum stimulation level (OSL) is the degree to which people like novel, complex, and unusual experiences (i.e., high OSL) or prefer a simple, uncluttered, and calm existence (i.e., low OSL). Research has found that consumers seeking high levels of optimum stimulation are more willing to take risks, more likely to try new products and be innovative, and seek to maintain high optimum stimulation levels while shopping.²⁴ A study of college students' tendency to purchase "mass customized" clothes (e.g., a pair of jeans that is specially measured, cut, and sewn so they offer a better fit or appearance) discovered that people with high OSL wanted to: 1. "experiment with personal

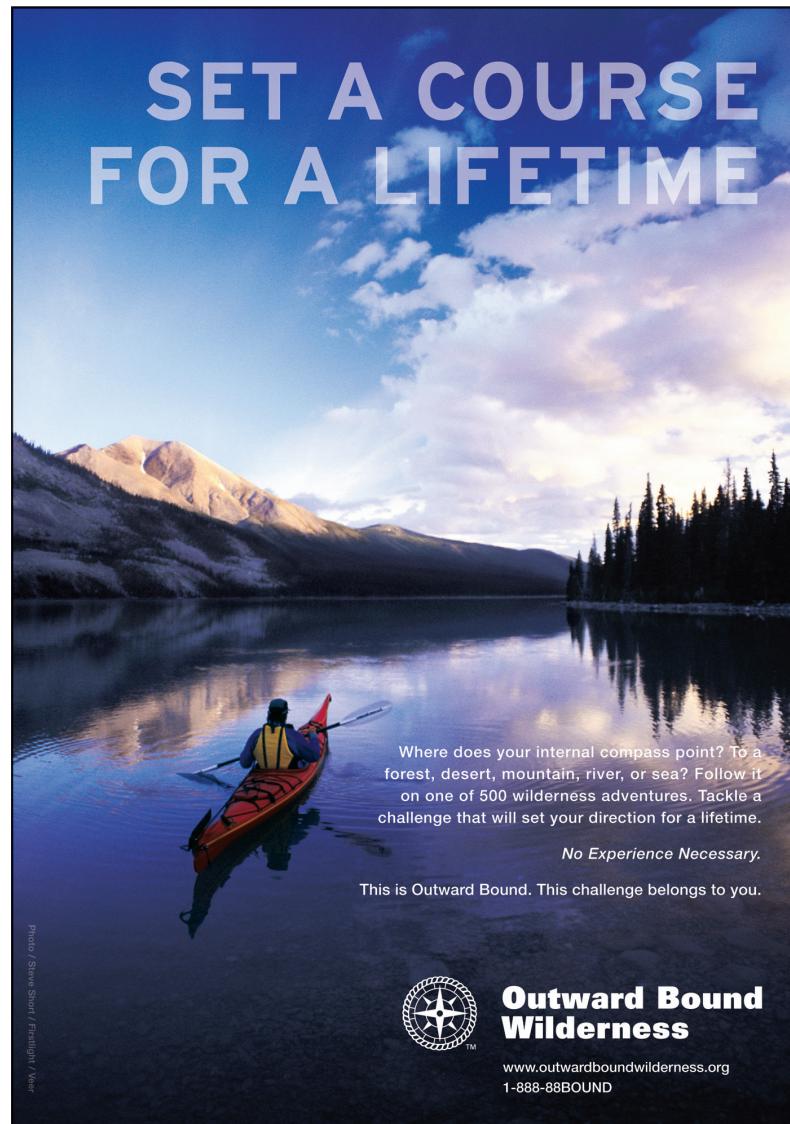


FIGURE 3.9 An Appeal to Inner-Directed Consumers

appearance” (e.g., “I try on some of the newest clothes each season to see how I look in the styles”), and 2. “enhance their individuality” (e.g., “I try to buy clothes that are very unusual”).²⁵

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

Sensation Seeking

Closely related to the OSL concept is **sensation seeking**: one’s need for varied, novel, and complex sensations and experiences, and the willingness to take risks for the sake of such experiences. For example, many teenage males with high sensation-seeking scores engage in “extreme sports” forms of biking, skateboarding, and rollerblading. One study discovered that consumers who scored high on sensation seeking and innovativeness were more likely to incorporate volunteerism into their vacations.²⁶ The ad for Rock Resorts in Figure 3.10 displays the tagline “BE” as a cue for a sensual experience, and the ad’s copy invites guests to “embrace the true spirit” and “secrets” of a special destination.

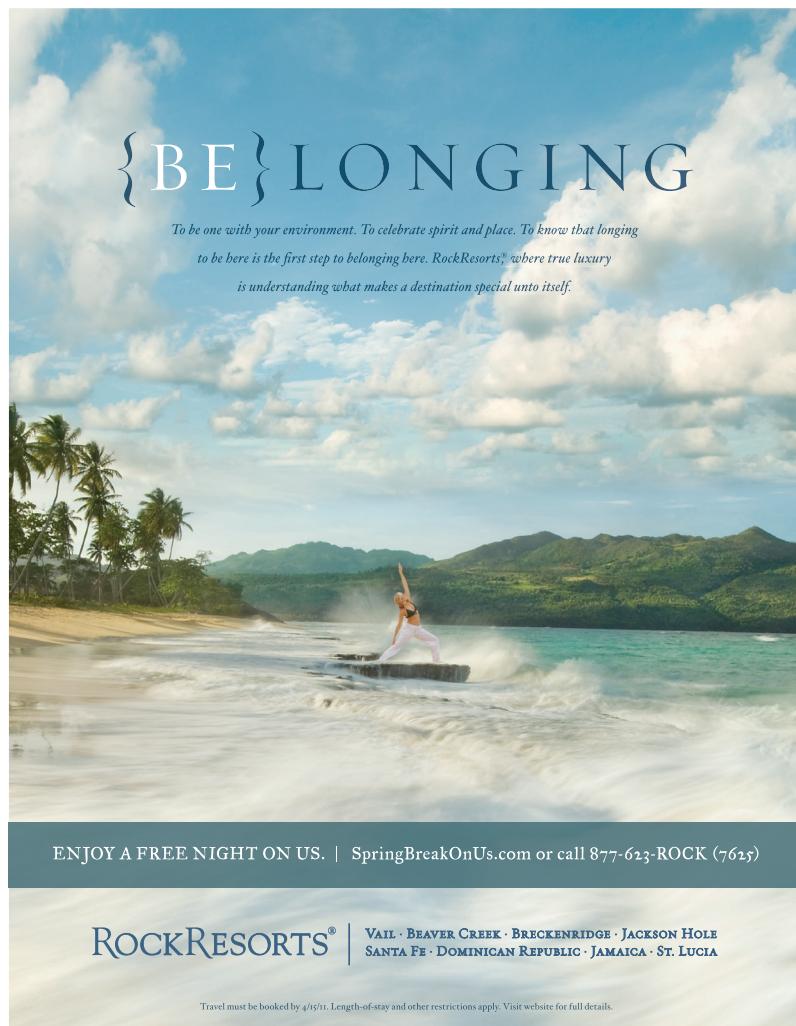
TABLE 3.7 Illustrative Opinions of a Young Executive with a High Need for Uniqueness

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

Variety and Novelty Seeking

Another trait similar to OSL is variety or novelty seeking. In consumer behavior, **variety and novelty seeking** consists of:²⁷

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



Source: RockResorts

FIGURE 3.10 An Appeal to Sensation-Seeking Consumers

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

Need for Cognition

A **need for cognition** (NFC) measures a person's craving for or enjoyment of thinking. Consumers who are high in NFC respond to ads that contain a lot of product-related information and descriptions, whereas consumers who are relatively low in NFC are attracted to the background or peripheral aspects of an ad, such as an attractive model or well-known celebrity. A study showed that including diagnostic product information in advertising (e.g., information that allows consumers to evaluate product quality and distinguish between brands) increased ad persuasion for high NFC consumers, but not for low NFC consumers.²⁸ Along the same lines, another study found that individuals low in NFC accepted a marketer's recommended alternatives more readily than high NFC consumers did.²⁹

Need for cognition also plays a role in consumers' use of the Internet. Studies showed that high NFC persons were more likely than others to seek product information, current events, and educational resources online.³⁰ Other studies discovered that people high in NFC concentrated on the objectives of their planned online activities, whereas low-NFC persons were distracted by the vast amount of data on the Web and unable to focus on their intended online activities.³¹

Visualizers versus Verbalizers

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

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

Individuals scoring high on object visualization tend to score low in spatial visualization, and vice versa. Furthermore, whereas visual artists generally excel in object imagery, scientists and engineers do best with spatial imagery.³²

Although most ads consist of both verbal and pictorial information, some ads are significantly more visual than others. The Yoplait ad in Figure 3.11 appeals mostly to visualizers; it conveys the yogurt's palatal "richness" with a picture and almost no text. The Listerine ad in Figure 3.12 appeals to both visualizers and verbalizers; it includes a picture that clearly stands out, as well as a lot of verbal information about the product.

Consumer Materialism

Materialism gauges the extent to which an individual is preoccupied with purchasing and showing off physical possessions that are mostly nonessential and often conspicuous luxury goods. A study that compared the extent of consumer materialism among young adults (aged 18 to 35) from China and their American counterparts discovered that the Chinese were more materialistic than the Americans.³³ The study concluded that as the economic conditions in China improved, Chinese society accepted materialism readily. In contrast, as the U.S. economy became uncertain and volatile, young American consumers became more reserved and frugal.

Highly materialistic consumers define themselves by acquiring possessions. They value buying and showing off their belongings, are often self-centered and selfish, live cluttered lives, and often do not experience personal satisfaction or happiness from their possessions alone.³⁴ In contrast, consumers who are less materialistic do not define themselves by what they possess and are more interested in seeking fulfilling experiences and enjoying them, often with others. They are not particularly impressed by what they and others have, but rather how they enjoy life. One study discovered that "tightwads" spend less than they had intended, because they felt discomfort about paying for their purchases. In contrast, "spendthrifts" felt no discomfort about paying and



FIGURE 3.11 An Appeal to Visualizers

typically spend more than they intended to.³⁵ A Canadian study discovered that 25% of people who remembered dreams recalled dreams about buying things. In reality, many of the respondents thought about the products they dreamed about (and sometimes even sought more information about them), told others about their dreams, and even considered purchasing the products dreamt about.³⁶ Table 3.8 profiles materialistic consumers.

Fixated Consumption

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

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



Source: Johnson & Johnson Healthcare Products

FIGURE 3.12 An Appeal to Both Visualizers and Verbalizers

TABLE 3.8 | Selected Characteristics of Materialistic Consumers

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

Compulsive Consumption

Compulsive consumption is addictive and out-of-control buying that often has damaging consequences for both the compulsive shopper and those around him or her. Examples of compulsive consumption problems are uncontrollable shopping, gambling, drug addiction, alcoholism, and even eating disorders. Furthermore, the ease of online buying has made compulsive shopping more widespread. Research discovered that at least 75% of compulsive buyers are females.³⁷ Compulsive shoppers purchase items that they do not need and often do not end up using, and many require psychological intervention in order to eliminate or even control severe compulsive shopping. Research suggests that easy availability of credit cards contributes to compulsive consumption

TABLE 3.9 Illustrative Characteristics of Compulsive Consumers

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

behavior, especially among college students.³⁸ Marketers must ensure that their promotional messages do not encourage irresponsible consumption. Table 3.9 lists several characteristics of compulsive consumers.

Consumer Ethnocentrism

Ethnocentrism is the consumer's willingness to buy or not buy foreign-made products. Highly ethnocentric consumers feel that it is inappropriate or wrong to purchase foreign-made products, because of the resulting economic impact on the domestic economy, whereas nonethnocentric or less ethnocentric consumers tend to evaluate foreign-made products—ostensibly more objectively—for their extrinsic characteristics (e.g., “How good are they?”). A post-9/11 study found that Americans' ethnocentrism increased in the United States as a result of the 9/11 terrorist attacks and natural disasters.³⁹ Research has also found that ethnocentrism varies by country and product. For example, Mexican consumers are more ethnocentric than their French and American counterparts; and Malaysian consumers, while preferring to purchase slacks, shirts, undergarments, and belts that are locally manufactured, want to buy imported sunglasses and watches.⁴⁰ Other evidence shows that some older American consumers, in remembrance of World War II, still refuse to purchase German- and/or Japanese-made products, whereas some German and Japanese consumers feel similarly about American-made products.⁴¹

Presently, due to globalization and multinational marketing, consumers may not know for sure whether a particular product is domestic or imported. For example, some of the models Toyota sells in the United States are manufactured in Japan, some in the United States, and others are in both countries. Several studies tried to classify products by their “degree of globalization,” or “degree of cultural uniqueness.” One study showed that, for some consumers, the “country of assembly” and the “country of design” played a role in deciding whether or not to purchase products.⁴² A study of business school students in New York City examined eight different products, from green tea to jazz music, to determine if they differ in terms of “degree of globalization,” that is, the product’s degree of cultural uniqueness.⁴³

Marketers successfully target ethnocentric consumers by stressing nationalistic themes in their promotional appeals (e.g., “Made in America” or “Made in France”), because these consumers are more likely to buy products made in their native lands. To illustrate the strategy of ethnocentric appeal, Honda, the Japanese automaker, in an indirect appeal to ethnocentric Americans, advertised that its Accord wagon is “Exported from America” (reinforcing the fact that some of its automobiles are made in the United States). However, a study examining the preferences of UK consumers across eight product categories found that domestic country bias (i.e., a preference for products manufactured in the consumer's country of residence) varied among product categories. This means that domestic manufacturers cannot always expect that local consumers will automatically prefer their offerings over imported ones.⁴⁴ Furthermore, one research study found that low-knowledge consumers' product attitudes (i.e., the consumer has little knowledge about the product) have been more strongly influenced by country-of-origin perceptions than high-knowledge consumers' product attitudes.⁴⁵ One study showed that highly ethnocentric Chinese consumers did not favor bilingual signs and messages (in Chinese and English) and were thus less likely to buy the advertised products.⁴⁶

Personality and Color

Consumers not only ascribe personality traits to products and services, but some also associate personality characteristics with specific colors. For instance, consumers associate Coca-Cola with red, which connotes excitement. Blue bottles are sometimes used to sell wine because the color blue appeals particularly to female consumers. Yellow connotes novelty and black sophistication. Brands can create a sophisticated, upscale, or premium image (e.g., Miller Beer's Miller Reserve) by using primarily black labeling or packaging. A combination of black and white communicates that a product is carefully engineered, high tech, and sophisticatedly designed. For instance, Nike produced shoes in black, white, and a touch of red for selected models of its sports shoes because this color combination connotes high performance. Many fast-food restaurants use combinations of bright colors, like red, yellow, and blue, for their roadside signs and interior designs because research discovered that consumers associate these colors with fast service and inexpensive food. In contrast, most fine restaurants use sophisticated colors like gray, white, shades of tan, or other soft, pale, and muted tones to underscore their classy environments and good service. Table 3.10 lists various colors, their personality-like meanings, and associated marketing insights.

TABLE 3.10 Personality Traits Associated with Colors

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

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

Product and Brand Personification

Learning Objective

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

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

Research shows that of all the elements of the marketing mix, promotional messages have the greatest influence in creating a brand personality. One study explored dimensions of brand personality for products marketed by 64 American multinational corporations. It analyzed 270 websites of these corporations, in the United States, UK, France, Germany, and Spain, and discovered five underlying dimensions of brand personality: *excitement, sophistication, affection, popularity, and competence*.⁴⁷

Product and brand personifications are forms of **anthropomorphism**, which refers to attributing human characteristics to something that is not human. For example, a study focusing on anthropomorphized products found that the ease with which consumers could anthropomorphize a product was a function of how the product was advertised and the inclusion or absence of references to or depictions of human-like product features. Consumers perceived products presented as having human features more favorably than products without human attributes.⁴⁸ One study investigated the relationship between brand personality and two human characteristics:

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

The study discovered that people who were preoccupied with their self-worth and had a negative view of people (i.e., high anxiety and high avoidance) preferred an *exciting* brand personality, whereas those with high anxiety and a favorable view of people (i.e., low avoidance) preferred a *sincere* brand personality. Many researchers have advised marketers to study the personality traits of their consumers before personifying their brands in promotional messages.⁴⁹

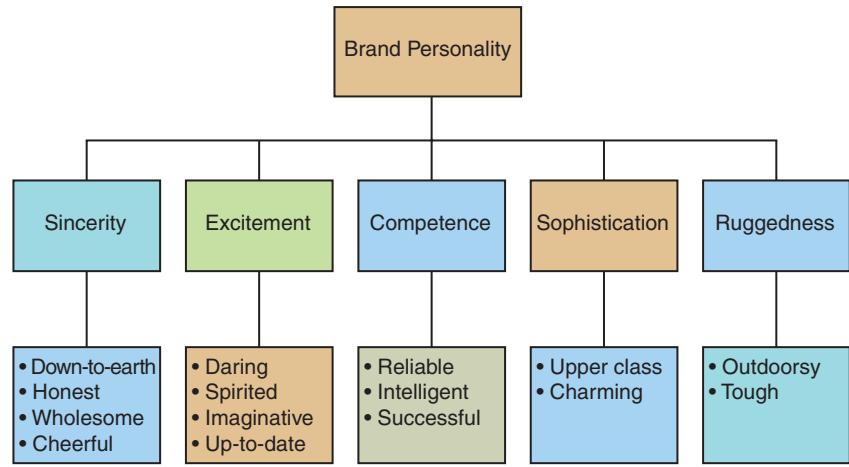
Consumers personify brands because marketers have given their offerings human characteristics through repetitive and effective advertising. For example, the M&M “person” (see Figure 8.4) originated from asking consumers: “If an M&M (a chocolate-coated peanut variety) were a person, what kind of person would it be?” For decades, the M&M “person” has been one of America’s best-loved and most widely recognized characters. The manufacturer of Mr. Coffee—an automatic-drip coffee maker—unexpectedly found that, in focus groups, consumers referred to Mr. Coffee as if it were a person, with such expressions as “he makes good coffee” and “he’s got a lot of different models and prices.” The brand’s marketer then personified the machine and, in subsequent studies, discovered that consumers perceived Mr. Coffee as “dependable,” “friendly,” “efficient,” “intelligent,” and “smart.” In several focus groups, participants described several well-known brands of dishwashing liquid as “demanding taskmasters” and “high-energy people.” In another study, French young adults (aged 18 to 23) perceived Coca-Cola as friendly, creative, charming, and elegant (among other characteristics), and that such perceptions led to trust, attachment, and commitment to the brand.⁵⁰

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

The framework in Figure 3.13, which has been applied to personifying many brands of consumer goods, depicts 5 underlying dimensions of a brand’s personality—sincerity, excitement, competence, sophistication, and ruggedness—and 15 more narrowly defined characteristics, such as down-to-earth, daring, reliable, upper class, and outdoors.

FIGURE 3.13

A Brand Personality Framework



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

Product Personality and Gender

A product's personality frequently endows products and brands with gender. For instance, Celestial Seasonings' Tracy Jones was given a feminine persona, whereas Mr. Coffee was given a masculine personality. Products' assigned genders vary by culture: In certain cultures, consumers may perceive coffee and toothpaste to be masculine products, whereas bath soap and shampoo are viewed as feminine. Another study examined the personality characteristics that Hispanic shoppers associate with well-known U.S. retailers. In focus groups conducted in Spanish in several American cities, researchers discovered that Hispanic consumers ascribed personality characteristics to retailers. For example, Walmart was frequently characterized as a detail-oriented, successful businesswoman; Old Navy was described as "a woman who is friendly and gardens"; and Sears as "an elegant man driving an expensive car."⁵¹

Product Personality and Geography

Consumers associate some brands with geographic locations (e.g., Buxton Natural Mineral Water, a brand owned by Nestlé Waters, and sourced from the ancient and picturesque town of Buxton in the heart of England), and such associations often enhance the memory and the likeability of these brands. Interestingly, geographic brand names can be either real or fictitious. For instance, Philadelphia Cream Cheese is actually made in Illinois, but many consumers associate it with a city known for its historical role in the founding of the United States. Whether the brand's association with a location is real or fictitious, the perceived location's image enhances the brand's equity. Many customers immediately associate the name Aurora Zone with healthful winter activities in the Nordic countries. The carefully chosen brand name indicates that it provides holiday packages and organizes tours solely for the viewing of the Aurora Borealis, even though the company originated in the more prosaic Northumberland in the UK.

Website Personality

As consumers navigate the Internet, many of them become emotionally attached to certain websites. A recent study identified four personality characteristics of websites: (1) *intelligent* (i.e., searchable, comprehensive, fast, and concise); (2) *fun* (i.e., colorful, attractive, interactive, and dynamic); (3) *organized*; and (4) *sincere* (i.e., straightforward and down-to-earth).⁵² These findings suggest that incorporating personality traits into the design of websites can generate more favorable attitudes among visitors and more clicks on the site's pages.

The Self and Self-Image

Learning Objective

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

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

Each individual has an image of himself or herself as a certain kind of person, with certain traits, skills, habits, possessions, relationships, and behaviors. One's self-image originates in a person's background and experience. Many products and brands have symbolic value for individuals because their images are consistent with the ways these people perceive themselves, and consumers buy offerings that are congruent with their self-image and avoid products and brands that are not. A recent study uncovered an interesting correlation between food consumption and self-image. Apparently, as Americans are becoming larger, because of consuming increasingly larger portions and too much food, many people who are overweight see themselves as being of normal or average weight.⁵³

Consumer behavior researchers identified four components of self-image:

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

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

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

The Extended Self

Consumers' possessions can confirm or extend their self-images. For instance, acquiring a sought-after pair of "vintage" Levi jeans might enrich a teenager's self-image, because she might see herself as being more desirable, fashionable, and successful when she wears those pants. Researchers suggested that possessions are extensions of self in the following ways:⁵⁴

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

Altering the Self

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

Personal vanity is closely related to both self-image and alteration of the self. Vanity is often associated with acting self-important, self-interested, or admiring one's own appearance or achievements. Researchers discovered two types of vanity: (1) *physical vanity*, which is excessive concern with or inflated view of one's physical appearance; and (2) *achievement vanity*, which is excessive concern with or inflated view of one's personal achievements. They found that both vanity types correlated with a high level of materialism, high use of cosmetics, concern with clothing,

TABLE 3.11 Illustrative Characteristics of Vain Persons

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

and importance of belonging to prestigious country clubs.⁵⁵ Table 3.11 lists several characteristics of vain people. From a marketing viewpoint, these features indicate that vain consumers: (1) are a lucrative market for personal care and beauty products; (2) welcome promotional messages showing that they attract others' attention; and (3) are receptive to promotional messages featuring personal achievement.

Summary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Review and Discussion Questions

- 3.1. Discuss the statement "Marketers don't create needs; needs preexist marketers." Can marketing efforts *change* consumers' needs? Why or why not? Can they *arouse* consumer needs? If yes, how?
- 3.2. Consumers have both innate and acquired needs. Give examples of each kind of need and show how the same purchase can serve to fulfill either or both kinds of needs.
- 3.3. Think of a product or service of your choice. Now enumerate ways in which it could be marketed to target consumers as both an approach object and an avoidance object. Cite appropriate examples.
- 3.4. Maslow's hierarchy of needs begins with the primacy of physiological needs and puts self-actualization at the top of the pyramid. Some academics have claimed that this theory is flawed. Discuss why this might be true.
- 3.5. How can marketers use consumers' failures at achieving goals in developing promotional appeals for specific products and services? Give examples.
- 3.6. For each of the following products, select one level from Maslow's hierarchy of human needs. Describe how you would use the need you selected in promoting the product to a market segment of your choice. The products are: e-readers, expensive shoes, and vacation homes.
- 3.7. What are the features of qualitative research, and what are the techniques used to undertake this type of research?
- 3.8. a. How do researchers identify and measure human motives? Give examples.
b. Does motivational research differ from quantitative research? Discuss.
c. What are the strengths and weaknesses of motivational research?
- 3.9. How would you explain the fact that, although no two individuals have identical personalities, personality is sometimes used in consumer research to identify distinct and sizable market segments?
- 3.10. Contrast the major characteristics of the following personality theories: (a) Freudian theory, (b) neo-Freudian theory, and (c) trait theory. In your answer, illustrate how each theory is applied to the understanding of consumer behavior.
- 3.11. Describe personality trait theory. Give five examples of how personality traits can be used in consumer research.
- 3.12. Research has found that the target market selected by the maker of a digital camera consists primarily of individuals who are other-directed and also have a high need for cognition. How can the camera's marketer use this information in promoting its product?
- 3.13. Describe the type of promotional message that would be most suitable for each of the following personality market segments, and give an example of each: (a) highly dogmatic consumers, (b) inner-directed consumers, (c) consumers with high optimum stimulation levels, (d) consumers with a high need for recognition, and (e) consumers who are visualizers versus consumers who are verbalizers.
- 3.14. Is there likely to be a difference in personality traits between individuals who readily purchase foreign-made products and those who prefer American-made products? How can marketers use the consumer ethnocentrism scale to segment consumers?
- 3.15. A marketer of health foods would like to segment its market on the basis of self-image. Describe how the marketer can use actual self-image and ideal self-image to do so.

Hands-on Assignments

- 3.16. Find two advertisements that depict two different defense mechanisms (Table 3.2) and discuss their effectiveness.
- 3.17. Find three advertisements that illustrate the needs for power, affiliation, and achievement and discuss their effectiveness. (Each advertisement should depict one of the three needs.)
- 3.18. Find two examples of ads that are designed to arouse consumer needs and discuss their effectiveness.
- 3.19. Have a look at a magazine and pick out two to three full-page ads. Which stages of Maslow's hierarchy of needs do they apply to? Do any of the ads cover more than one of the stages?
- 3.20. Look around the room and select a product in view. How could you use brand personification to promote this product to consumers?

Key Terms

- Achievement need 92
- Actual self-image 110
- Affiliation need 92
- Aggression 88
- Aggressive individuals 97
- Anthropomorphism 82
- Approach objects 86
- Avoidance objects 86
- Brand personification 82
- Compliant individuals 97
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4

Consumer Perception

Learning Objectives

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

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

Consumers act and react on the basis of their perceptions, not on the basis of objective reality. For each individual, "reality" is a totally personal phenomenon, based on that person's needs, wants, values, and personal experiences. Thus, to the marketer, consumers' perceptions are much more important than their knowledge of objective reality. For if one thinks about it, it's not what actually *is* so, but what consumers *think* is so, that affects their actions and their buying habits. And, because individuals make decisions and take actions based on what they perceive to be reality, it is important that marketers understand the notion of perception and its related concepts to determine more readily what factors influence consumers to buy.

Since the 1970s, the identity of McCain, the UK's largest seller of frozen chips was a signature in a rectangular black box, which conveyed the brand's expertise in freezing technology. Like the microwave and vacuum cleaner, symbols of modern convenience, the brand represented the advances made in domestic innovation. However, a renewed interest in where food comes from and how it is made, meant that McCain had to start communicating about "the produce behind the process," reassuring consumers that McCain chips are just potatoes cut up and cooked in sunflower oil. This communication started with a successful advertising campaign "It's all good," but it needed to go further. McCain hired BrandOpus—a strategic design firm—to develop a new visual identity. Nir Wegrzyn, CEO, BrandOpus, stated: "We were challenged by McCain to imbue their brand identity with new meaning. The new identity shifts the McCain brand from the cold freezer aisle, into the world of being a provider of real, natural, wholesome food." Helen Priestley, McCain Marketing Director, commented: "The new visual identity establishes the sunshine as the

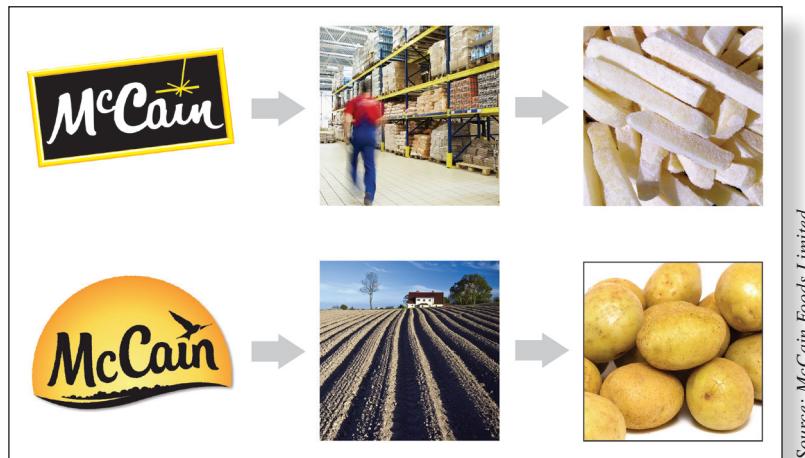


FIGURE 4.1 A McCain Chips Visual Identity



FIGURE 4.1 B McCain's Packages

new symbol for the brand and reflects the warmth and positivity of the natural world that McCain products originate from.¹ Figure 4.1 A shows consumers' perceptions of the new and old brand identities and Figure 4.1 B features the old package on the left side and the new one on the right.

Periodically, companies update their visual identities. When doing so, they must be careful, because changes that deviate "too much" from the old and familiar designs confuse consumers. Figure 4.2 shows an update of the package of Heinz Tomato Ketchup. Because today's consumers want healthier foods, Heinz substituted the little green pickle, which has appeared on the ketchup label for decades, with a tomato on a vine. It also enlarged the word TOMATO, while leaving the size of the word KETCHUP unchanged. In addition, Heinz redesigned the small packets of ketchup commonly available at fast-food outlets: The new packet is in the shape of a bottle of ketchup and the product's visual identity is much more prominent. Heinz modernized its packages without diluting its identity and in a manner that maintained and even enhanced consumers' instant recognition of Heinz Tomato Ketchup. In Figure 4.2, the old package appears on



FIGURE 4.2 Heinz's Old and New Packages

the left side and new one on the right. Note that the phrase "Fridge Door Fit" does not appear on the new package. Years ago, there were many designs of refrigerators and not all brands came in "door friendly" packages. Today, fitting in the fridge's door is no longer a unique attribute.

Later on, we explain the concept of the **just noticeable difference (JND)**, which maintains that any changes in logos and packages must be within certain "limits" in order to ensure that consumers still recognize the items instantly

after the changes. Heinz's new label was well within the JND. In contrast, one year, for the holidays, Coca-Cola packaged regular Coke in snow-white cans. Many consumers complained that the holiday can was confusingly similar to Diet Coke's silver cans, and the company brought back the familiar, red can immediately. While Heinz's new package was well within the range of the JND, Coca-Cola's white can was above the JND, which resulted in consumer confusion and complaints.

The Elements of Perception

Learning Objective

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

Perception is all about consumers' *subjective* understandings and not *objective* realities. Altering subjective "wisdom" is difficult, or even impossible. For instance, for decades, Science Diet—sold mostly in specialty stores and priced quite high—has been the premier dog and cat food because it was based on the claims that, following scientific laboratory research, the food included vitamins, grains, and other special ingredients. However, in recent years, consumers' preferences changed and pet owners became fond of pet foods that mimicked their own diets, such as natural and organic foods. At this point, Science Diet's claim of engineered nutrition became a liability and its sales sharply declined. The brand's marketer responded with Science Diet Nature's Best, the ingredients of which included lamb, brown rice, soybean meal, and apples. Still, the new offering did poorly because consumers continued to perceive Science Diet as an artificial and unnatural product.²

Nevertheless, changing a brand image, or **repositioning**, is necessary. For example, for decades, Chevrolet was positioned as an American icon, with such slogans as "See the USA in Your Chevrolet," "Heartbeat of America," and "Baseball, Hot Dogs, Apple Pie and Chevrolet." As GM started to sell the brand globally, it needed a new slogan that would create a united, global perception of the brand. The first new slogan it tried was "Chevy Runs Deep," but this tagline proved to be mundane and unexciting. Subsequently, GM began to advertise Chevrolet under the slogan "Find New Roads," which the company believes to be exciting, flexible, and also easily translated into other languages.³ Interestingly, the Chevrolet brand name is not included in the new tagline.

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

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

Sensory Input

Sensation is the immediate and direct response of the sensory organs to stimuli. A **stimulus** is any unit of input to any of the senses. Examples of stimuli (i.e., sensory inputs) include products, packages, brand names, advertisements, and commercials. **Sensory receptors** are the human organs



FIGURE 4.3 Sensory Input: Mitchell Eye Centre

(the eyes, ears, nose, mouth, and skin) that receive sensory inputs. Their sensory functions are to see, hear, smell, taste, and touch. All of these functions are called into play, either singly or in combination, in the purchase, use, and evaluation of consumer products. Human sensory sensitivity refers to the experience of sensation. Sensitivity to stimuli varies with the quality of an individual's sensory receptors (e.g., eyesight or hearing) and the amount (or intensity) of the stimuli to which he or she is exposed. For example, a blind person may have a more highly developed sense of hearing than the average sighted person and may be able to hear sounds that the average person cannot. Figure 4.3 shows an ad for the Mitchell Eye Centre that humorously depicts the consequences of fuzzy vision.

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

As sensory input *decreases*, however, our ability to detect changes in input or intensity *increases*, to the point that we attain maximum sensitivity under conditions of minimal stimulation. This accounts

TABLE 4.1 Sensory Audio Input and Product Perception

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

for the statement, “It was so quiet I could hear a pin drop.” The ability of the human organism to accommodate itself to varying levels of sensitivity as external conditions vary not only provides more sensitivity when it is needed, but also protects us from damaging, disruptive, or irrelevant bombardment when the input level is high.

Most marketing communications appeal to sight and sound. However, smell and touch also represent considerable opportunities for targeting consumers. The importance of smell in communication was strongly supported by two Americans who developed a scientific explanation of how people associate memories with smells (and won the 2004 Nobel Prize in Physiology for this work), as well as other studies demonstrating the impact of fragrance on product and store choices.⁴ Scented strips have been part of perfume ads for years, but have also been used by other marketers: for example, scented stickers with coffee aromas were placed on the front page of a daily newspaper, and the scent of chocolate cookies was emitted from ads for milk placed in bus stops. Recognizing that the use of an ambient scent in a retail environment enhances the shopping experience for many consumers and makes the time they spend examining merchandise, waiting in line, and waiting for help seem shorter than it actually is, stores like Abercrombie & Fitch use strong fragrances throughout their facilities. One study discovered that product scent enhanced memory of the product more than ambient scent (i.e., scent in the environment when the product is sold). In addition, when a product was scented, memory of the nonscent-related attributes of the product also increased.⁵

Regarding the sense of touch, several studies indicated that touching a product influences persuasion and that touching could be used as a persuasive tool.⁶ Another example of increasing sensory input is to add more merchandise and create more clutter in existing spaces. For example, during periods where consumers feel reluctant to spend money, Dollar General raised the height of its standard shelves and Best Buy tested carrying bigger items, such as bicycles and Segways, to fill in the space created by thinner TVs and smaller speakers.⁷

A sound, like a picture, may be “worth a thousand words.” As shown in Table 4.1, many companies have invested large amounts of resources in designing products and packages that emit just the right audio sensory input, after studying how consumers perceive the volumes and pitches of sounds.⁸

The Absolute Threshold

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

Sensory adaptation is a problem that concerns many national advertisers, which is why they try to change their advertising campaigns regularly. They are concerned that consumers will get so used to their current print ads and TV commercials that they will no longer “see” them; that is, the ads will no longer provide sufficient sensory input to be noted. In an effort to cut through the advertising clutter and ensure that consumers perceive their ads, some marketers try to increase sensory input—and sometimes, marketers’ efforts backfire. For example, the FCC approved rules that require cable operators and TV stations to quiet louder-than-normal TV commercials.⁹

As another example, following consumers’ complaints, most department stores have eliminated the roaming spritzers of perfume who, for decades, have been spraying fragrances in stores’ aisles assuming that consumers would buy a fragrance after getting a whiff.¹⁰

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

Ambush Marketing

Ambush marketing consists of placing ads in places where consumers do not expect to see them and cannot readily avoid them.¹¹ Examples include brand names stamped on eggs in a supermarket, featured on video screens in taxis, placed in subway tunnels between stations, or featured on doctors’ examination tables. Other examples are placing giant, fake pieces of advertised sushi on an airport’s baggage carousel; featuring brands on the bottom of the trays where consumers place small personal items during security checks at airports; ads on dry cleaners’ shirt boxes; and projecting ads on the sides of large buildings at night in large cities. Additional locations where ads are not expected but have been featured include inside urinals in men’s restrooms, on muffin displays, and on the hoods of cars as attendants filled them with gas. Vanilla paired with jasmine aromas were placed in apartments for sale in a Las Vegas condo and scents were added to the handles of men’s shaving razors.

Experiential Marketing

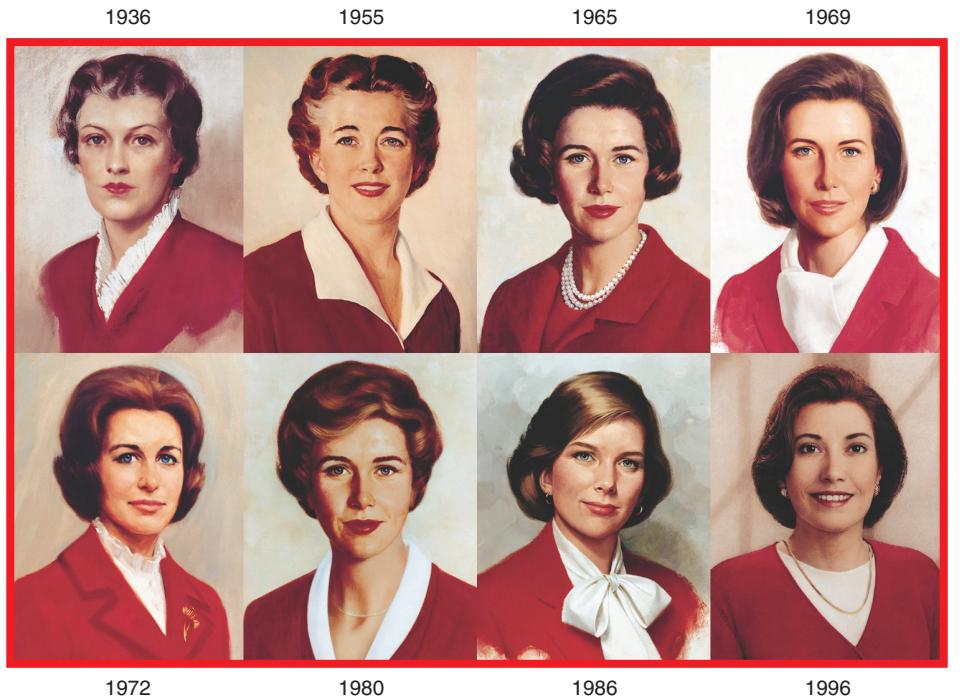
Experiential marketing allows customers to engage and interact with brands, products, and services in sensory ways in order to create emotional bonds between consumers and marketing offerings. Examples of this method include consumers’ opportunities to closely examine NASCAR’s race cars in Times Square,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

The Differential Threshold

The minimal difference that can be detected between two similar stimuli is called the **differential threshold** or the **just noticeable difference (JND)**. A nineteenth-century German scientist named Ernst Weber discovered that the JND between two stimuli was not an absolute amount, but an amount relative to the intensity of the first stimulus. **Weber’s law**, as it has come to be known, states that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. For example, during economic downturn, consumers become very price sensitive and are likely to note even small changes in price. However, during such times, companies feel a squeeze on their profit margins because people are doing more with less. For example, if a marketer of a 16-ounce bag of whole-wheat pasta raises the price from \$3.99 to \$4.25, most consumers will notice. Therefore, instead of raising the price, the marketer leaves the price unchanged, but lowers the quantity to 13.25 ounces per bag. Because this change is relatively small—that is, below the JND—most consumers will not notice it, unless they look at the package carefully. Other examples of below-the-JND decreases, which are very common during economic downturns, are: boxes of baby wipes went to 72 from 80 count; 16-ounce cans of corn went to 15.5 ounces and then to 14.5 ounces; the amount of chips in a Doritos bag declined by 20% over a period of 2 years. Sometimes, marketers promote the smaller packages as premium versions. For example, Kraft introduced “Fresh Stacks” of premium saltines: Each box has 15% fewer crackers than a standard box, but the price of both boxes was identical.¹²

The JND’s Implications for Product Pricing and Improvement

Weber’s law has important applications in marketing. Manufacturers and marketers endeavor to determine the relevant JNDs for their products for two reasons. First, they want to prevent changes (e.g., reductions in product size or quality, or increases in product price) from becoming readily discernible to the public



Source: Marcy Schneidewind/General Mills Marketing Inc.

FIGURE 4.4 Changes in the Betty Crocker Symbol

(i.e., remain below the JND). Second, they want to ensure that product improvements (e.g., improved or updated packaging, larger size, or lower price) are very apparent to consumers, but without being wastefully extravagant (i.e., they are at or just above the JND).

When it comes to product improvements, marketers very much want to meet or exceed the consumer's differential threshold; that is, they want consumers to readily perceive any improvements made in the original product. Marketers use the JND to determine the amount of improvement they should make in their products. Improvements below the JND will not be perceived and will hurt the credibility of a marketer promoting the product as "new and improved." For example, when Apple came up with some new products for which it claimed sharper displays, many consumers were disappointed because, apparently, the improvements were below the JND and therefore unperceived. However, when Apple introduced Retina Displays, they were hailed as a breakthrough technology because the improvements were far above the JND and easily noticeable.

The JND'S Implications for Logos and Packaging

Marketers often want to update their existing package designs without losing the recognition of loyal consumers. They usually make a number of small changes, each carefully designed to fall below the JND so that consumers will perceive only minimal difference between succeeding versions. For example, Figure 4.4 shows how Betty Crocker, the General Mills symbol, has been updated seven times from 1936 to 1996, but the basic elements of the symbol changed only minimally from one update to the next, in order to maintain continuous consumer recognition.

Figure 4.5 illustrates how Xerox, during its more than 100-year history, updated the company's logo many times. However, the logo was always updated carefully, with the JND in mind and without moving too drastically away from the previous logo that consumers readily recognized.

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

1. Within a few days after introducing its new logo in several stores, The Gap received negative comments expressing resentment from customers. The firm immediately brought back its well-known and liked logo. Apparently, the new logo was too far beyond the JND of many consumers and too great of a change in The Gap's visual identity.
2. On its fortieth anniversary, the Starbucks name was removed from its logo, leaving only a more stylish illustration of the green mermaid. The company also revealed two future evolutions of its logo to be introduced, successively, on its fiftieth and sixtieth anniversaries. In spite of initial



FIGURE 4.5 Changes in the Logo of the Xerox Company

Source: Xerox Corporation

complaints from consumers, the company did not bring the old logo back. Apparently, although the change is clearly above the JND, Starbucks' management believes that, as time passes, consumers will accept it.

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

Subliminal Perception

Chapter 3 described how motivation sometimes occurs below one's level of conscious awareness. People can be "stimulated" below their level of conscious awareness as well. That is, they can perceive stimuli without being consciously aware that they are doing so. Stimuli that are too weak or too brief to be consciously seen or heard may nevertheless be strong enough to be perceived by one or more receptor cells. This process is called **subliminal perception**, because the stimulus is beneath the threshold, or "limen," of conscious awareness, though obviously not beneath the absolute threshold of the receptors involved.

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

Despite the many studies of subliminal persuasion, there is no evidence that subliminal advertising persuades people to buy goods or services. A review of the research indicates that subliminal perception has no effect on attitudes toward products and consumption behavior, and that most of its effects were "researched" in highly artificial situations.¹³ A study done in a laboratory setting, supports this conclusion. Subjects were asked to keep a running total of numbers flashed on a screen, where they were also exposed to images of either IBM or Apple logos, shown at a speed faster than could be consciously seen. The subjects then performed a creativity exercise. The subjects subliminally exposed to the Apple logo scored higher on the creativity test than those exposed to the IBM logo or to no logo at all.¹⁴ Some interpret these results to mean that a brand can make you perform better. For example, if you wear a swimsuit worn and endorsed by a champion swimmer, you will swim faster. Others argue that

the results of the experiment simply mean that a subliminal stimulus may trigger certain associations and motivations, but not necessarily lead to different behavior. However, there is tangential indication that subliminal advertising may reduce antisocial behavior, such as that subliminal antishoplifting messages broadcasted in malls may lower shoplifting rates. However, there is no credible evidence that such advertising can get consumers to engage in shopping—a voluntary and pleasant behavior.

Over the years, there have been sporadic reports of marketers using subliminal messages in efforts to influence consumption behavior. For example, in 1995, Disney was accused of using subliminal messages in the movies *Aladdin* (where the hero allegedly whispers “good teenagers, take off your clothes” in a subaudible voice) and *The Lion King* (where the letters “S-E-X” are allegedly formed in a cloud of dust). At times, it has been difficult to separate truth from fiction regarding such alleged manipulations. When some of the subliminal methods were tested methodically using scientific research procedures, the research results did not support the notion that subliminal messages can persuade consumers to act in a given manner. As to sexual embeds, most researchers are of the opinion that “what you see is what you get”; that is, a vivid imagination can see whatever it wants to see in just about any situation. And that pretty much sums up the whole notion of perception: Individuals see what they want to see and what they expect to see.

Perceptual Selection

Learning Objective

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

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

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

The Stimulus

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

Contrast is one of the most attention-compelling attributes of a stimulus. Advertisers often use extreme attention-getting devices to achieve maximum contrast and, thus, penetrate the consumer’s perceptual “screen.” The Crest ads in Figure 4.6 illustrate a good use of contrast. They evoke contrast because they show two objects—cherries and coffee—colored in white, which is an inaccurate. Crest’s benefit comes through clearly: Eating cherries or drinking coffee stains teeth and Crest can remove such stains. Other forms of contrast are unexpected and unrealistic images.

Shocking and unrealistic images provoke attention. The ads in Figure 4.7 are from a campaign created by the Children’s Defense Fund, an advocacy group. It depicts the potential tragic, long-term costs of cutting government-financed initiatives for children. One ad depicts a pregnant woman whose head is that of an infant girl and explains that cutting just \$4,000 of Medicaid and food stamps from a girl in a low-income home is likely to get her to drop out of school. Then, the teenager might become pregnant, which will cost taxpayers a lot of money because the government pays huge sums for teen pregnancies. A second ad shows a tattooed man in a prison cell, whose head is that of an infant boy. The ad warns that eliminating early education investments now increases the infant’s chances of going to prison later by up to 39%, and paying for that imprisonment will cost taxpayers nearly three times



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

FIGURE 4.6 Contrasts Provoke Attention: Crest Removes Stains from Teeth

more per year than the cost of the child's education. The images of combining infant faces with adult bodies are shocking and make the ads highly noticeable.¹⁵

Expectations

People usually see what they expect to see, and what they expect to see is usually based on familiarity, previous experience, or a set of expectations. In a marketing context, a person tends to perceive products and product attributes according to his or her own expectations. A student who has been told by his friends that a particular professor is interesting and dynamic will probably perceive the professor in that manner when the class begins; a teenager who attends a horror movie that has been billed as terrifying will probably find it so. Sometimes, stimuli that conflict sharply with expectations receive more attention than those that conform to expectations. One study found that people who believed that they had prepared the dishes they tasted rated the food almost twice as high as others who tasted the same food but did not prepare it.¹⁶ These results have implications for many "I made it myself" products. Marketers should stress the self-preparation aspects in all the promotions for those products, because such statements are likely to enhance their customers' satisfaction.

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

Motives

People tend to perceive the things they need or want: The stronger the need, the greater the tendency to ignore unrelated stimuli in the environment. A student who is looking for a new cell phone provider is more likely to notice and read carefully ads for deals and special offers regarding such services



FIGURE 4.7 Shocking Images Induce Attention: Children's Defense Fund

than his roommate who is satisfied with his present cellular service. In general, there is a heightened awareness of stimuli that are relevant to one's needs and interests and a decreased awareness of stimuli that are irrelevant. An individual's perceptual process simply attunes itself more closely to those elements in the environment that are important to him or her. Someone who is overweight is more likely to notice ads for diet foods; a sexually repressed person may perceive sexual symbolism where none exists.

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

Selective Perception

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

Consumers exercise a great deal of selectivity in terms of the attention they give to commercial stimuli. **Selective attention** is consumers' *heightened* awareness of stimuli that meet their needs or interests and *minimal* awareness of stimuli irrelevant to their needs. Thus, consumers are likely to note ads for products that would satisfy their needs and disregard those in which they have no interest. People also vary in terms of the kinds of information in which they are interested and the form of message and type of medium they prefer. Some people are more interested in price, some in appearance, and some in social acceptability. Some people like complex, sophisticated messages; others like simple ones.

Source: (Left & Right) The Courtesy of the Children's Defense Fund

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

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

Perceptual Organization

Learning Objective

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

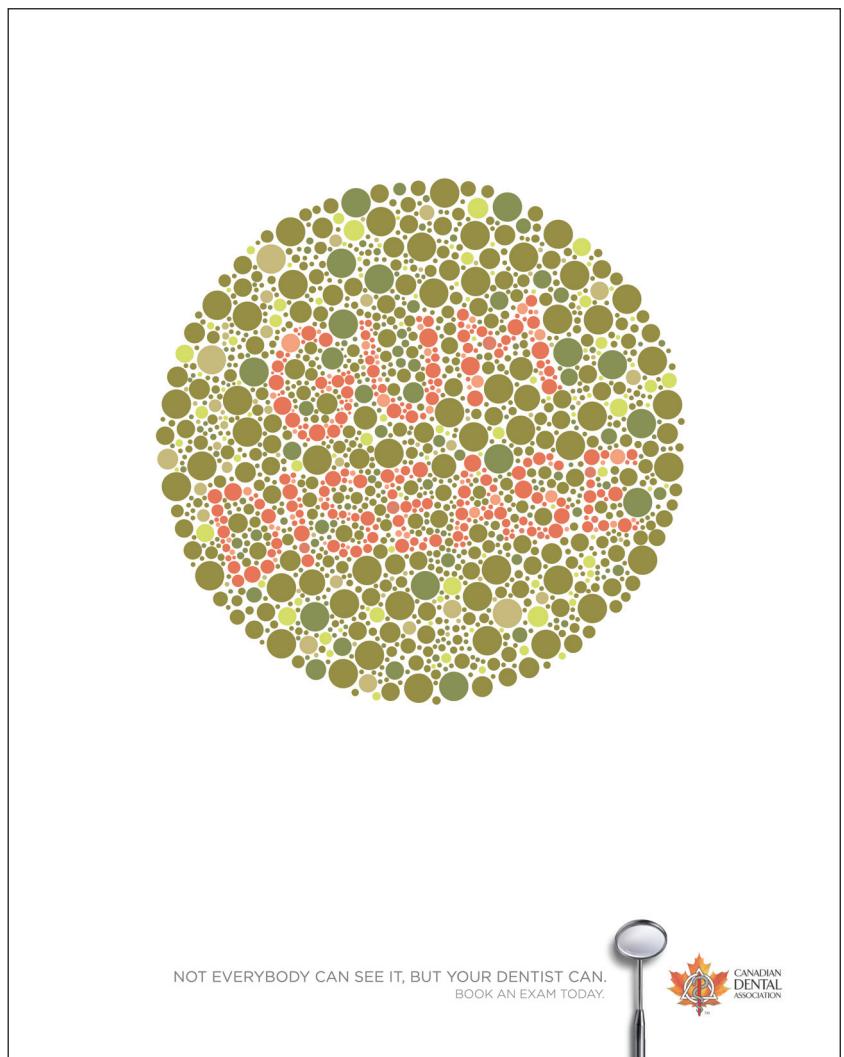
People do not experience the numerous stimuli they select from the environment as separate and discrete sensations; rather, they tend to organize them into groups and perceive them as unified wholes. Thus, the perceived characteristics of even the simplest stimulus are viewed as a function of the whole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

Figure and Ground

The term **figure and ground** refers to the interrelationship between the stimulus itself (i.e., figure) and the environment or context within which it appears (i.e., ground). As noted earlier, stimuli that contrast with their environment are more likely to be noticed. A sound must be louder or softer, a color brighter or paler. The simplest visual illustration consists of a figure on a ground (i.e., background). The figure is perceived more clearly because, in contrast to its ground, it appears to be well defined, solid, and in the forefront. The ground is usually perceived as indefinite, hazy, and continuous. The common line that separates the figure and the ground is generally attributed to the figure rather than to the ground, which helps give the figure greater definition. Consider the stimulus of music. People can either “bathe” in music or listen to music. In the first case, music is simply background to other activities; in the second, it is the figure. Figure is more clearly perceived because it appears to be dominant; in contrast, ground appears to be subordinate and, therefore, less important.

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

Advertisers have to put advertisements together carefully to make sure that the stimulus they want noted is seen as figure and not as ground. The musical background must not overwhelm the jingle; the background of an advertisement must not detract from the product. Print advertisers often silhouette their products against a nondistinct background to make sure that the features they want noted are clearly perceived. The Canadian Dental Association ad in Figure 4.8 illustrates how people cannot notice gum disease, but dentists can. The gums are the “ground” that surrounds a “figure.” The “figure” is gum disease, which cannot be seen easily, because, unless you are a dentist, the figure and ground are not easily distinguishable when gum disease occurs. In some cases, the blurring of figure and ground is deliberate. A well-known Absolut Vodka campaign ran print ads in which the figure (the shape of the Absolut bottle) was poorly delineated against its ground, challenging readers to search for the bottle; the resulting audience “participation” produced more intense ads and greater consumer attention.



Source: Canadian Dental Association

FIGURE 4.8 Figure and Ground Reversal

The picture of the woman in Figure 4.9 is another example of figure–ground reversal. How old would you say she is? Look again very carefully. Depending on how you perceive figure and how you perceive ground, she can be either in her early 20s or her late 70s. Marketers must test their advertisements in order to ensure that they do not confuse consumers because there is no clear indication of which is figure and which is ground.

Obscuring the Distinction Between Figure and Ground

A marketing technique based on the principle of figure-and-ground consists of inserting advertisements into entertainment content. **Product placement** takes place when the advertised product (i.e., the figure) is deliberately integrated into the TV show or film (i.e., the ground) in one or more of the following ways:¹⁷

1. The product is used by the cast (e.g., in such shows as Survivor and American Idol).
2. The product is integrated into the plot (e.g., a Sex and the City episode centered around Absolut vodka was entitled “Absolut Hunk”).
3. The product is associated with a character (e.g., the character is also the product’s advertising spokesperson).

One study found that a brand integrated and prominently featured in a TV program may produce *negative* feelings toward the brand among viewers who liked the program *a lot*, but those who liked the program *less* were more likely to develop *positive* attitudes toward the brand.¹⁸ Thus, advertisers must be extremely careful in using product placement.



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

FIGURE 4.9 Depending on One's Perception of Figure and Ground, the Women Is Either Old or Young

Increasingly and deliberately, consumers avoid watching TV commercials by using time-shifting devices such as DVRs programmed to delay a live broadcast by, say, fifteen minutes, sophisticated remote controls, or the “skip ad” option online. In response, advertisers have been trying to outsmart consumers by creating their own shows (i.e., content). Budweiser created a reality show entitled The Big Time, featuring Budweiser logos on the contestants’ clothing. Kmart founded an online show for teenage girls entitled First Day, in which all the cast members wear Kmart clothes. Three large stores—Saks Fifth Avenue, Macy’s, and H&M—created a national reality TV show entitled Fashion Star, which features their store buyers (i.e., those who decide on the clothes the store sells) as the judges of aspiring fashion designers, who appear as the contestants.¹⁹ These practices show how clever marketers can blur the distinction between figures (i.e., promotional message or symbol) and ground (i.e., the program’s content) and expose consumers to advertisements even if the consumers try to avoid them.

Grouping

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

We remember and repeat our social security numbers, because we automatically group them into three “chunks,” rather than trying to remember nine separate numbers. Similarly, we recall and repeat phone numbers in three segments: the area code, first three digits, and the last four digits. Also, for decades, Americans had five-digit Zip Codes grouped as a single chunk; when four additional digits were added to Zip Codes, the U.S. Postal Service has faced a challenge in its quest to get Americans to recall the extra digits, because it was trying to add a new chunk of information to a strongly established grouping pattern.

Grouping has implications for placing products in supermarkets. For example, as part of a new in-store marketing campaign, Vlasic’s pickle jars were moved from the aisles where they had traditionally been placed to locations next to the products with which pickles are eaten, such as hamburgers and buns.²⁰ The placement of Coca-Cola products in supermarkets is a brilliant example of

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

Closure

Closure is people’s instinct to organize pieces of sensory input into a complete image or feeling. Individuals need closure, which means that if they perceive a stimulus as incomplete, they are compelled to figure out its complete meaning. If a message they receive is incomplete, they consciously or subconsciously fill in the missing pieces. If the full understanding of a promotional message requires completion and some mental effort, consumers are likely to take the time to figure out its meaning in order to feel closure. For example, the Gillette ads in Figure 4.10, are better remembered than completed ones, because a person facing partial content feels compelled to finalize it so as to achieve closure. Some examples of ads that induce closure include: (1) asking consumers to un-scramble words (e.g., a Clorox ads listing unexpected uses of the product, such as, when unscrambled, read “dog bowl” and a baby’s “teething ring”); (2) showing pictures and asking consumers to name the activities or items shown (e.g., Figure 15.3); (3) including words with missing letters and asking consumers to fill in the blanks; and (4) asking consumers to match, say, occupations with people shown wearing different styles of clothes.

The need for closure has interesting implications for marketers. Promotional messages in which viewers are required to “fill in” information beg for completion by consumers, and the very act of completion serves to involve consumers more deeply in the message. In a related vein, advertisers have discovered that they can achieve excellent results by using the soundtrack of a frequently viewed television commercial on radio. Consumers who are familiar with the TV commercial perceive the audio track alone as incomplete; in their need for completion, they mentally play back the ad’s visual content from memory.



Source: (Top & Bottom) The Gillette Company

FIGURE 4.10 Consumers Will “Fill In” The “Missing” Parts of the Gillette Ads

Perceptual Interpretation: Stereotyping

Learning Objective

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

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

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

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

The Saab ad in Figure 4.11 is a prime example of trying to dispel a stereotype. Apparently, Saab discovered that many consumers (possibly, many Swedes) perceived its cars as similar to luxury cars made in Germany (presumably because some Saab and BMW models look similar). The ad’s tagline is “Nicht German,” which means “Not German,” and its copy reads as follows: “We mean no disrespect to our Bavarian neighbors. After all, German luxury cars are some of the finest in the world. But here in Sweden, Saabs are designed for a different kind of driver.”* The ad then details the specific features of the car model advertised.



Source: Saab Cars North America

FIGURE 4.11 Dispelling a Stereotype: Saab Is Not German

* Saab ad copy

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

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

Physical Appearance

People tend to attribute the qualities they associate with certain types of people to others who resemble them, whether or not they consciously recognize the similarity. For this reason, the selection of models for print advertisements and for television commercials can be a key element in their persuasiveness. Culturally, attractive models are likely to be more persuasive and have a more positive influence on consumer attitudes and behavior than average-looking models; attractive men are perceived as more successful businessmen than average-looking men. However, using attractive models without any other considerations does not increase ads’ effectiveness. Thus, advertisers must ensure that there is a rational match between the product advertised and the physical attributes of the model used to promote it. For example, highly attractive models are likely to be perceived as having more expertise regarding *enhancement* products (e.g., jewelry, lipstick, perfume), but not *problem-solving* products (e.g., products that correct beauty flaws such as acne or dandruff). The SPYMUSEUM.ORG ads shown in Figure 4.12 poke fun at physical stereotyping with the headline “nothing is what it seems” and a portrayal of people who presumably are spies, although they “do not look like spies.” That is, they defy most people’s mental images of spies.

Products’ physical appearance often influences consumers’ judgments. A study indicated that the perceived taste of orange juice and consumers’ ability to distinguish between three levels of sweetness were influenced by subtle color variations of the juice and also, somewhat unexpectedly, that such variations influenced perceived taste more than brand and price.²¹ The shape of packages has great influence on consumers’ impressions (as discussed later in this chapter) and affects consumers’ expectations. For this reason, ice cream packages are round because this shape was found to communicate abundance. An experimental study investigated how consumers construed the attributes of facial tissue products from print ads, each including one of the following three objects (in varied forms): cats, sunsets, and abstract paintings. The study found that a “fluffy cat” communicated a soft and *expensive* tissue, whereas a “colorful cat” conveyed a soft and *colorful* tissue. Among the sunset images, the “soft sunset” expressed a soft, expensive, and colorful tissue, whereas a “roadside sunset” conveyed a neither soft nor colorful but an inexpensive product.²²

Descriptive Terms

Stereotypes are often reflected in verbal messages. For example, consumers who eat foods with elaborate names such as “succulent Italian seafood filet” are very likely to rate those foods as tastier and more appealing than those who eat the same foods with such mundane names as “seafood filet.” As another example, the common expression “he drives like a real man” connotes fast, aggressive, and even somewhat reckless driving, whereas the expression “he drives like a woman” portrays the driver as effeminate. The ad from Mothers Against Drunk Driving (MADD) in Figure 4.13 dispels the “effeminate” image by stating that slower and less aggressive driving represents more responsible driving for *both* genders.

Although distinct brand names are important to all products or services, associations that consumers make with certain names are particularly crucial in marketing services, because services are abstract and intangible. For example, names such as “Federal Express” and “Humana” (a provider of health services) are excellent names because they are distinctive, memorable, and relevant to the services that they offer. In contrast, “Allegis”—a short-lived brand name aimed at creating a business travel concept by combining United Airlines, Hertz, and Hilton and Westin Hotels under one umbrella—failed because it conveyed nothing to consumers about the type of services it offered.²³



Source: (Top & Bottom) International Spy Museum

FIGURE 4.12 Stereotypes: What Do Spies Look Like?

Advertisers must be careful about using canned stereotypes and “common wisdom” in their persuasive messages. For example, gender-role stereotypes view young boys as having “instrumental” orientation focused on problem solving and young girls as having “communal” orientation focused on relationships and group harmony. A study examined young children’s attitudes toward ads that included “instrumental” scripts (e.g., eating a cracker will make you strong) and “communal” scripts (e.g., a cracker is a great snack to have with your friends). The study found that preadolescent children did not necessarily respond more favorably to messages that included stereotypical gender-role attributes.²⁴



FIGURE 4.13 MADD: Dispelling a Negative Stereotype Caused by Descriptive Terms

First Impressions

First impressions tend to be lasting, as illustrated by the saying that “You’ll never have a second chance to make a first impression.” Because first impressions are often lasting, introducing a new product before it has been perfected may prove fatal to its ultimate success; subsequent information about its advantages, even if true, will often be negated by the memory of its early poor performance. When one retailer put a picture of an aloe vera leaf and the wording “Aloe Vera” on the surface of its mattress, at first impression consumers assumed that aloe vera was a component of the ticking (the mattress cover), and the retailer had great difficulty in dispelling this initial impression.²⁵

Halo Effect

The **Halo effect** refers to the overall evaluation of an object that is based on the evaluation of just one or a few dimensions. The linguistic definition of “halo” signifies light, honor, and glory. Thus, in marketing, the term refers to a prestigious image of a product “rubbing off on” other products marketed under the same brand name. For example, consumers who admire Porsche cars will be willing to spend a lot of money on sunglasses and other accessories sold under the same brand name. Historically, the term refers to situations in which the evaluation of a single object or person on a multitude of dimensions is based on the evaluation of just one or a few dimensions (e.g., a man is trustworthy,

fine, and noble because he looks you in the eye when he speaks). Consumer behaviorists broadened the notion of the halo effect to include the evaluation of multiple objects (e.g., a product line) on the basis of the evaluation of just one dimension (a brand name or a spokesperson). Using this broader definition, marketers can take advantage of the halo effect when they extend a brand name associated with one line of products to another line. The lucrative field of **licensing** is based on the halo effect. Manufacturers and retailers hope to acquire instant recognition and status for their products by associating them with well-known names.

Tampering with the perceived halo effect of a product or brand can be disastrous. For example, in an attempt to enhance the image of JW Marriott, the Marriott hotel chain's upscale brand, Marriott took over the Righa Royal Hotel, an upscale hotel in New York City, and renamed it the JW Marriott New York. When the new name signs went up, scores of regular, upscale customers, who always stayed at the Righa when visiting New York City, canceled their reservations because they did not want to tell colleagues to contact them at the Marriott. The company restored the Righa Royal Hotel name, with the JW Marriott name included in smaller print.²⁶

Consumer Imagery

Learning Objective

- 5 To understand the elements of consumers' imagery.

Consumer imagery refers to consumers' perceptions of all the components of products, services, and brands, and to how consumers evaluate the quality of marketers' offerings. Products and brands have images and symbolic values for consumers based on the unique benefits that these products claim they provide. The following section examines consumers' perceived images of products, brands, services, prices, product quality, retail stores, and manufacturers.

Brand Image

The desired outcome of effective **positioning** is a distinct "position" (or image) that a brand occupies in consumers' minds. This mental "position" must be unique and represent the core benefit the brand provides. Most new products fail because they are perceived as "me too" offerings that do not offer consumers any advantages or unique benefits over competitive products. The essence of the marketing concept is to create products that fulfill consumer needs. However, as more and more brands within a given product category fulfill consumers' needs effectively, consumers often rely primarily on the brand's image and claimed benefits in their purchase decisions. Furthermore, in today's highly competitive marketplace, a distinctive brand image is very difficult to create and maintain. For example, the BlackBerry has been a highly successful product and dominated the market, and was probably the first smartphone introduced. However, consumers perceive many newer smartphones as being more fun and exciting than the BlackBerry, which they perceive as mainly suitable for business and not for personal use and multitasking. Clearly, if it is to remain a viable competitor in the smartphone market, BlackBerry must broaden its appeal.²⁷

Take, for example, the chore of washing clothes, where the consumer's need is straightforward: To end up with clean clothes. However, the manner in which this need is fulfilled and the clothes are cleaned differs among brands' competitive claims. The *manner* of bringing about the clean clothes (i.e., fulfilling a need) is the brand's claimed benefit. The more unique the benefit and the way it is communicated to consumers, the more likely it is that the perceived image will differentiate the brand from its competitors. A unique perceived image leads to brand loyalty, where consumers buy the brand consistently and neither try nor switch to other brands. Table 4.2 lists the benefit claims and intended perceived images of several detergent brands.²⁸

Occasionally, a brand's image must be updated. Consumers often view products that have been around for a long time as boring, especially when newer alternatives are introduced. Sweet'N Low pioneered the artificial sweeteners category, but in recent years had to compete with newer products. The ads in Figure 4.14 show how Sweet'N Low uses pink—the color by which it is widely recognized—to convey a more playful and artistic image. Other examples of brand image updates, focused on creating emotional bonds between the products and consumers, are described in Table 4.3.²⁹

Package Image

In addition to the product's name, appearance, and features, packaging also conveys the brand's image. For example, the Tide detergent version that predominantly promises stain removal comes in

TABLE 4.2 Benefit Claims of Detergent Brands

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



Source: (Left & Right) Cumberland Packing Corporation

FIGURE 4.14 Sweet'N Low's More "Playful" Package Conveys More Fun and a Livelier Image

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

The perception of scent and the associations made with different aromas vary greatly among individuals. For this reason, it is extremely difficult to convey an “image” of a fragrance. To buyers of perfumes, the only tangible evidence of the product’s nature and quality is the packaging, the cost of which often accounts for up to 50% of the total cost of the perfume. A study identified several holistic (or Gestalt) designs of packages, each conveying a distinct, prominent brand impression.

TABLE 4.3 Brand Image Updates Designed to Create Emotional Bonds between Brands and Consumers

BRAND	THEME	ADVERTISING CAMPAIGN
Dell Computer	“More You”	Focused on personalizing technology and getting consumers to think about how they can use the products’ features rather than focusing on the products’ technical specifications.
StarKist Tuna	“Sorry, Charlie” (reworked)	Reworks the brand’s vintage “Sorry, Charlie” slogan. Some refer to ads based on nostalgia as “comfort marketing”—an approach whose objective is to evoke fond memories of mascots and songs.
Quaker Oats	“Go humans, go”	Reflects Americans’ optimism and determination to explore new frontiers. It hails the pursuit of dreams and aims at lifting consumers’ spirits, and is also articulated in Quaker Oats commercials where the announcer proclaims: “The power of Quaker is in everything we make.”
Lay’s Potato Chips	“Happiness is simple”	Features actual farmers who grow potatoes used to make the chips. They appear genuine, simple, and plain-spoken. The idea is to get consumers to think of Lay’s as a food rather than a snack. The campaign’s theme is “Happiness is simple,” and the website features a “Happiness Exhibit.”
Google	Nostalgia, engaging consumers in technology	Employs classic TV commercials from the 1960s and 70s. It demonstrates how Web ads can be engaging and stir the soul rather than being strictly transactional and informative. For example, a classic 1972 “Hilltop” spot for Coke featured a chorus singing “buy the world a Coke and keep it company.” The Google ad asks consumers to send free Cokes around the world to people they have never met through mobile applications and customized vending machines.
Mott’s Apple Juice	“Words to grow by”	Aimed at mothers of children aged 6 and younger and focused on joining them together. The mothers are invited to share their thoughts on raising a family in a dedicated Web site.
Colonial Williamsburg	“Be part of the story”	The campaign is for an attraction that recreates life in 18th-century Virginia; it is focused on “engagement interaction” and seeks to establish an active role for visitors.

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

For each package type, the study also identified the brand personality features that consumers associate with it. Generic images of the package types and the corresponding perceptions appear in Figure 4.15.³⁰

Service Image

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

The design of the service environment is an important aspect of service positioning strategy, and sharply influences consumer impressions. For example, targeting the dynamic and technologically oriented Generation Y, many stores significantly increased the sensory stimuli provided within the store, including live DJs, dim lighting, scented environments, loud ultramodern music, flat-screen TVs, and live models. Some Apple stores are open 24 hours and are designed to keep Apple users there even if they are not buying products. Thus, the stores include long tables and chairs with electrical outlets and wireless online access so that Apple users can work on their own projects and also interact with other users. One study indicated that the arousal level within the store environment must match the expectations of the shoppers in order to avoid perceived over- or understimulation.³¹

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

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

FIGURE 4.15 Perceptions of Perfume Bottles

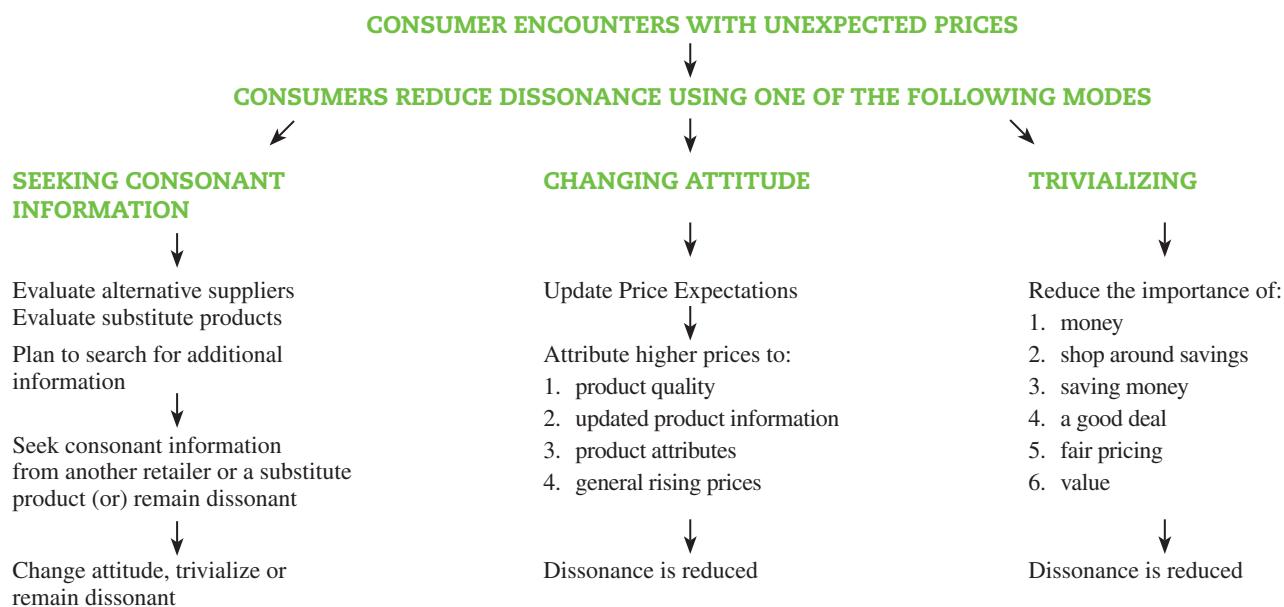
Perceived Price

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

How a consumer perceives a price—as high, low, or fair—strongly influences both purchase intentions and post-purchase satisfaction. Consider the perception of price fairness, for example. Customers often pay attention to the prices paid by other customers (such as senior citizens, frequent flyers, affinity club members), and sometimes perceive such differential pricing as unfair. No one is happy knowing he or she paid more (sometimes much more) for an airline ticket or a movie ticket than the person in the next seat. Perceptions of price unfairness affect consumers' perceptions of product value and, ultimately, their willingness to patronize a store or a service. Researchers also discovered that perceived price fairness affects customer satisfaction; this indicates that marketers using differential prices must anticipate customers' potential feelings of being exploited.³²

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

The issue of reference prices is complex and the focus of many studies. For example, one study discovered that fair price, rather than expected price, determined consumers' reference price for a new product category, whereas expected price had more impact than fair price on reference prices for existing product categories.³³ Another study showed that reference pricing coupled with

TABLE 4.4 Consumer Reactions to Unexpected Prices

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

limited-time availability (e.g., regularly \$599, now \$359 and on sale, 3 days only) produced more favorable price and store perceptions than each technique used alone.³⁴ Still another study illustrated the “right side effect” in relation to consumers’ perceptions of discounts. When consumers saw regular and sale prices with the same left digits (e.g., 23 and 22), they perceived larger discounts when the right digits were smaller than 5 than when the right digits were higher than 5. Thus, consumers may perceive a discount from \$23 to \$22 as providing more value than a discount from \$19 to \$18.³⁵ Another study demonstrated that price discounts immediately increased buying intentions and lowered consumers’ future reference prices.³⁶ Generally, a discount of \$10 is more appealing on a product whose regular price is \$20 than on a product whose regular price is \$60. One study discovered that when consumers thought of their reference prices, a \$10 discount sometimes seemed less appealing when the price was \$20 than when it was \$60.³⁷ These studies illustrate that marketers must be cautious when raising prices and always consider consumers’ reference points when they do so.

Naturally, consumers tend to believe that the selling prices of market offerings are considerably higher than their perceived fair prices. When an advertised reference price is within a given consumer’s acceptable price range, it is considered plausible and credible. If the advertised reference point is outside the range of acceptable prices (i.e., implausible), it contrasts with existing attitudes and will not be perceived as a valid reference point, thus adversely affecting both consumer evaluations and the advertiser’s credibility. When consumers encounter prices that are significantly different from their expectations, they feel inharmonious (i.e., dissonant) and engage in “dissonance reduction” (see Chapter 6). They seek additional information, form cognitions that justify the high price, then consider buying other brands or trivialize some aspects of the buying situation. Table 4.4 explains how consumers handle dissonant situations caused by unexpectedly high prices.³⁸

Perceived Quality

Learning Objective

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

Products and services can deliver high quality factually, as determined, say, by experts’ judgments of scientific tests. However, if consumers do not perceive offerings as superior products that satisfy their needs and provide value, they will not purchase them, regardless of objective evidence. The perceived quality of products and services is based on a variety of informational cues that consumers associate with the offerings. Some of these cues are intrinsic to the product or service; others are extrinsic. Either singly or together, such cues provide the basis for perceptions of product and

service quality. In this section, we first discuss the issues that make evaluating the quality of services more difficult than evaluating the quality of products. We then examine other cues that consumers consider in evaluating quality, including the product's price, its manufacturer, and the store selling it.

Product Quality

Intrinsic cues are physical characteristics of the product itself, such as size, color, flavor, or aroma. In some cases, consumers use physical characteristics (e.g., the flavor of ice cream or cake) to judge product quality. Consumers like to believe that they base their evaluations of product quality on intrinsic cues, because that enables them to justify their product decisions (either positive or negative) as being "rational" or "objective" choices. For example, the package of Hillshire Farm sliced meat was redesigned after studies showed that consumers want to see the meat and care a lot about how it looks. The new package has a transparent window showing the product. It also has a shallower tub, because consumers perceive neatly fanned-out meat in containers as being of higher quality.³⁹

More often than not, however, consumers use **extrinsic cues**—that is, characteristics that are not inherent in the product—to judge quality. For example, though many consumers claim they buy a brand because of its superior taste, they are often unable to identify that brand in blind taste tests. The colors of such products as powdered fruit drinks and orange juice are a more important determinant than their labels and actual taste in determining the consumer's ability to identify the flavor correctly. For example, subjects are likely to view purple or grape-colored drinks as "tart" in flavor, and the orange-colored version as "flavorful, sweet, and refreshing." Many studies have shown that the packaging influences consumers' perceptions of products. For example, a study reported that both consumers who rated popcorn's taste as unfavorable and those who rated the same taste as favorable consumed more of the product when the container size was increased.⁴⁰ A study that compared how consumers perceive store brands and national brands discovered that consumers used extrinsic cues as indicators of quality.⁴¹ An experimental study of how people judge the quality of two foods—shrimp and cheese—at two price levels and

Non-personally-oriented perceptions			
Conspicuousness	Conspicuous Popular Affordable For wealthy	_____ : _____ : _____ : _____ : _____ : _____	Noticeable Elitist* Extremely expensive* For well-off
Uniqueness	Fairly exclusive Precious Rare Unique	_____ : _____ : _____ : _____ : _____ : _____	Very exclusive* Valuable Uncommon Unusual
Quality	Crafted Upmarket Best quality Sophisticated Superior	_____ : _____ : _____ : _____ : _____ : _____	Manufactured Luxurious* Good quality Original Better
Personally-oriented perceptions			
Hedonism	Exquisite Attractive Stunning	_____ : _____ : _____ : _____ : _____ : _____	Tasteful Glamorous* Memorable
Extended self	Leading Very powerful Rewarding Successful	_____ : _____ : _____ : _____ : _____ : _____	Influential Fairly powerful Pleasing Well regarded
* Indicates item is reverse-scored			

Source: Journal of Brand Management, published F. Vigneron and LW Johnson "Measuring Perceptions of Brand Luxury," Journal of Brand Management 11, No. 6 (July 2004): 484. Reproduced with permission of Palgrave Macmillan

FIGURE 4.16 Measuring Perceptions of Brand Luxury

two consumption situations (i.e., elegant and less elegant surroundings) found out that perceived price had a positive impact on perceived quality among highly involved consumers. In addition, elegant surroundings positively affected the subjects' perceived quality of the foods and the pleasure felt when eating them.⁴²

In the absence of actual experience with a product, consumers often evaluate quality on the basis of cues that are external to the product itself, such as price, brand image, manufacturer's image, retail store image, or even the perceived country of origin. For example, Häagen-Dazs, an American-made ice cream, has been incredibly successful with its made-up (and meaningless) Scandinavian-sounding name. The success of Smirnoff vodka, made in Connecticut, can be related to its apparent Russian derivation. One study found that the wine region was the most important determinant of consumers' perceived quality of wines and that Napa Valley and Sonoma had the strongest regional images among American vineyards.⁴³

There are many ways to measure perceptions of quality. A scale that measures perceptions of brand luxury—a construct that is often related to perceived quality—is shown in Figure 4.16. This instrument measures perceptions of the brands' utilitarian, as well as personal, hedonic elements.⁴⁴

Service Quality

It is more difficult for consumers to evaluate the quality of services than the quality of products. This is true because of certain distinctive characteristics of services: They are *intangible*, they are *variable*, they are *perishable*, and they are *simultaneously produced and consumed*. To overcome the fact that consumers are unable to compare competing services side-by-side as they do with competing products, consumers rely on surrogate cues (i.e., extrinsic cues) to evaluate service quality. In evaluating a doctor's services, for example, they note the quality of the office and examining room furnishings, the number (and source) of framed degrees on the wall, the pleasantness of the receptionist, and the professionalism of the nurse; all contribute to the consumer's overall evaluation of the quality of a doctor's services. One study found that online dating services generally fail to meet users' expectations because potential daters want to screen prospective partners by "experiential" attributes (e.g., rapport) whereas online dating providers only enable users to screen by "searchable" attributes (e.g., income). The study also found that using "virtual dates" (thus providing a tangible cue about the service) increased users' satisfaction with the online dating service.⁴⁵

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

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

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

The most widely accepted framework for researching service quality stems from the premise that a consumer's evaluation of service quality is a function of the magnitude and direction of the gap between the customer's *expectations of service* and the customer's *assessment (perception) of the service* actually delivered.⁴⁶ For example, a brand-new graduate student enrolled in an introductory marketing course at a highly reputable university has certain expectations about the intellectual abilities of her classmates, the richness of classroom discussions, and the professor's knowledge and communication skills. At the end of the term, her assessment of the course's quality will be based on the differences between her expectations at the start of the term and her perceptions of the course at the end of the semester. If the course falls below her expectations, she will view it as a service of poor quality. If her expectations are exceeded, she will view the course as a high-quality educational experience.

The expectations of a given service vary widely among different consumers of the same service. These expectations stem from word-of-mouth consumers have heard about the service, consumers' past experiences, the promises made about the service in its ads and by its salespersons, the purchase alternatives available, and other situational factors. If the level of service received significantly exceeds these expectations, the service is perceived as of high quality and generates more customer satisfaction, increased probability of repeat patronage, and favorable word of mouth.⁴⁷ Also, marketers should never make promises that they cannot realistically deliver, because such claims raise customers' expectations and significantly increase the likelihood of lower perceived service quality when the service delivered is good, but not outstanding.

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

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

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

Price/Quality Relationship

Look at the six polo shirts in Figure 4.17. Which two are the most expensive? Write their numbers down. Next, look at endnote 48 for this chapter (the chapter endnotes begin at the end of the text) and write down the names of the stores and designers of the shirts you selected, but do not look at the information for the other shirts.⁴⁸ Now, look at the two shirts again and decide whether you still believe they are the most expensive. Then, pick two other shirts and repeat this exercise.



FIGURE 4.17 Which Shirt Is the Most Expensive?

Let's assume that you picked shirts 2 and 3 as the most expensive. After looking at the endnote, you discovered that shirt 2 sells at Macy's and was designed by Polonimo, and shirt 3 sells at Camicia—a fashionable store in New York City's Soho area—and was designed by Bertoliani. You now have three pieces of information (i.e., sensory input): The shirts' photos, the stores that carry them, and their designers' names. Thinking of Camicia, you are likely to mentally "group" (associate) it with other fashionable stores in Soho, and the name Bertoliani probably evokes images of fashionably dressed, perfectly groomed, and athletic Italian men drinking espresso in Rome—the ones you saw featured in countless ads. You now decide that shirt 3 is the most expensive and also the most fashionable. However, your fellow classmate—who also picked shirts 2 and 3 initially—believes that the Polonimo shirt sold at Macy's is the most expensive.

You first saw only the photos of the shirts (sensory input), without any additional information. Then, the information about the stores and designers (more sensory input) determined how you "saw" the shirts in your mind. Your mental image of the shirts you had selected—was your subjective interpretation of the three pieces of visual and written sensory input. Unsurprisingly, your classmate's interpretation of the same information was different. After you study this chapter, you will realize why and how what you just experienced happened, and the key role of perception in consumer behavior. The answer to the question "which shirt is the most expensive?" is listed in endnote 49.⁴⁹

Perceived product value has been described as a trade-off between the product's perceived benefits (or quality) and the perceived sacrifice—monetary and nonmonetary—necessary to acquire it. A **price/quality relationship** forms when consumers rely on price as an indicator of product quality; in short, they believe more expensive products are better. Some consumers who decide according to a price/quality relationship are actually relying on a well-known (and, hence, more expensive) brand name as an indicator of quality without actually relying directly on price per se. Because price is so often an indicator of quality, some product advertisements deliberately emphasize a high price to underscore the marketers' claims of quality. Marketers understand that, at times, products with lower prices may be interpreted as lesser quality. At the same time, consumers rely on the price and brand name when evaluating the product's prestige and symbolic value and use more concrete attributes of a product, such as performance and durability, to judge its overall performance. For these reasons, marketers must understand all the attributes that customers use to evaluate a given product and include all applicable information to counter any perceptions of negative quality associated with a lower price. In one study, subjects rated the pain in their wrist, artificially caused by an electric shock, after taking a pain reliever, which was actually a dummy, placebo pill. Half the subjects were told that the medication they took costs \$2.50 per dose, and the others learned that it costs 10 cents; in reality, all subjects received identical pills. Eighty-five percent of those who received the more expensive pill reported significant pain reduction, whereas only 61% of those who took the cheaper pill reported such relief. Clearly, consumers tend to believe that more expensive medications are more effective; this finding is consistent with previous research showing that consumers perceive generic drugs to be less effective than brand name medications, even though, chemically, the two medications are identical.⁵⁰

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

Many products and services are sold as "bundles" (e.g., sets of different pens, tickets to a series of ballet performances), and price discounts lead to more sales of bundled products. A study showed that bundle discounts may have unforeseen results in the form of perceptions of lower quality of all the items in the bundle, which will negatively affect future sales when these items are sold individually.⁵¹

Some price/quality perceptions are related to personal happiness. In one study, the researcher asked readers of a blog to list the 10 most expensive things they had ever bought, and then list the 10 purchases that had brought them the most happiness. Some products—such as boats and expensive weddings—did not deliver happiness per dollar. Still, there was considerable overlap between the most-expensive list and the most-happy list. Many people included their homes, college educations, vacations, and high-priced electronics in both lists.⁵²

Store Image and Perceived Quality

Retail stores have images of their own that influence the perceived quality of the products they carry and consumers' decisions about where to shop. These images stem from the merchandise they carry,

the brands sold and their prices, the level of service, the store's physical environment and ambiance, and its typical clientele (this can often be determined from the cars parked in the store's parking lot). One study demonstrated that consumers who have a strong positive image of a store did not find negative word-of-mouth about that store credible.⁵³

The width and type of product assortment affect retail store image. Grocery retailers, for example, are often reluctant to reduce the number of products they carry out of concern that perceptions of a smaller assortment will reduce the likelihood that consumers will shop in their stores; they carry primarily widely advertised, best-selling brands. In contrast, Whole Foods Markets—a relatively small supermarket chain—has carved itself a profitable niche by carrying a smaller but highly selective range of products in comparison to conventional supermarkets. Whole Foods stores carry organic (perceived as healthier) products, many of which were bought from mom-and-pop producers; all food products carried are screened for artificial ingredients; and the chain no longer sells products with hydrogenated fats. The chain has been much more profitable than conventional supermarkets in spite of its limited product assortment. Clearly, the unique benefit that a store provides is more important than the number of items it carries in forming a favorable store image in consumers' minds. However, because Whole Food's prices are significantly higher than those of other supermarkets, the chain's nickname has become "Whole Paycheck" and made it rough for the company to attract new consumer segments. The company has been planning to open smaller stores carrying less expensive products, but it must first rid itself of its top-dollar reputation, which, unfortunately, has coined a catchy slogan.⁵⁴

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

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

Manufacturer's Image and Perceived Quality

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

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

Although some marketers argue that product and service advertising do more to boost the corporate image than institutional advertising does, others see both types of advertising—product and institutional—as integral and complementary components of a total corporate communications program. When the reputation of Walmart was tarnished by allegations of unfair labor practices, sexual discrimination, and the publication of data indicating that the company caused

most of America's trade imbalance with China, the company published ads stating that "Walmart Is Working for Everyone." In addition, the company's executives appeared on TV talk shows and met with community groups and government officials to dispel the negative associations.⁵⁵ Wal-Mart's troubles continued when a consumer advocacy group initiated an ad campaign that posed the question "Where would Jesus shop?" and argued that people of faith should not shop at the store during the holiday season because of the store's bad wages, benefits, and overseas child labor policies. This negative advertising also illustrates using Jesus' "halo effect"—a term discussed earlier.⁵⁶

In Chapter 2 and within the discussion of repositioning, we discussed how banks' advertising triggered irresponsible consumer spending, which contributed to the financial calamity of 2008. Since then, many banks have been running ads that portray them as "warm" and "cozy" corporations. Examples of advertising slogans designed to convey this image include "where bankin's (*sic*) funner (*sic*)," "a better kind of bank," and "we make money with you, not off you."⁵⁷ Also, viral messages online can severely, negatively, and almost instantly affect a company's image. For example, Progressive Corporation—an auto-insurance company—sided with a driver who killed another driver whom they had insured, when the deceased driver's family sued the other driver for negligence. Progressive did so to avoid paying \$75,000 to the family of the dead driver. One family member then described, in a blog, how Progressive sided with the killer of a person insured by them. The message "went viral" all over the Internet and generated a lot of angry comments against Progressive, as well as threats by many of its customers to cancel their insurance.⁵⁸

Perceived Risk

Learning Objective

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

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

The degree of risk that consumers perceive and their own tolerance for risk taking are factors that influence their purchase strategies. It should be stressed that consumers are influenced by risks that they perceive, whether or not such risks actually exist. Risk that is not perceived—no matter how real or how dangerous—will not influence consumer behavior. The perception of risk is also a function of how the information is presented. For instance, one study discovered that, in evaluating prescription drugs, consumers greatly overestimated the actual likelihood of adverse events when these were described with words such as "common" or "rare." However, when the commercials induced positive moods, consumers engaged in more nuanced evaluation of product risk information and used it in judging the efficacy and other attributes of the products.⁵⁹

In most situations, consumers' perceived risk is a function of multiple factors. The elements of perceived risk are functional risk, physical risk, financial risk, social risk, psychological risk, and time risk, which are listed and explained in Table 4.5.

Perceived Risk Varies

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

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

The degree of risk a consumer perceives is also affected by the shopping situation. At first, many consumers felt uncertain about buying products online. The market dominance that online

TABLE 4.5 The Elements of Perceived Risk

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

merchants gained over the years indicates that, because of positive shopping experiences and word-of-mouth, consumers now perceive little risk in online shopping. Obviously, this lower level of perceived risk is due to better technologies that enable buyers to examine the product online in greater detail and even "use" some products virtually. One study of online banking demonstrated that most consumers want to use online payments (mostly to meet deadlines and avoid past-due late penalties), but their willingness or unwillingness to do so is a function of their perceived risk of the security of online payment systems.⁶⁰ Studies also found that higher levels of consumer trust reduced perceived risk regarding shopping online.⁶¹ Two studies discovered that the amount of product information posted on websites affects consumer risk perception and satisfaction, as well as the relationships among perceived risk, satisfaction, intention to revisit, purchase intent, and the process of the decision making itself.⁶²

Consumers handle perceived risk differently, and the prominent ways to reduce purchase-related risk are summarized in Table 4.6.

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

TABLE 4.6 Consumers Can Reduce Perceived Risk

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

Summary

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

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

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

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

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

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

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

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

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

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

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

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

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

Consumers often perceive risk in making product selections because of uncertainty as to the consequences of their decisions. In most situations, consumers' perceived risk is a function of multiple factors. The elements of perceived risk are functional risk, physical risk, financial risk, psychological risk, and time risk. Consumer strategies for reducing perceived risk include increased information search, brand loyalty, buying a well-known brand, buying from a reputable retailer, buying the most expensive brand, and seeking reassurance in the form of money-back guarantees, warranties, and pre-purchase trials. The concept of perceived risk has important implications for marketers, who can facilitate the acceptance of new products by incorporating risk-reduction strategies into their new-product promotional campaigns.

Review and Discussion Questions

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

Hands-on Assignments

- 4.10. Find three print examples of the kind of promotional methods that constitute ambush or experiential marketing. Evaluate each example in terms of the effectiveness of the sensory input provided.
- 4.11. Define selective perception, and relate one or two elements of this concept to your own attention patterns in viewing print advertisements and online commercials.
- 4.12. Select a company that produces several versions of the same product under the same brand name (do not use one of the examples discussed in this chapter). Visit the firm's website and prepare a list of the product items and the benefits that each item offers to consumers. Are all these benefits believable, and will they persuade consumers to buy the different versions of the product? Explain your answers.
- 4.13. Apply the concepts that address consumers' perceptions of service quality to evaluate this course at this point.

Key Terms

- absolute threshold *118*
- ambush marketing *119*
- broad categorizers *143*
- closure *128*
- consumer imagery *133*
- differential threshold (just noticeable difference, JND) *119*
- experiential marketing *119*
- extrinsic cues *138*
- figure and ground *125*
- Gestalt psychology *125*
- grouping *127*
- halo effect *132*
- institutional advertising *142*
- intrinsic cues *138*
- just noticeable difference (JND) *116*
- licensing *133*
- narrow categorizers *143*
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- repositioning *116*
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- selective exposure *124*
- sensation *116*
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- sensory receptors *116*
- SERVQUAL scale *140*
- stereotypes *129*
- stimulus *116*
- subliminal perception *121*
- Weber's law *119*



5

Consumer Learning

Learning Objectives

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

LEARNING IS applying your knowledge and past experience to present circumstances. Samsung, the manufacturing company for Galaxy Note, a global leader in the smartphone market, uses its experiences to cater to its audience base even while tapping newer markets. The ads in Figure 5.1, introducing the two new Galaxy products together—Galaxy Note 3 + Galaxy Gear—are aimed at an audience with a higher standard of living in the Gulf region, with the implicit message that the new competitively priced smartphone, with high-end technology in an attractive shell, is quite the bargain. Samsung cleverly uses the message “Design Your Life” in the ads to tell its customers that the smartphone along with the one-of-a-kind Gear will help them organize and micro-manage almost every aspect of their lives. The Gear, a strap-on wearable device akin to a wristwatch, allows you to stay connected even while you are away from the phone. The brand wants its products to be seen as a stylish status symbol allowing consumers to only be their best, thereby making Samsung Galaxy Note 3 + Gear an integral part of their customers’ existence.

What makes teaching and learning effective? First, students are more likely to be responsive to a knowledgeable teacher – in this case, the teaching-learning process is geared toward consumers who are already familiar with the smartphone and the company, and are willing to try a bolder device! Samsung is able to deliver an effective learning experience because it is a highly dependable multinational, leading worldwide in the smartphone category. Second, consumers are more likely to learn from messages that are fun and attract attention, just as they respond better to a knowledgeable teacher. Consumers will notice and believe Samsung’s advertisements – learning and relating to the attractive message that Samsung displays.

Samsung also utilizes repetition, the third element of learning, which, in advertising, means restating the campaign’s key message in many forms across different media. Following this principle, Samsung strategically placed its ads highlighting the Galaxy Note 3 + Gear and repeated the message on various advertising media using diverse visuals and targeting



Source: Samsung Gulf Electronics

FIGURE 5.1 Samsung Ads Featuring Consumer Learning

different market segments; but, like the ads shown here, they all bear the same missive.

Reinforcement, which is the final element of learning, involves rewarding those who try the new product. Today's consumers are tech-savvy and appreciate gadgets that can make life better at the simplest touch; Samsung promises consumers a medium that will enable them to redesign their lives in an *easier* and *bolder* fashion, and the ad campaigns are used to reinforce this message.

While the S Pen (stylus) and the Galaxy Gear are just accessories to the phone itself, they reward consumers with increased functionality, exclusivity, and a technologically superior experience.

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

The Elements of Consumer Learning

Learning Objective

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

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

Not all learning is deliberately sought. Though much learning is *intentional* (i.e., it is acquired as the result of a search for information), a great deal of learning is *incidental*, acquired by accident or without much effort. For example, some ads may induce learning—like the new products under a familiar brand name featured in the two ads in Figure 5.1—with learning being deliberately sought, whereas other ads are sought out and carefully read by consumers contemplating major purchases. Learning consists of four elements: motives, cues, responses, and reinforcement.

Motives

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

Cues

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

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

Responses

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

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

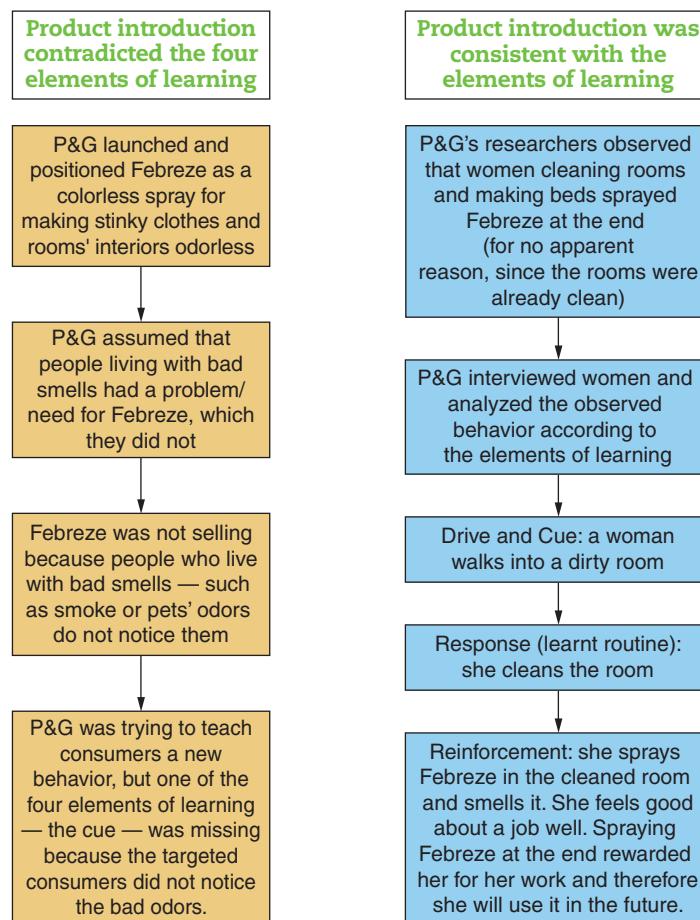
Reinforcement

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

Figure 5.2 applies the four elements of learning to Procter & Gamble's introduction of Febreze, a spray that eliminates bad smells. The chart illustrates the effects of Febreze's initial positioning, which did not follow the principles of learning; the product did poorly. When the product was repositioned in a manner consistent with the principles of learning, it sold much better.¹

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

FIGURE 5.2 Procter & Gamble's Febreze



Source: Charles Duhigg, "How Companies Learn Your Secrets," *nytimes.com* February 16, 2012.

Learning Objective

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

Classical Conditioning

Behavioral learning is sometimes referred to as **stimulus-response learning** because it is based on the premise that observable responses to specific external stimuli signal that learning has taken place. Behavioral learning is not concerned with the *process* of learning, but rather with the *inputs* and *outcomes* of learning; that is, in the stimuli that consumers select from the environment and the observable behaviors that result. Three forms of behavioral learning with great relevance to marketing are classical conditioning, instrumental (or operant) conditioning, and observational (or modeling) learning.

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

Applying Pavlov’s theory to human behavior, consider the following situation: For several years during high school, you always watched your favorite TV sitcom—which begins with the show’s musical theme—with your best friend and every night at 7:00 p.m. Then you and your best friend went to different colleges. After you settled down in your new dorm, at 7:00 p.m. you turned on the TV to watch your favorite sitcom and the show’s musical theme came on. You immediately thought about your friend and felt sad about watching the show alone. Feeling sad when you think about a best friend from whom you are now separated is a natural, human response and is therefore an **unconditioned stimulus** (i.e., a stimulus that occurs naturally in response to given circumstances). Furthermore, before you started watching the sitcom with your friend every night, the show’s musical theme was a neutral stimulus that elicited neither behavior nor any feelings. Later on, while watching the sitcom alone, the same music triggered a particular response—feeling sad—so it has become a **conditioned stimulus** (i.e., a stimulus that became associated with a particular event or feeling as a result of repetition). Feeling sad whenever you hear the music is a **conditioned response** (i.e., a response to conditioned stimulus). The music triggered sadness because of the role of repetition in the process of conditioning. You heard the same musical theme while watching TV with your friend for years, and always at the same time; if you had done so only occasionally, the music would not have triggered sadness. Figure 5.3 depicts Pavlov’s model and an analogous example of classical conditioning.

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

FIGURE 5.3A Classical Conditioning

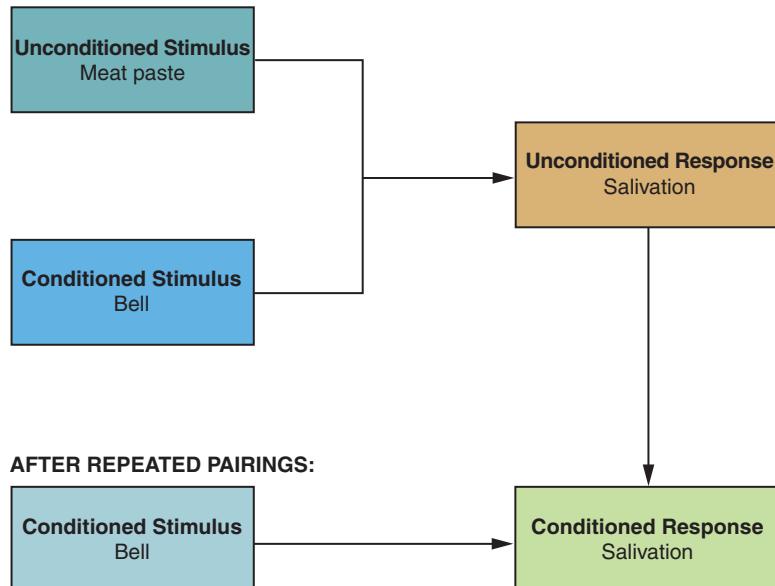
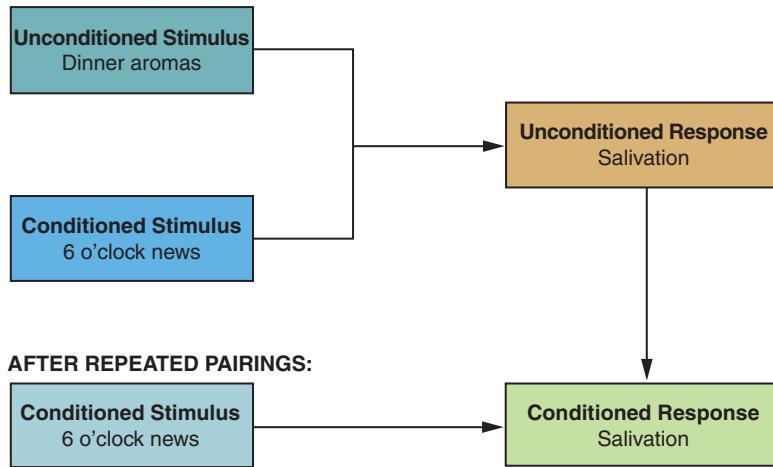


FIGURE 5.3B

Associative Learning

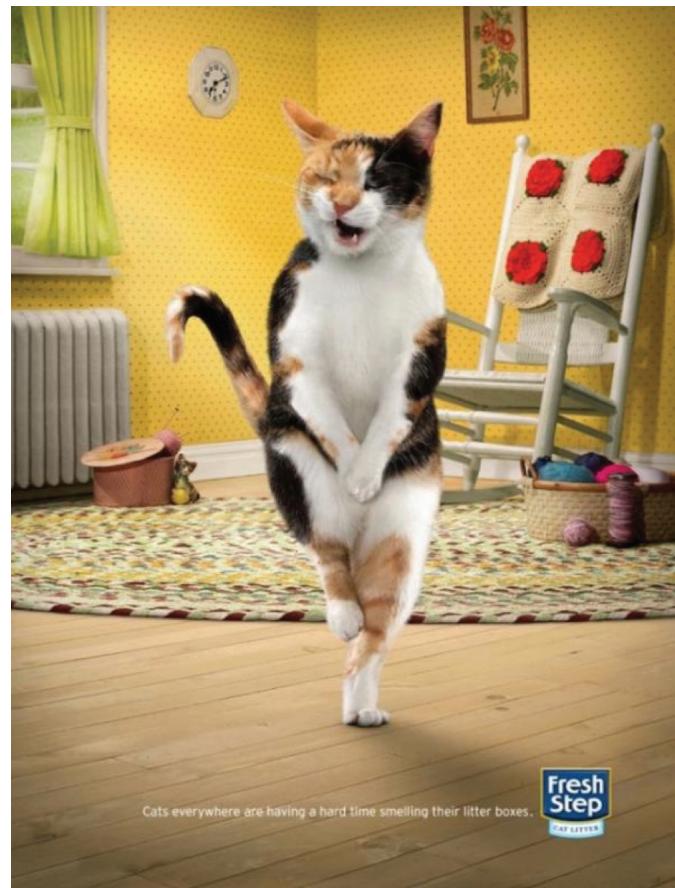
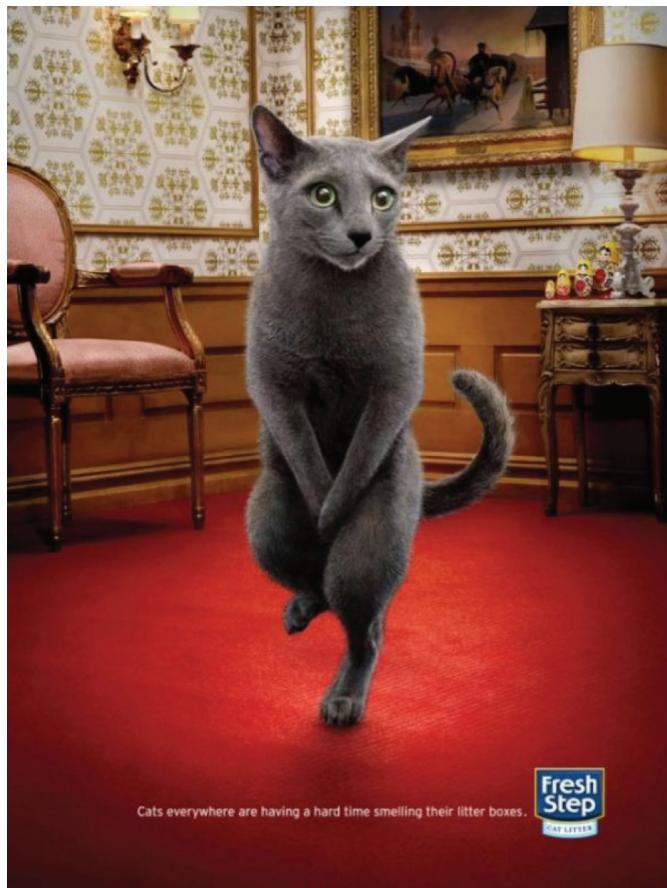
Contemporary behavioral scientists view classical conditioning as learning of associations among events that enable consumers to expect and anticipate events. Rather than being a reflexive action, this is seen as **cognitive associative learning**—not the acquisition of new reflexes, but the acquisition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

The Role of Repetition

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

Repetition increases the strength of the association between two stimuli and slows down forgetting this connection. However, the amount of repetition that aids retention is limited. Although repetition beyond what is necessary for the initial learning aids retention, at some point an individual becomes satiated with numerous exposures, and both attention and retention decline. This effect is called **advertising wear-out**, and marketers reduce it by using different ads expressing the same message or advertising themes, as illustrated by the two Fresh Step ads in Figure 5.4 (although the furniture indicate that the ads target different socioeconomic groups). As another example, HSBC positions itself as “the world’s local bank.” An advertising campaign, entitled “Different Values,” consisted of about 20 ads centered on the theme that “different values make the world a richer place.” The ads illustrated that one’s point of view is subjective and reflects one’s values and, therefore, the same object can have different meanings depending on one’s culture and viewpoint. The featured objects varied, although the central theme remained the same. For example, a container of pills (the object pictured in one of the ads) may represent “prevention” (e.g., vitamins), “cure” (e.g., antibiotics), or “escape” (e.g., illegal substances).

Although all advertisers use repetition in trying to teach consumers, not everyone agrees on *how much* repetition is enough. Some marketing scholars believe that just three exposures to an advertisement are needed: One to make consumers *aware* of the product, a second to show consumers the *relevance* of the product, and a third to *remind* them of its benefits. This exposure pattern is called the **three-hit theory**. Other researchers suggest that as many as 11 to 12 repetitions are needed to achieve the three objectives. One study indicated that email advertisements that consumers found relevant influenced their learning and attitudes much more than the number of exposures.²



Source: (Left & Right) The Clorox Company

FIGURE 5.4 The Same Advertising Message Expressed Differently

Stimulus Generalization

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

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

There are four strategic applications of stimulus generalization to branding and managing product lines: product line extensions, product form extensions, family branding, and licensing.³

Product Line Extensions

Product line extensions are additions of related items to an established brand; these are likely to be adopted because they come under a known and trusted brand name.⁴ For example, what comes to one's mind upon seeing the V8 symbol? The most likely answer is a small can of vegetable juice sold via vending machines and convenience stores and larger bottles of the brand sold in supermarkets. Most consumers associate drinking vegetable juice and eating vegetables with consuming vitamins, antioxidants, and agents boosting the immune system.

While most consumers associate V8 with vegetables, originally, they did not associate soups with V8. Why did Campbell's (which owns V8), "interfere" with consumers' long-established cognitions by introducing the soups featured in Figure 5.5? Each time consumers bought V8 vegetable juice, they were "rewarded" because the juice tasted good and they were consuming a healthy product. When new products carrying the V8 brand name are advertised, consumers are likely to associate them with the many, prior rewarding experiences of consuming V8 vegetable juice, including



FIGURE 5.5 A Product Line Extension: V8 Soups

the perceived health benefits that are the core of this brand. In learning terms, consumers will apply what they already know about V8 to its new product and probably try the new item. The extension of the V8 line to other products is also a form of family branding, which consists of marketing different products under the same brand name.

The two Mr. Clean products shown in Figure 5.6 are examples of line extensions under a brand name that has been a best seller since the 1950s and represented by a mascot that consumers view as a strong, tenacious, competent, dependable, and friendly “person” (see Figure 3.2).

Product Form Extensions

Offering the same product in a different form but under the same brand is a **product form extension**. For example, Listerine, a mouthwash in the form of liquid and a leading brand, introduced Listerine PocketPacks—a solid form of its product (see Figure 5.7). Clorox Bleach—one of the most recognized brand names among clothing care products—has been sold only as a liquid since its introduction many decades; building upon the brand’s universal recognition as a quality product, the company introduced Bleach Gel.

Family Branding

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



FIGURE 5.6 Mr. Clean's Product Line Extensions

Licensing

Licensing is contractually allowing a well-known brand name to be affixed to the products of another manufacturer. The names of designers, manufacturers, celebrities, corporations, and even cartoon characters are attached, for a fee (i.e., “rented out”) to a variety of products, enabling the licensees to achieve instant recognition and implied quality for the licensed products. Some successful licensors include Liz Claiborne, Tommy Hilfiger, Calvin Klein, and Christian Dior, whose names appear on an exceptionally wide variety of products, from sheets to shoes and luggage to perfume.⁵

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

The number of different products affiliated with a given brand—originating in line and form extensions, family branding, and licensing—will strengthen the brand name, as long as the brand’s owner ensures that the additions are of high quality and consistent with the brand’s image and positioning. Failure to do so will negatively affect consumer confidence and evaluations of all the brand’s products. One study showed that brands that include diverse products are likely to offer more successful brand extensions than brands that include similar products. The study also confirmed that consumers’ reactions to the brand’s extensions are strongly related to the distinct benefits these items provide.⁶

Stimulus Discrimination and Product Differentiation

Stimulus discrimination, the opposite of stimulus generalization, is the selection of a specific stimulus from

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

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

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

Source: Proctor & Gamble



Source: The Clorox Company.

FIGURE 5.7 A Product Form Extension: Clorox Bleach Gel

Instrumental Conditioning

Learning Objective

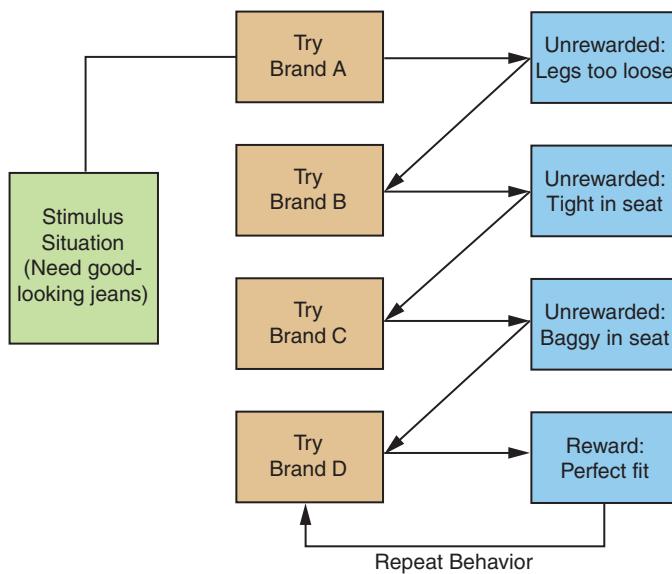
- 3 To understand instrumental conditioning and the objectives and methods of reinforcement.

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

The American psychologist B. F. Skinner constructed the model of instrumental conditioning. According to Skinner, most learning occurs in environments where individuals are “rewarded” for choosing an appropriate behavior. In consumer behavior terms, instrumental conditioning suggests that consumers learn by means of a trial-and-error process in which some purchase behaviors result in more favorable outcomes (i.e., rewards) than others. A favorable experience is the *instrument* of teaching the individual to repeat a specific behavior.

Like Pavlov, Skinner developed his model of learning by working with animals. Small animals, such as rats and pigeons, were placed in his “Skinner box.” If they behaved as Skinner desired—such as pressing a particular lever or pecking keys—he rewarded them with food pellets. Skinner and his many adherents have done amazing things with this learning model, including teaching pigeons to play ping-pong and even to dance. In a marketing context, the consumer who tries several brands and

FIGURE 5.8 A Model of Instrumental Conditioning



styles of jeans before finding a style that fits her figure (i.e., reinforcement) has engaged in instrumental learning. Presumably, the brand that fits best is the one she will continue to buy. This model of instrumental conditioning is presented in Figure 5.8.

Reinforcing Behavior

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

Either positive or negative reinforcement can be used to elicit a desired response. However, negative reinforcement should not be confused with *punishment*, which is designed to *discourage* behavior. For example, receiving a speeding ticket and having to pay a fine is not negative reinforcement; it is a form of punishment designed to discourage future speeding. But what constitutes “punishment” is tricky. For example, a driver can perceive the fine as “paying” for a bad behavior and continue speeding; this individual apparently believes that each time he speeds he will merely have to pay for his bad behavior. Therefore, in addition to paying fines, speeding drivers receive “points” on their licenses and can lose their driving rights (and the opportunities to speed) if they speed too many times. In a frequently cited study, researchers discovered that when a day care center started “punishing” parents who picked up their kids late by charging them about \$3, late pickups actually *increased*, because parents viewed the fine as the price for being tardy.⁷ The “punishment” actually legitimized being late and *encouraged* the behavior it was designed to lessen.

Extinction and Forgetting

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

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

Customer Satisfaction and Retention

Savvy marketers reinforce customer satisfaction by consistently providing high quality. Marketers must provide the best value for the money and simultaneously avoid raising consumers’ expectations beyond what the products can deliver. Companies must not assume that more attractive prices and broader product lines will make customers more satisfied. Instead, companies that create personal connections with customers, and offer diverse product lines and competitive prices, because these are the most effective reinforcements, which bring about repeat patronage. Most frequent shopper programs are based on the notion that the more a consumer uses the service, the greater the rewards. Another form of reinforcement is rewarding customers who refer other customers. One study discovered that although rewards increased referrals, there was no difference in referral likelihood between smaller and larger rewards. In addition, for existing customers with strong ties to the marketer providing the reward, these incentives did not increase referral likelihood.⁸ However, several studies discovered that satisfied customers are often fickle and disloyal when a lot of competition exists.⁹

Reinforcement Schedules

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

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

Shaping

Reinforcement performed *before* the desired consumer behavior actually takes place is called **shaping**. Shaping increases the probability that certain desired consumer behavior will occur. For example, retailers recognize that they must first attract customers to their stores before they can expect those customers to do the bulk of their shopping there. Many retailers provide some form of preliminary reinforcement (shaping) to encourage consumers to visit their stores. For example, some retailers offer loss leaders—popular products at severely discounted prices—to the first hundred or so customers to arrive, because those customers are likely to buy more products at the store rather than only the discounted items. By reinforcing the behavior that is needed to enable the desired consumer behavior, marketers increase the probability that the desired behavior will occur. Car dealers recognize that to sell new-model cars, they must first encourage people to visit the showrooms and test-drive the cars. They hope that the test drive will result in a sale. Using shaping principles, many car dealers encourage showroom visits by providing small monetary or other gifts to those who test-drive the cars, and a rebate check upon placement of an order. They use a multistep shaping process to achieve the desired consumer learning.¹⁰

Massed versus Distributed Learning

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

Observational Learning

Learning Objective

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

Observational learning (or modeling) is the process through which individuals learn behavior by observing the behavior of others and the consequences of such behavior. For this type of learning to occur, reinforcement must take place. For example, Joe—a commuter— notices that more and more train riders are using e-readers, so he buys one to try it out, knowing that he has 30 days to return it. Then, a conductor whom Joe knows and sees daily compliments him on the purchase and also

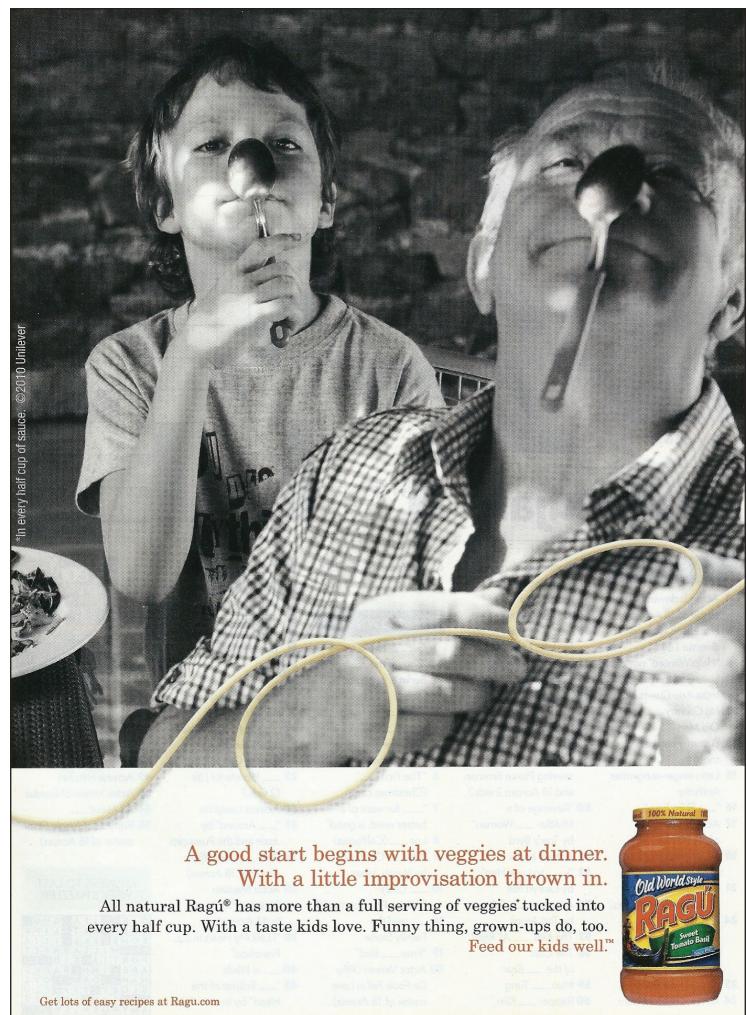


FIGURE 5.9 Eating Ragu Is Fun: Observational Learning from Grandfather to Grandson

Source: Unilever

asks questions about the device. Joe's purchase was the result of observational learning. Because the conductor's compliments reinforced his purchase (and also because he likes the device and it works well), Joe decides to keep the device.

Advertisers recognize the importance of observational learning in selecting the models they feature in advertisements, whether celebrities or unknowns. If a teenager sees an ad that depicts social success as the outcome of using a certain brand of shampoo, she will want to buy it. If her brother sees a commercial that shows a muscular young athlete eating Wheaties—"the breakfast of champions"—he will want to eat it, too. Indeed, a lot of advertising is based on observational learning. Many ads feature likeable models achieving positive outcomes to common problem situations through use of the advertised product. Children learn much of their social and consumer behavior by observing their older siblings and parents. They imitate the behavior of those they see rewarded, expecting to be rewarded similarly if they adopt the same behavior. The Ragu ad in Figure 5.9 illustrates a child's observational learning from his grandfather.

Information Processing

Learning Objective

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

A lot of learning occurs through consumer thinking and problem solving. Sometimes we resolve purchase-related dilemmas instantly. In other situations, we search for information and carefully evaluate what we learned. This kind of learning, called **cognitive learning**, consists of mental processing of data rather than instinctive responses to stimuli. Therefore, we examine the structure and components of information processing, which are diagrammed in Figure 5.10, before explaining cognitive learning.

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

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

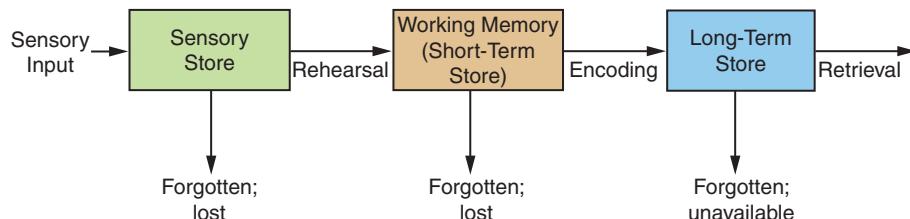
Storing Information

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

Sensory Store

The **sensory store** is the mental "space" in the human mind where sensory input lasts for just a second or two. If it is not processed immediately, it is lost. All data come to us through our senses, but the senses do not carry whole images, like a camera. Each sense receives a piece of information (such as the smell, color, shape, or feel of a flower) and transmits it to the brain in parallel, where the perceptions of a single instant are synchronized and perceived as a single image for only a brief moment. Because consumers are constantly bombarded with stimuli from the environment, they subconsciously block out a great deal of information that they do not need or cannot use. For marketers, this means that although it is relatively easy to get information into the consumer's sensory store, it is difficult to make a lasting impression. Furthermore, the brain automatically and subconsciously

FIGURE 5.10 Information Processing



“tags” all perceptions with a value, either positive or negative; this evaluation, added to the initial perception in the first microsecond of cognition, tends to remain unless further information is processed. This explains why first impressions tend to last and why it is hazardous for a marketer to introduce a product prematurely into the marketplace.

Short-Term Store

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

An interesting experiment illustrated how the short-term store operates. A researcher walked over to a pedestrian and asked for directions. While the pedestrian was responding, two workmen carrying a large door walked between the researcher and the respondent; while hidden by the door being moved, the researcher switched places with another person. Only about half the pedestrians noticed that they were talking to someone else afterward.¹¹

Long-Term Store

The **long-term store** is the mental “space” where information is retained for extended periods of time, in contrast to the short-term store, where information lasts only a few seconds. Although it is possible to forget something within a few minutes after the information reaches long-term storage, it is more common for data in long-term storage to last for days, weeks, or even years. A study of three generations of automobile consumers discovered that people’s earliest memories and experiences regarding cars defined what car brands meant to them and affected their brand preferences later in life.¹²

Information Rehearsal and Encoding

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

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

Processing and remembering a picture takes less time than learning verbal information, but both types of information are important in forming an overall mental image. A print ad with both an illustration and body copy is more likely to be encoded and stored than an illustration without verbal information. High-imagery copy produces greater recall than low-imagery copy, and marketers realize that almost every ad should include some form of an illustration. In one study, consumers were given goals and then asked to memorize ads. The study found that an ad-memorization goal enhanced attention to the body text, pictures, and brand design. A brand-learning goal produced attention to the body text, but also inhibited attention to the pictorial design. One may conclude that text-dominant ads activate brand learning and pictorial-dominant ads activate ad appreciation.¹³

Encoding of commercials is related to the context in which they are featured. For example, while watching TV, some parts of a program may require viewers to commit a larger portion of their cognitive resources to processing (e.g., when a dramatic event takes place versus a casual conversation). When viewers commit more cognitive resources to the program than the ads, they encode and store less of the information conveyed by a commercial. This suggests that commercials requiring relatively little cognitive processing may be more effective within or adjacent to a dramatic program setting than commercials requiring more elaborate processing. Viewers who are very involved with a television show respond more positively to commercials adjacent to that show and have more positive purchase intentions. Recent exposure to related information also facilitates encoding. A study found that publicity about advertising campaigns before they were started facilitated better recall of brands featured in subsequent advertising.¹⁴

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

Information Retention and Retrieval

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

Product information stored in memory is brand based, and consumers interpret new information consistently with the way in which it has already been organized. One study demonstrated that "brand imprinting"—messages that merely establish the brand's identity—if conducted before presentation of the brand's benefits, facilitated consumer learning and retention of information about the brand.¹⁵ Studies also showed that a brand's "sound symbolism" (a theory suggesting that the sounds of words convey meanings) and the brand's "linguistic characteristics" (e.g., unusual spelling) affected the encoding and retention of the brand name.¹⁶

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

Retrieval is the process by which people recover information from the long-term store; it is frequently triggered by external cues. For example, when we see a product in the store or on TV, we automatically retrieve the applicable information our brains have stored. If the brand is distinctive and heavily advertised, or if we had a memorable experience using it, the retrieval will be quicker than that for less sought-after brands. Some scientists used brain-imaging technologies, normally used in medicine, to examine information retrieval. For example, when men looked at racy sports cars, their reward centers were activated. In an experiment involving soft drinks, two different brain regions were at play. When some loyal drinkers of Coke and others of Pepsi tasted two soft drinks with the brands unidentified, their brains' reward system was activated. The respondents were then asked which of the two they liked better. Afterward, they were told the brand of the drink they liked better in the blind taste test. At that point, their brains' memory region (where information regarding brand loyalty is stored) was activated and overrode the preferences the participants indicated after tasting the soft drink, but before knowing which brand they had tasted. That is, if the brand they said they liked better was *not* their regular brand, they changed their minds regarding which drink they liked better during the blind taste test.¹⁷

Unexpected elements improve consumers' ad retention only when those elements are relevant to the advertising message. For example, an ad for a brand of stain-resistant, easy-to-clean carpet shows an elegantly dressed couple in a beautiful dining room setting where the man inadvertently knocks the food, the flowers, and the china to the floor. The elegance of the actors and the upscale setting make the accident totally unexpected, whereas the message remains highly relevant: The mess can be cleaned up easily without leaving a stain on the carpet. Because this ad is very dramatic, it is likely to be remembered (or retrieved) when the consumer is exposed to any of the elements of the ad thereafter. However, unexpected cues are not the same as incongruent ones. Although consumers notice ads containing cues that are incongruent with the products advertised, they are unlikely to remember them. For instance, a print ad showing a nude woman sitting on a piece of office furniture would very likely attract readers' attention, but would probably not increase the likelihood that the ad purveyor would be remembered or subsequently retrieved. In one experiment, where subjects were manipulated into making choices among four desserts based on memory or on the actual stimuli (the desserts themselves), researchers discovered that memory-based product choices were guided more by feelings (e.g., an urge for tasty food), whereas stimulus-based choices were guided more by deliberative considerations (e.g., the need to follow a sensible diet).¹⁸

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

Cognitive Learning

Learning Objective

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

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

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

The ad for Crest Pro-Health toothpaste in Figure 5.11 is based on cognitive learning. Let's assume that Betty has had her teeth cleaned every six months—as recommended by dentists—and the tartar and plaque on her teeth has been removed regularly. But, as she grew older, her gums became sensitive and occasionally painful. During her regular cleaning, her dentist tells her that she has occasional gingivitis, which is an inflammation of the gums, and advises her to

Ordinary Toothpaste	Crest Pro-Health
<input checked="" type="checkbox"/> FIGHTS CAVITIES	<input checked="" type="checkbox"/> FIGHTS CAVITIES
<input checked="" type="checkbox"/> FIGHTS TARTAR	<input checked="" type="checkbox"/> FIGHTS TARTAR
<input checked="" type="checkbox"/> WHITENS	<input checked="" type="checkbox"/> WHITENS
<input checked="" type="checkbox"/> FRESHENS BREATH	<input checked="" type="checkbox"/> FRESHENS BREATH
<input type="checkbox"/> FIGHTS SENSITIVITY	<input checked="" type="checkbox"/> FIGHTS SENSITIVITY
<input type="checkbox"/> FIGHTS GINGIVITIS	<input checked="" type="checkbox"/> FIGHTS GINGIVITIS
<input type="checkbox"/> FIGHTS PLAQUE	<input checked="" type="checkbox"/> FIGHTS PLAQUE

Introducing Crest Pro-Health. The toothpaste that addresses all these areas dentists check most and has received the ADA seal for: cavities, gingivitis, sensitivity, plaque, and whitening. It also prevents tartar buildup and freshens breath. So if you want to check all these boxes, you know which box to look for.

Crest Healthy, Beautiful Smiles for Life.

Source: The Procter & Gamble Company

FIGURE 5.11 Cognitive Learning: Crest Pro-Health

TABLE 5.1 Representations of Cognitive Learning

GENERIC STAGES OF COGNITIVE LEARNING	TRI-COMPONENT ATTITUDE MODEL	AIDA	INNOVATION ADOPTION	INNOVATION DECISION-MAKING
Knowledge	Cognitive	Attention	Awareness	Knowledge
Evaluation	Affective	Interest and Desire	Interest and Evaluation	Persuasion
Behavior	Conative	Action	Trial and Adoption	Decision and Confirmation

use toothpaste specifically designed to battle this condition. Previously, Betty regarded toothpaste as a “commodity,” considered all brands to be similar, and bought whichever brands were on sale. But, following her dentist’s advice, she now faces a new problem and unfilled need: Finding a toothpaste specifically designed to fight gingivitis. She then sees the Crest ad, and, although Crest Pro-Health is more expensive, she starts using it. Subsequently, her gums no longer hurt and her dentist compliments her on her excellent oral hygiene. Betty engaged in cognitive learning: She faced a problem, looked for a solution, read about the benefits of Crest Pro-Health in the ad, and started using the product consistently, which resulted in relief from pain and thus reinforced what she had learned.

Researchers developed several models depicting sequential information processing and cognitive learning, which are featured in Table 5.1. Although the models use different terms to designate the sequences they depict, in essence they all follow the three-stage generic sequence listed in the table’s leftmost column.

Consumer Involvement and Hemispheric Lateralization

Learning Objective

- 7 To understand consumer involvement and passive learning, and their impact on purchase decisions and the retention and recall of promotional communications.

Initially, marketing scholars believed that complex processing of information applied to all purchases, expensive and cheaper alike. Later on, theorists realized that many purchases, especially routine ones, do not involve extensive information processing and evaluation. Such purchases are of minimal personal relevance, as opposed to highly relevant, search-oriented purchases. This understanding led to the conceptualization and study of consumer involvement.

Consumer involvement is the degree of personal relevance that the product or purchase holds for the consumer. **High-involvement purchases** are very important to the consumer (e.g., in terms of perceived risk) and thus provoke extensive problem solving and information processing. Under this scenario, both automobiles and dandruff shampoo can represent high-involvement purchases: The automobile because of its high perceived financial risk (to most people), and the shampoo because of high perceived social risk (to some people). **Low-involvement purchases** are not very important, hold little relevance, have little perceived risk, and provoke limited information processing.

Measurements of Consumer Involvement

There is great variation in the conceptualization and measurement of consumer involvement. Throughout the marketing research literature, “involvement” has been defined in numerous ways, including product involvement, brand involvement, and advertising involvement. Because there is no universal definition of involvement, there is no single way to measure it. Some measures gauge cognitive factors, such as the importance of a purchase to a buyer and the risk perceived with the purchase; other measures focus on the behavioral aspects of involvement and appraise such factors as the search for and evaluation of product information. The most popular measurement tool is self-administered surveys that assess the consumer’s cognitions or behaviors regarding a particular product or product category, and measure involvement on a continuum (not as a dichotomy). For example, a scale measuring involvement with, say, e-books might require respondents to express their attitudes on five-point, bi-polar **semantic differential scales** on ranges between paired adjectives, such as important—unimportant, relevant—irrelevant, exciting—unexciting, priceless—worthless, and interesting—boring.

Strategic Applications of Consumer Involvement

Marketers aspire to create customers who are involved with the purchase and view the brand they buy as unique. Many studies have shown that high involvement with the product category, and also perception of a given brand as superior, leads to brand loyalty.¹⁹ Although there is no generalized profile of a highly involved consumer, many studies have investigated the personal characteristics related to involvement level. For example, researchers found a relationship between ethnicity and involvement; appeals portraying Hispanic identities were effective in advertising low-involvement items, but not high-involvement products.²⁰

Research indicates that the context in which the promotional message appears has an impact on involvement. One study discovered that consumers who were highly involved in the sports program they watched recalled commercials significantly better than those who were less involved with the program.²¹ Another study found that involvement with video games affected brand memory. Players who were initially unfamiliar with the game, but became highly involved with it while learning how to play, recalled many of the brands embedded in the game. When they became experienced players, they became less involved with the game and recalled fewer of the brands it featured.²² Many marketers now show avatars—animated, virtual-reality, people-like figures—in websites. Avatars have been effective, and studies have found that this is because they often engage consumers in learning about and becoming involved with products and services. One study discovered that *attractive* avatar sales agents were effective in selling to consumers with moderate product involvement, whereas *expert* avatars were more effective sales agent for products with high involvement levels.²³ In addition to increasing product and brand involvement, marketers must also expand customer involvement with their ads; they can use sensory appeals, unusual stimuli, celebrity endorsers, and scores of innovative techniques online to increase the persuasiveness of their promotions.

Highly involved consumers engage in long-term relationships with products and brands, and increasing involvement levels enhances these bonds. The best strategy for increasing the personal relevance of products to consumers is the same as the core of modern marketing: Providing benefits that are important to customers, differentiating the offering from its competition, improving the product and adding relevant benefits (especially as competition intensifies).

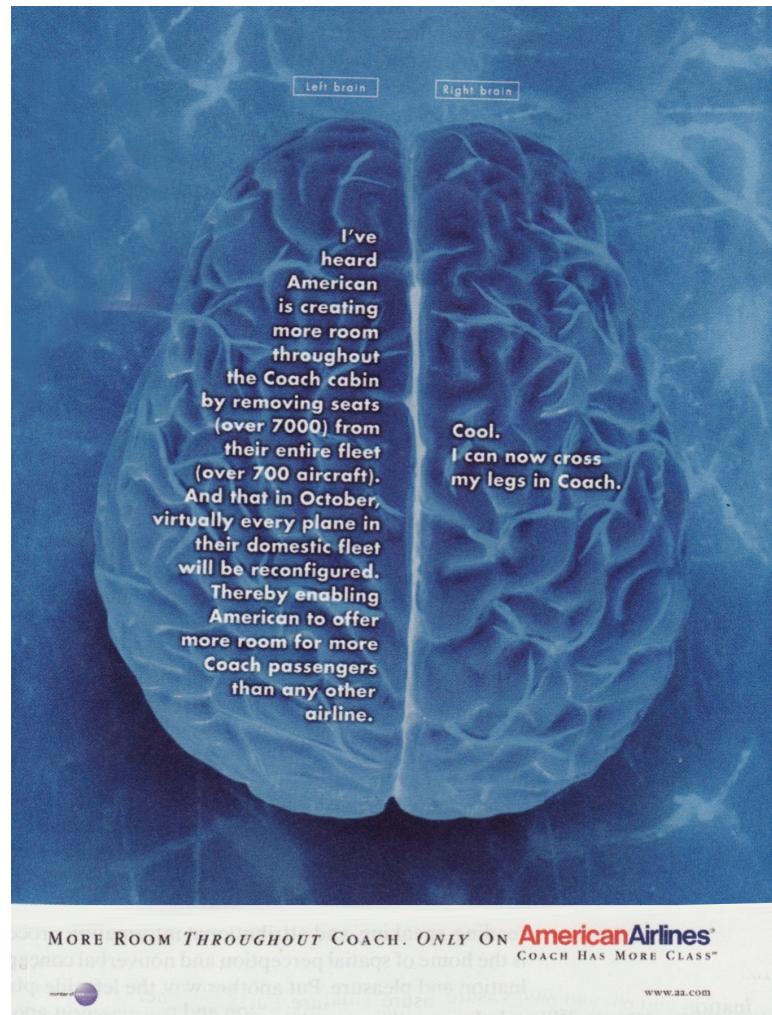
Hemispheric Lateralization

Hemispheric lateralization (split-brain theory) stems from medical research done in the 1960s; its premise is that the human brain is divided into two distinct cerebral hemispheres that operate together, but “specialize” in processing different types of cognitions. The left hemisphere is the center of human language; it is the linear side of the brain and primarily responsible for reading, speaking, and reasoning. The right hemisphere of the brain is the home of spatial perception and nonverbal concepts; it is nonlinear and the source of imagination and pleasure. Put another way, the left side of the brain is rational, active, and realistic; the right side is emotional, metaphoric, impulsive, and intuitive. Some argue that computers emulate many of the sequential functions of the left side of the brain and that we should employ the imaginative, right brain to a greater degree in making business decisions.²⁴ Figure 5.12 shows an American Airlines ad literally depicting the split-brain theory.

Passive Learning

A pioneer consumer researcher applied hemispheric lateralization to watching TV. He theorized that when consumers watch advertising on TV, they “passively” process right brain, pictorial information.²⁵ The researcher considered TV a primarily pictorial medium, and TV viewing as a right-brain activity, consisting of passive and holistic processing of images viewed on the screen. He also maintained that TV is a low-involvement medium. The core of cognitive learning is that consumers deliberate about purchases, seek and evaluate applicable information, form attitudes toward the purchase alternatives available, and then make purchase decisions. According to these models, behavior follows the cognitive processing of information. In contrast, advocates of **passive learning** maintain that repeated exposure to TV commercials, which is low-involvement information processing, induces purchases *prior* to consumers’ information processing and the formation of attitudes.

As opposed to TV, printed, verbal and static information in newspapers is processed by the brain’s left side. Therefore, print media are considered high involvement. Accordingly, the processing of printed advertising takes place in the left brain, and along the cognitive learning sequences featured in Table 5.1. In contrast, advertising that consists mostly of moving images and pictorial information is processed holistically by the right side of the viewer’s brain, with minimum involvement.



Source: American Airlines

FIGURE 5.12 Hemispheric Lateralization

The right brain's passive processing of information is consistent with classical conditioning. Through repetition, the product is paired with a visual image (e.g., a distinctive package) to produce the purchase of the advertised brand. Accordingly, during passive learning and exposure to low-involvement media, continuous repetition of advertisements is the key factor in producing purchase behavior. This line of thinking also suggests that television commercials are most effective when they are of short (15 or 20 seconds) and repeated frequently. Right-brain information processing underscores the importance of the visual components of advertising. Strong visuals in TV commercials and in-store displays generate familiarity with the brand and induce purchase behavior. Pictorial cues are more effective at generating recall and familiarity with the product, whereas verbal cues (which trigger left-brain processing) generate cognitive activity that encourages consumers to evaluate the advantages and disadvantages of the product.

Outcomes and Measures of Consumer Learning

Learning Objective

- 8 To understand how to measure the results of consumer learning.

For marketers, the goals of consumer learning are increased market share and brand-loyal consumers. These goals are interdependent: Brand-loyal customers are the core of a stable and growing market share, and brands with larger market shares have disproportionately large numbers of loyal buyers. Marketers' promotions are designed to teach consumers for whom the brands promoted provide the best solutions for satisfying unfulfilled needs. Thus, marketers must measure to what extent consumers have learned the information contained in promotional messages. The most popular measures of consumer learning are recognition and recall of messages and attitudinal and behavioral evaluations of brand loyalty.

Recognition and Recall Measures

The purpose of recognition and recall tests is to determine whether consumers remember seeing an ad and the extent to which they have read it and can recall its content. Recognition tests are based on **aided recall**, whereas recall tests use **unaided recall**. In a **recognition test**, the consumer is shown an ad and asked whether he or she remembers seeing it and can remember any of its salient points. In a **recall test**, the consumer is asked whether he or she has read a specific magazine or watched a specific television show, and, if so, whether he or she can recall any ads or commercials seen, the product and brand advertised, and any notable points about the offerings promoted.

For example, the **Starch Readership Ad Study** evaluates the effectiveness of magazine advertisements according to three criteria: Noticing the ad, associating the ad with the brand advertised, and involvement with the ad (defined as having read most of the ad text). At the start of a Starch survey, respondents are presented with a magazine issue and asked whether they have read it. Those who respond positively are then shown each ad that had appeared in that issue—with the brand name concealed—and asked questions that measure recall and recognition of the ad. The study output consists of tagged advertisements, with the tags showing the percentage of readers who have “noticed” each ad, were able to “associate” the ad with the brand advertised, and “read most” of the ad’s copy. Advertisers can then gauge the effectiveness of each ad by comparing its scores on the Starch measures to similar-sized ads, competitors’ ads, and their own prior ads. Starch also appraises consumers’ intentions to buy and likelihood to engage in word-of-mouth about the product after reading the ad. A study using Starch readership scores demonstrated that consumers received more information from advertisements for *shopping products* (e.g., high-priced clothing and accessories) than from ads for *convenience goods* (e.g., low-priced items purchased routinely). Surprisingly, they also received less information from ads for *search products*, that is, very expensive, durable items purchased infrequently and following an extensive information search. These findings show that marketers may not be including enough information when advertising search products.²⁶

Brand Loyalty

Brand loyalty is a measure of how often consumers buy a given brand; whether or not they switch brands and, if they do, how often; and the extent of their commitment to buying the brand regularly. To marketers, a high degree of brand loyalty is the most desired outcome of consumer learning and an indication that they have effectively “taught” consumers a given behavior (i.e., buying the marketer’s brands consistently). Marketers agree that brand loyalty has two components—behaviors and attitudes—and that both must be measured. Attitudinal measures gauge consumers’ overall feelings about the brand, including their future purchase intentions. Behavioral measures focus on observable, factual behaviors, such as the quantity purchased, purchase frequency, and repeated buying. Table 5.2 lists the key characteristics of brand-loyal consumers.²⁷

Behavioral learning scientists who favor the theory of instrumental conditioning believe that brand loyalty results from an initial product trial that was reinforced through satisfaction, which led to repeat and continuous patronage. In contrast, researchers of cognitive learning believe that consumers engage in extensive problem solving, information search, and evaluation of alternatives that eventually lead to a strong brand preference and ongoing purchase behavior. Nevertheless, consumer behavior researchers agree that if a consumer finds many brands in a particular category to be “acceptable,” he or she is unlikely to be brand loyal. Therefore, marketers must differentiate their products from competition so that they stand out and consumers become reluctant to view other brands as “acceptable.”

TABLE 5.2 Characteristics of Brand-Loyal Consumers

1. They tend to stick with brands that they know and trust and with the best-known brands.
2. They believe that staying with the brands they like simplifies their lives.
3. They let friends try other products and switch only if a product is really outstanding.
4. They avoid buying something different just for the sake of being different.
5. They view liked brands as “friends,” with whom they want to maintain relationships.
6. They believe that they save money by not buying new brands.
7. They view themselves as “brand-loyal shoppers.”

The degree of brand loyalty depends on three factors: (1) the consumer's risk aversion or variety seeking; (2) the brand's reputation and availability of substitute brands; and (3) social group influences and peers' recommendations. There are three types of brand loyalty:

1. **Covetous brand loyalty** includes no consistent purchase of a given brand, in spite of strong attachment to it.
2. **Inertia brand loyalty** is purchasing the brand because of habit and convenience, but without any emotional attachment to it.
3. **Premium brand loyalty** means high attachment to the brand and repeat purchase.²⁸

Low involvement with a given product category results in habitual buying without emotional attachment to any brand (i.e., inertia loyalty). Consumers perceive minor or no differences among brands and buy a brand repeatedly only because of familiarity and convenience. Premium loyalty represents truly brand-loyal consumers. They are committed to the brand, unlikely to switch to other brands, and likely to go out of their way to buy the same brand (e.g., if a supermarket ran out of their brand, they would drive to another store).

Brand Equity

High brand loyalty greatly increases a brand's monetary value. The term **brand equity** represents the intrinsic value of a brand name. This value stems from the foundations of brand loyalty: The consumer's perception of the brand's superiority, the social esteem that using it provides, and the customer's trust and identification with the brand.

Brands that are heavily promoted for extended periods attain ample name recognition and consumer loyalty, which result is high brand equity. Because of the escalating costs of developing new products and their high failure rates, many companies capitalize on their brands' equity in the forms of family branding and product line extensions rather than launching new brands. Brand equity facilitates the acceptance of new products, allocation of preferred space by distributors, and charging premium prices. Brand equity is most important for low-involvement purchases, such as inexpensive consumer goods that are bought routinely and with little processing of cognitive information. In such circumstances, the most important strategy is continuous advertising designed to prevent extinction and forgetting.

Brand names are the most valuable assets of marketers of consumer goods and services. Among the best-known brands are Apple, Coca-Cola, Campbell's, Disney, Google, Hallmark, and Sony. These names are global, "cultural icons" and enjoy powerful advantages over the competition. According to studies, some the highest equity brands are: Among airlines—Alaska/Horizon, Hawaiian, Delta, and United; among luxury cars—Mercedes-Benz, BMW, Lexus, Acura, Infiniti, Porsche, and Audi; among sports apparel—UnderArmour, Nike and Columbia; and among household cleaners—Lysol All Purpose, Clorox, and Mr. Clean Multi-Purpose.²⁹

Summary

Learning Objective 1: To understand the elements of learning in the context of consumer behavior.

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

Learning Objective 2: To understand behavioral learning, classical conditioning, and the roles of stimulus generalization and discrimination in developing and branding new products.

Behavioral learning (also referred to as stimulus-response learning) maintains that observable responses to external stimuli signal that learning has taken place. Behavioral learning focuses on the inputs and outcomes of learning; that is, on the stimuli that consumers select from the environment and the behaviors that result. There are three forms of behavioral learning: classical conditioning, instrumental (or operant) conditioning, and observational (or modeling) learning.

Classical conditioning (also known as Pavlovian conditioning) is learning where repetition causes the conditioned stimulus to signal the occurrence of the unconditioned stimulus. The strategic applications of classical conditioning to consumer behavior are associative learning, repetition, stimulus generalization, and stimulus discrimination.

Learning Objective 3: To understand instrumental conditioning and the objectives and methods of reinforcement.

Instrumental learning theorists believe that learning occurs through a trial-and-error process in which positive outcomes (i.e., rewards)

result in repeat behavior. Both positive and negative reinforcement can be used to encourage the desired behavior. Reinforcement schedules can be total (consistent) or partial (fixed ratio or random). The timing of repetitions influences how long the learned material is retained. Massed repetitions produce more initial learning than distributed repetitions; however, learning usually persists longer with distributed (i.e., spread out) reinforcement schedules.

Learning Objective 4: To understand the role of observational learning in consumer behavior.

Observational learning (or modeling) is the process through which individuals learn behavior by observing the behavior of others and the consequences of such behavior. Advertisers recognize the importance of observational learning in their selection of models, whether celebrities or unknowns. Many ads feature likeable models achieving positive outcomes to common problem situations through the use of the advertised product.

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

The human mind processes the information it receives. Consumers process product information by attributes, brands, comparisons between brands, or a combination of these factors. The number and complexity of the relevant attributes and available alternatives influence the intensity or degree of information processing. Consumers with higher cognitive abilities acquire more product information and consider more product attributes and alternatives than consumers with lesser ability. The elements of memory are the sensory store, the short-term store (or working memory), and the long-term store. The processes of memory include rehearsal, encoding, storage, and retrieval.

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

Cognitive learning is the systematic evaluation of information and alternatives needed to meet a recognized unfilled need or solve a problem. Unlike behavioral learning, which focuses on largely instinctive responses to stimuli, cognitive learning consists of deliberate mental processing of information. Instead of focusing on repetition or the association of a reward with a specific response, cognitive theorists emphasize the role of motivation and mental processes in producing a desired response. Several models of cognitive learning are discussed throughout this book.

Learning Objective 7: To understand consumer involvement and passive learning, and their impact on purchase decisions and the retention and recall of promotional communications.

The consumer involvement model proposes that people engage in limited information processing in situations of low importance or relevance to them, and in extensive information processing in situations of high relevance. Hemispheric lateralization (split-brain) theory gave rise to the notion that television is a low-involvement medium that results in passive learning and that print and interactive media encourage more cognitive information processing.

Learning Objective 8: To understand how to measure the results of consumer learning.

Measures of consumer learning include recall and recognition tests, and attitudinal and behavioral measures of brand loyalty. Brand loyalty consists of both attitudes and actual behaviors toward a brand, and both must be measured. For marketers, the major reasons for understanding how consumers learn are to teach consumers that the marketers' brand is best and to develop brand loyalty. Brand equity represents the intrinsic value of a brand name. This value stems from the foundations of brand loyalty: The consumer's perception of the brand's superiority, the social esteem that using it provides, and the customer's trust and identification with the brand.

Review and Discussion Questions

- 5.1. How can the principles of: (a) classical conditioning and (b) instrumental conditioning be applied to the development of marketing strategies?
- 5.2. Describe in learning terms the conditions under which family branding is a good policy and those under which it is not.
- 5.3. Neutrogena, a company known for its "dermatologist recommended" skin care products, introduced a line of shaving products for men. How can the company use stimulus generalization to market these products? Is instrumental conditioning applicable to this marketing situation? If so, how?
- 5.4. Which form of learning—classical conditioning, instrumental conditioning, observational learning, or cognitive learning—best explains the following consumption behaviors: (a) buying a six-pack of Gatorade, (b) preferring to purchase jeans at a Diesel Store, (c) buying an e-reader for the first time, (d) buying a new car, and (e) switching from one cell phone service to another? Explain your choices.
- 5.5. Define the following memory structures: Sensory store, short-term store (working memory), and long-term store. Discuss how each of these concepts can be used in the development of an advertising strategy.
- 5.6. How does information overload affect the consumer's ability to comprehend an ad and store it in his or her memory?
- 5.7. Discuss the differences between low- and high-involvement media. How would you apply the knowledge of hemispheric lateralization to the design of TV commercials and print advertisements?
- 5.8. Why are both attitudinal and behavioral measures important in measuring brand loyalty?
- 5.9. What is the relationship between brand loyalty and brand equity? What role do both concepts play in the development of marketing strategies?
- 5.10. How can marketers use measures of recognition and recall to study the extent of consumer learning?

Hands-on Assignments

- 5.11.** Imagine that you are the instructor of this course and that you are trying to increase student participation in class discussions. How would you use reinforcement to achieve your objective?
- 5.12.** Visit a supermarket. Can you identify any packages where you think the marketer's knowledge of stimulus generalization or stimulus discrimination was incorporated into the package design? Note these examples and present them in class.
- 5.13.** Find two ads: one targeting the left side of the brain and another targeting the right side. Explain your choices.

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6

Consumer Attitude Formation and Change

Learning Objectives

- 1 To understand what attitudes are, how they are formed, and their role in consumer behavior.
- 2 To understand the tri-component attitude model and its applications.
- 3 To understand the structures of multi-attribute models and their use in altering consumers' attitudes.
- 4 To understand how to alter consumers' attitudes by making particular needs prominent.
- 5 To understand the role of cognitive elaboration in altering attitudes.
- 6 To understand how attitudes can precede behavior in the form of cognitive dissonance and the resolution of conflicting attitudes.
- 7 To understand the ways people assign causality to events and apply this knowledge to consumer behavior.

AN ATTITUDE is a learned predisposition to behave in a consistently favorable or unfavorable way toward a given object. In the context of consumer behavior, an “object” can be a product, brand, service, price, package, advertisement, promotional medium, or the retailer selling the product, among many other aspects of consumption.

Attitudes are learned from direct experience with the product, **word-of-mouth**, exposure to mass media, and other information sources that consumers are exposed to. Attitudes reflect either favorable or unfavorable evaluations of the attitude object and motivate consumers to either buy or not buy particular products or brands. Consumers buy products toward which they have positive and favorable feelings; therefore, marketers must ensure that consumers maintain these attitudes following the purchase so that they keep buying same products repeatedly.

Marketers who introduce new items strive to form favorable consumer attitudes toward the new products in order to get consumers try them, like them, and continue buying them. Doing so is difficult because people are often unreceptive to the unfamiliar, at least initially. One way to establish positive consumer attitudes toward new products is to capitalize on products that consumers already like and buy regularly. For example, SNICKERS® Peanut Butter Squared—a new product featured in Figure 6.1—is targeted primarily at peanut butter lovers. The ad tells consumers who “like” peanut butter cups that they will be even fonder—that is, “love”—squares of peanut butter covered with SNICKERS® chocolate.

Another way of influencing attitudes is to relate them to social or cultural events. For example, the ad for SNICKERS® Egg in Figure 6.1 features the product together with an Easter egg. Playfully, the ad states that SNICKERS® “ripped off” the egg shape from Easter and ends with the tagline “It’s Easter. Only more satisfying,” which tells consumers that the SNICKERS® Egg enhances the Easter celebration. This ad is part of a campaign with the theme “SNICKERS® Satisfies.”



Source: (Left & Right) 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.

FIGURE 6.1 SNICKERS® Ads Designed to Influence Attitudes

Attitudes and Their Formation

Learning Objective

- To understand what attitudes are, how they are formed, and their role in consumer behavior.

As consumers, all of us have many attitudes toward products, services, advertisements, the Internet, and retail stores, among many others. Whenever we are asked whether we like or dislike a product (e.g., Black and White cookies), a service (e.g., American Airlines), a particular retailer (e.g., J. Crew), a specific direct-online marketer (e.g., Amazon.com), or an advertising theme (e.g., “Snickers Satisfies”), we are being asked to express our attitudes. By studying consumers’ attitudes, marketers try to determine whether consumers will accept new products the company is considering, gauge why market segments were not persuaded by promotional themes, or learn how target customers are likely to react to new products, packages and the like. To illustrate, Nike or Reebok frequently study consumers’ attitudes towards the functional and aesthetic design of athletic footwear. They regularly gauge reactions to their latest advertising and other marketing messages designed to form and change consumer attitudes. Attitudes are cognitions and not easily observable, but researchers can assess them by asking questions or making inferences from behavior. For example, if a researcher questions a student and discovers that he purchases Lady Gaga recordings from iTunes often and listens to them a lot, the researcher will *infer* that the student likes Lady Gaga and has a positive attitude towards her (and also towards iTunes).

Attitudes are directed at objects, such as products, product categories, brands, services, promotional messages, websites, media, retailers, and many other entities. We must note that although attitudes generally lead to behavior, they are not synonymous with behavior. Sometimes, attitudes reflect either a favorable or an unfavorable evaluation of the attitude object, which might or might not lead to behavior. Attitudes might propel consumers *toward* a particular behavior or repel them *away* from such.

Consumers Learn Attitudes

Consumers form new attitudes and also change existing attitudes. They often form positive attitudes towards new items under the same brand that they have been buying repeatedly and have

been satisfied with. Nevertheless, consumers often try new products, product models, and different brands. If such trial purchases meet or exceed their expectations, then they develop favorable attitudes toward those objects. Generally, the more information consumers have about a product or service, the more likely they are to form attitudes about it, either positive or negative. However, if the product is irrelevant to them, the consumers will not cognitively process any of the available and applicable information. Furthermore, consumers often use only a limited amount of the information available to them. Typically, only two or three prominent beliefs about a product play a role in the formation of attitudes, and less important beliefs carry little weight. Therefore, advertisements should be focused on the key points that differentiate products from competitors, and not detail too many of the products' features.

How do consumers form their initial attitudes toward “things”? For example how do young adults form attitudes toward Hanes or Calvin Klein underwear, or J. Crew or Gap casual wear, or Anne Klein or Brooks Brothers business clothing? Would they buy their underwear, casual wear, and business clothing at Walmart, Sears, Saks Fifth Avenue, or Nordstrom? How do family members and friends, admired celebrities, mass-media advertisements, and even cultural memberships, influence the youngsters’ attitudes about buying apparel? Why do some attitudes persist for a long time while others change often? Marketers must know the answers to such questions in order to influence the applicable attitudes. Next, we discuss the sources and factors that play a role in determining consumers’ attitudes towards marketing objects.

Sources of Attitude Formation

Personal experience, family and friends, media, the Internet, and (increasingly) social media strongly affect attitudes. A primary source of attitudes toward products is the consumers’ direct experiences in trying and evaluating them. Recognizing the importance of direct experience, marketers attempt to get consumers to try new products by offering cents-off coupons, free samples, and other inducements. If consumers try and like the new products, they will form positive attitudes and buy them again. In addition to personal experience, the family strongly impacts people’s initial shopping-related attitudes (see Chapter 10). For instance, young children who were rewarded for good behavior with sweet foods and candy often retain a taste for (and positive attitude toward) sweets as adults.

Marketers increasingly use online advertising to shape the attitudes of small and specialized consumer niches, because new technologies enable them to customize advertising messages and also some products. Online, marketers can target consumers on the basis of their demographic, psychographic, or geo-demographic profiles with personalized product offerings (e.g., watches or sets of golf clubs for left-handed people), and messages demonstrating that they understand consumers’ special needs and desires. Targeted online marketing can shape attitudes more effectively than other media because the promotional messages address the needs and concerns of precise micro-segments, whereas messages carried by traditional media generally reach diverse and large segments, as well as many consumers who have neither need for nor interest in the product advertised. Research has also shown that attitudes stemming from direct experience (e.g., product usage) are more enduring and resistant to competitors’ messages than attitudes originating from promotional messages only (i.e., those developed without trying the product).

The Role of Personality Factors

Personality traits significantly influence the formation of attitudes. For example, individuals with a high **need for cognition** (i.e., those who crave information and enjoy thinking) are likely to form positive attitudes in response to promotions that include a lot of detailed, product-related information. In contrast, consumers who are relatively low in this need are more likely to form positive attitudes in response to ads that feature attractive models or celebrities, or other peripheral cues about the products advertised. Attitudes toward new products are particularly influenced by personality characteristics related to one’s innovativeness (see Chapter 3).

Attitudes Are Consistent with Behaviors

Similar attitudes consistently lead to the same behaviors. However, despite their consistency, attitudes are not permanent and can change either seldom or frequently. Normally, we expect consumers’

TABLE 6.1 Examples of Situations That Influence Attitudes

PRODUCT/SERVICE	SITUATION	ATTITUDE
Energizer Batteries	Hurricane is coming	"I know that the hurricane is going to knock out my electricity, so I'd better be prepared."
Mini Cooper	Buying a new car	"With gas prices so high, I've got to trade in my SUV and buy a car that gets 30 mpg!"
Cheerios	High cholesterol	"They've been advertising how Cheerios can lower cholesterol for so long that it must be true."
The Wall Street Journal	Extra cash on hand	"I have to decide whether to invest in stocks or just put my money in a money market fund."
Delta Airlines	Friend's bachelor party	"My friend's bachelor party is in Las Vegas, and I want to be there."
Maxwell House Coffee	Need to stay awake	"I had a late date last night, but I've got a lot of work to do this morning at the office."
Stouffer's Easy Express Meals	Want dinner at home	"I'm tired of eating out night after night."

behavior to correspond with their attitudes. For example, if a study showed that Mexican consumers prefer Japanese cars over Korean automobiles, we would expect that a Mexican consumer will buy a Japanese car when he replaces his current vehicle. However, circumstances often disrupt the consistency between attitudes and behavior. For example, the Mexican consumer might be unable to afford the car he prefers and buy the Korean car instead. In this case, affordability is a "situational" factor.

Attitudes Occur within Situations

Attitudes occur within and are affected by situations. In this context, "situations" are events and circumstances that influence the relationships between attitudes and behaviors at particular times. Situations can cause consumers to behave in ways seemingly inconsistent with their attitudes. For instance, if Margaret purchases a different brand of sun protection lotion each time she runs low, her brand switching may reflect a negative attitude toward towards the brands she has tried. In reality, she may have purchased different brands because she wanted to save money and bought only the ones on-sale. The opposite may also be true. If Edward stays at a Hampton Inn each time he goes out of town for business, we may erroneously infer that he has a particularly favorable attitude toward Hampton Inn. In fact, Edward may find Hampton Inn to be merely "acceptable" and prefer to stay at the Hilton or Marriott. However, because he owns his own business and travels at his own expense, he may feel that Hampton Inn is "good enough."

Consumers may have different attitudes toward a particular object, each corresponding to particular circumstances. For instance, when Scott replaces his old station wagon, he considers buying a new SUV, so that he can drive his children and their friends to after-school and weekend activities comfortably. However, when he realizes how expensive driving the SUV to work—30 miles each day—would be, he reconsiders his intention. Then, he speaks with a co-worker who owns a Ford Escape Hybrid SUV and finds out that his colleague is very satisfied with the car's gas mileage. The gas mileage is better than Scott's old car and he finds the car affordable. He then purchases a Ford Escape so that he can save money on gas and drive his children and their friends to their after-school and weekend activities.

When studying attitudes, researchers can easily misinterpret the relationship between attitudes and behavior, unless they consider the context of the situation. Table 6.1 lists situations that might influence consumer attitudes.

The Tri-Component Attitude Model

Learning Objective

- 2 To understand the tri-component attitude model and its applications.

Researchers constructed several models that explain how attitudes affect behavior. First, we examine the tri-component model, and then describe multi-attribute frameworks. The **tri-component attitude model** maintains that attitudes consist of three components: Cognitive, affective, and conative, as shown in Figure 6.2.

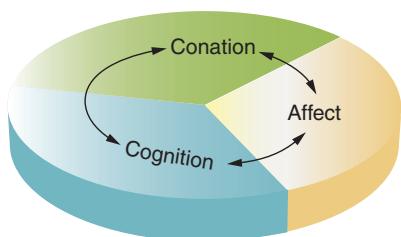


FIGURE 6.2 Tri-Component Attitude Model

The Cognitive Component

The **cognitive component** consists of a person's *cognitions*, that is, the knowledge and perceptions of the features of an attitude object that the person acquired from direct experience with the attitude object and information from various sources. This knowledge and perceptions commonly are expressed as *beliefs*; that is, the consumer believes that the attitude object possesses or does not possess specific attributes. Table 6.2 illustrates the beliefs of a hypothetical consumer about two TV technologies.

The Affective Component

The **affective component** represents the consumer's *emotions* and *feelings* regarding the attitude object, which are considered *evaluations*, because they capture his or her global assessment of the attitude object (i.e., the extent to which the individual rates the attitude object as "favorable" or "unfavorable," "good" or "bad").

Affect-laden experiences also manifest themselves as "emotionally charged states" (e.g., happiness, sadness, shame, disgust, anger, distress, guilt, or surprise). These and other emotional states may enhance or amplify the experience itself, as well as subsequent recollections. For instance, if a person visiting a shopping center feels particularly joyous during shopping there, he will spend more time doing so and recall with great pleasure the time spent at the shopping center. In addition, he may encourage his friends to visit the center. Table 6.3 illustrates the measurement of consumers' feelings and emotions toward a product.

Another measure of a person's emotions toward an object, shown in Table 6.4, is a **semantic differential scale**, which is a type of rating scale consisting of a series of bi-polar adjectives (e.g., good/bad, pleasant/unpleasant) anchored on a continuum. Many researchers believe that a person's attitude can be derived directly from this measure because, presumably, the scales reflect beliefs cognitions, as well as emotions toward the attitude object.

The Conative Component

The **conative component** reflects the likelihood that an individual will undertake a specific action or behave in a particular way with regard to the attitude object. In consumer research, the conative component is treated as an expression of the consumer's *intention to buy*. Buying intention scales are used to assess the likelihood of a consumer purchasing a product or behaving in a certain way. Table 6.5 shows examples of intention to buy measures. Interestingly, consumers who are asked to respond to an intention to buy question appear to be more likely to actually make a brand purchase for positively evaluated brands (e.g., "I will buy it"), as contrasted with consumers who are not asked to respond to an intention question. This suggests that a positive brand commitment in the form of a positive answer to an attitude intention question positively affects the actual brand purchase.

Altering Consumers' Attitudes

Altering consumer attitudes is an important marketing strategy. The goal of leading brands is to strengthen and maintain the existing positive attitudes of customers, so that they will not

TABLE 6.2 Beliefs about Two TV Technologies

PRODUCT ATTRIBUTE	LED TV	3D TV
Off-angle viewing	Image fades slightly from the right.	Excellent image from all angles.
Screen reflectivity	Small	Medium.
Motion blur	Negligible	Negligible.
Color saturation	Excellent	Good.
Remote control ease of use	His friend had used it easily when they watched TV together.	His friend has had the TV for 3 months, but could not use it without consulting the manual.
Compatibility with cable company's DVR.	His friend said it took him 15 minutes to connect the TV and DVR.	His friend had to call the cable company and have them come to his house to connect the TV and DVR.

TABLE 6.3 Measuring Consumers' Feeling and Emotions about Aramis Aftershave

For the past 30 days you have had a chance to try Aramis Aftershave. We would appreciate it if you would identify how your face felt after using the product during this 30-day trial period. For each of the words below, please mark an "X" in the box corresponding to how your face felt after using Aramis Aftershave.

	VERY						NOT AT ALL
Relaxed	[]	[]	[]	[]	[]	[]	[]
Attractive looking	[]	[]	[]	[]	[]	[]	[]
Tight	[]	[]	[]	[]	[]	[]	[]
Smooth	[]	[]	[]	[]	[]	[]	[]
Supple	[]	[]	[]	[]	[]	[]	[]
Clean	[]	[]	[]	[]	[]	[]	[]
Refreshed	[]	[]	[]	[]	[]	[]	[]
Younger	[]	[]	[]	[]	[]	[]	[]
Revived	[]	[]	[]	[]	[]	[]	[]
Renewed	[]	[]	[]	[]	[]	[]	[]

TABLE 6.4 Semantic Differential Scales Measuring Consumers' Attitudes Toward Aramis Aftershave

Compared to other aftershaves, Aramis aftershave is:

Refreshing	[1]	[2]	[3]	[4]	[5]	[6]	[7]	Not refreshing
Fragrant	[1]	[2]	[3]	[4]	[5]	[6]	[7]	Not fragrant
Pleasant	[1]	[2]	[3]	[4]	[5]	[6]	[7]	Unpleasant
Appealing to others	[1]	[2]	[3]	[4]	[5]	[6]	[7]	Unappealing to others

TABLE 6.5 Intention-to-Buy Measures

Which of the following statements best describes the chance that you will buy Aramis Aftershave the next time you purchase an aftershave?

- _____ I definitely will buy it.
- _____ I probably will buy it.
- _____ I am uncertain whether I will buy it or not.
- _____ I probably will not buy it.
- _____ I definitely will not buy it.

How likely are you to buy Aramis Aftershave during the next three months?

- _____ Very likely
- _____ Likely
- _____ Uncertain
- _____ Unlikely
- _____ Very unlikely

succumb to competitors' special offers and other inducements designed to win them over. In contrast, in product categories, such as detergents—where Tide is the primary brand—or athletic shoes—where Nike dominates the market—competitors often try to change the strong and positive attitudes consumers have toward the market leaders in an attempt to get consumers to switch brands.

Changing attitudes about products and brands is difficult because consumers frequently resist evidence that challenges strongly held attitudes or beliefs and tend to interpret any ambiguous information in ways that reinforce their preexisting attitudes.¹ There are two primary strategies for changing consumers' attitudes: Changing an offering's overall image, or referring to specific product attributes. Next, we discuss the first strategy. In the following section, which explains multi-attribute models of attitudes, we address the second approach.

Changing Beliefs about Products

The strategy of changing beliefs in order to change attitudes concentrates on changing beliefs or perceptions about the brand itself. This is by far the most common form of advertising appeal. Advertisers constantly are reminding us that their products have "more" or are "better" or "best" in terms of some important product attribute. For example, an ad for Kraft's Miracle Whip claims that using this product makes a tastier turkey sandwich than mayonnaise does. To support this claim, the ad points out that Miracle Whip has "more flavor and half the fat" of mayonnaise.

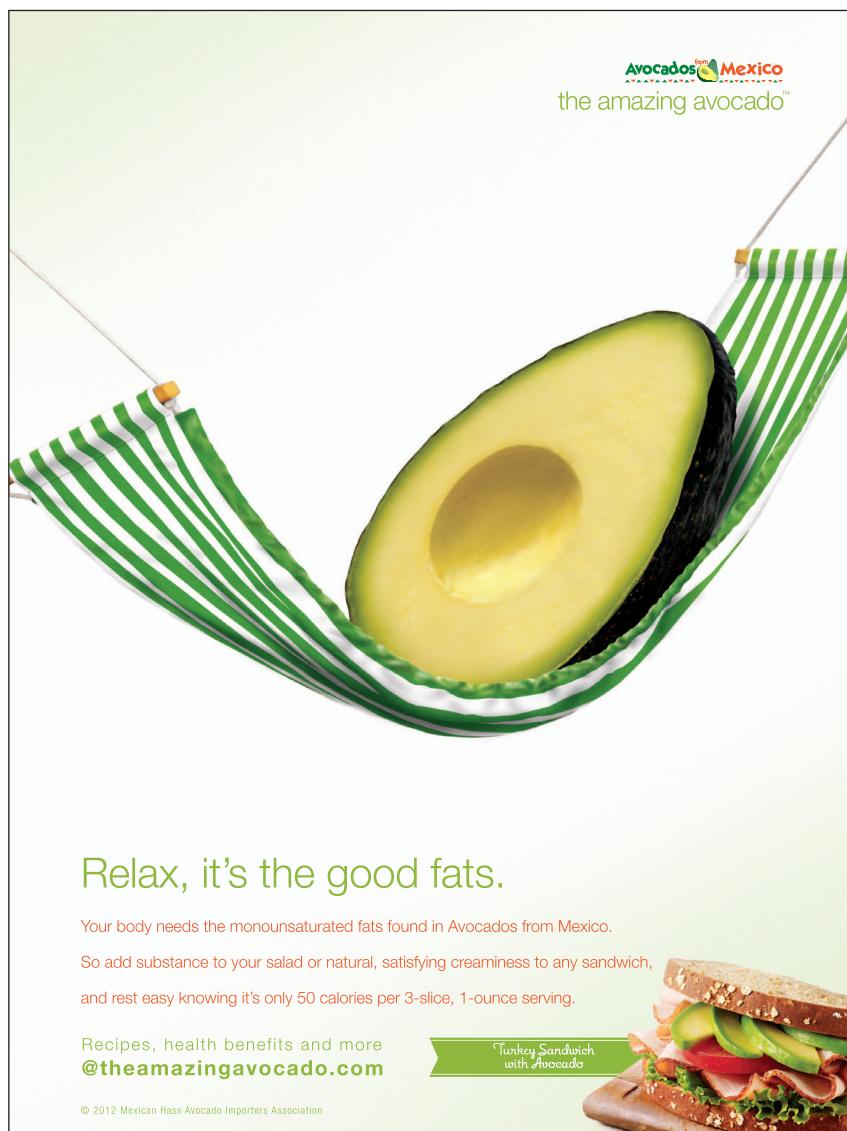


FIGURE 6.3 Changing Beliefs about Avocados

Information aimed at changing an attitude must be compelling and repeated many times if it is to overcome people's natural resistance to abandoning established attitudes. For example, people believe that avocados contain too much fat. The ad shown in Figure 6.3 focuses on changing these beliefs, stating: "Relax. It's the good fats."

Changing Brand Image

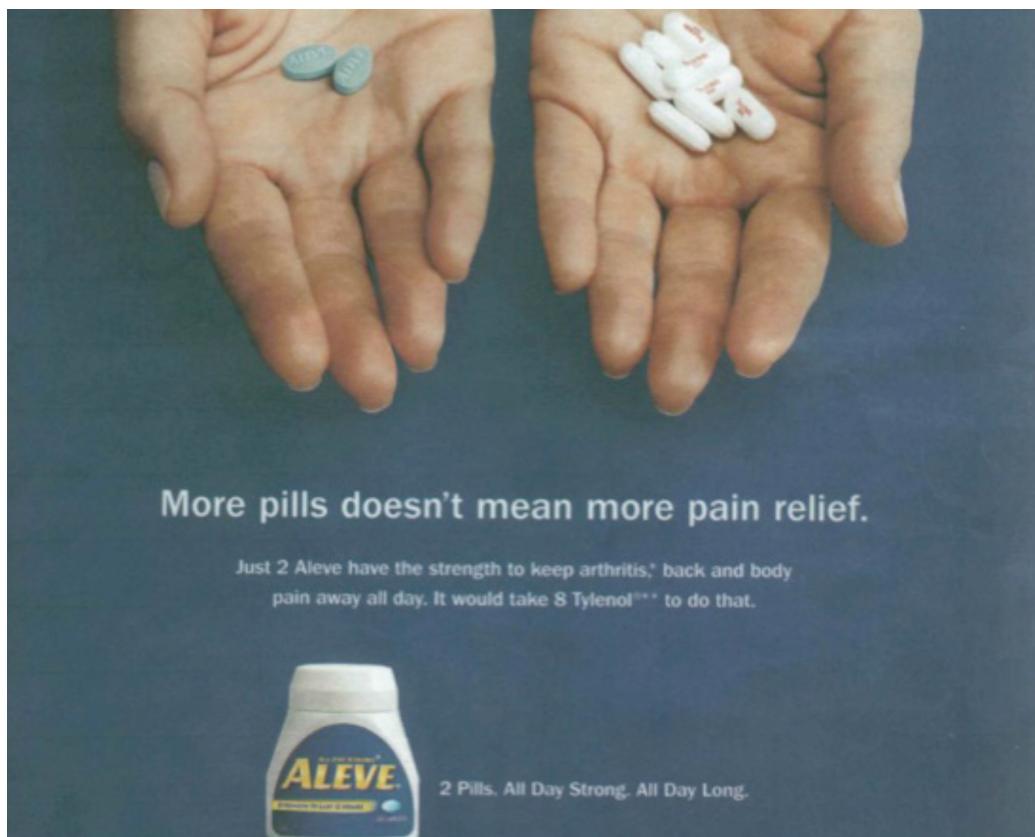
The strategy of changing brand image consists of attempting to alter consumers' *overall* assessment of the brand; marketers employ this approach by using inclusive promotional statements designed to set their brands apart from the competition. Examples of such statements include "this is the largest-selling brand" or "the one others try to imitate." An AT&T campaign was designed to enhance the brand's image without any references to products or services offered under the brand name. AT&T's slogan "Rethink 'possible'" was developed to change the attitudes of many who felt overwhelmed by technology in its favor and to increase consumers' confidence in technology, with taglines such as "It's what you do with what we do."² As another example, many ads have used the well-recognized phrase "A New Beginning" to bolster a brand's overall image and revive consumer interest.

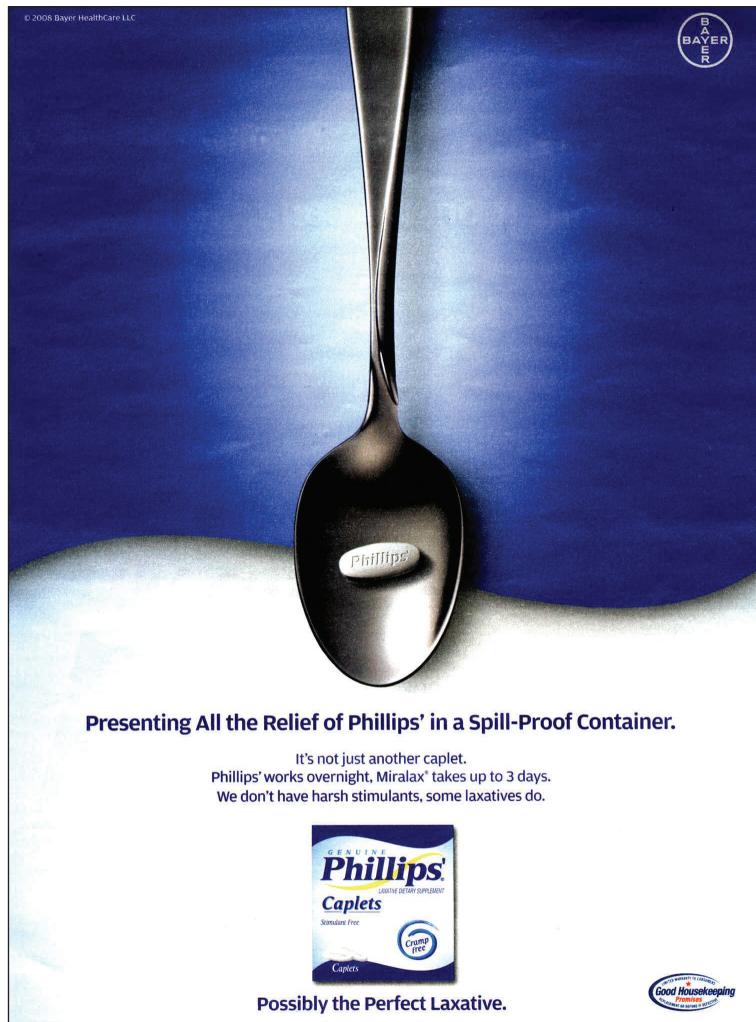
Changing Beliefs about Competing Brands

Another attitude-change strategy involves changing consumer beliefs about *competitors'* brands or product categories. For instance, an advertisement for Eclipse chewing gum makes a dramatic assertion of the brand's superiority over other gums by stating: "Most other gums just mask bad breath. We kill the germs that cause it." The ad for Aleve in Figure 6.4 refutes the notion that more pills relieve pain more effectively than fewer pills, and is designed to establish unfavorable attitudes toward Tylenol. Similarly, the ad for Lysol Sanitizing Wipes in Figure 6.8 establishes negative attitudes toward an entire category of competing products. The ad states that Lysol's competitors—paper towels—spread germs, whereas Lysol wipes kill them. The Aleve ad is an example of **comparative advertising** and the Lysol one depicts a **two-sided message** (see Chapter 7).

FIGURE 6.4

Changing a Belief: "More Pills Doesn't Mean More Pain Relief"





Source: eckitt Benckiser

FIGURE 6.5 Adding Product Attributes: Caplets (Not Liquids) and Also Cramp Free

Multi-Attribute Attitude Models

Learning Objective

- 3 To understand the structures of multi-attribute models and their use in altering consumers' attitudes.

Multi-attribute attitude models portray consumers' attitudes as functions of their assessments of the objects' prominent attributes. First, we discuss the attitude-toward-object model and the use of product attribute in changing consumers' attitudes and developing new products. Next, we discuss the attitude-toward-behavior model, the theory of reasoned action, the theory of trying to consume, and the attitude-toward-ad model.

Attitude-Toward-Object Model

The **attitude-toward-object model** maintains that a consumer's evaluation of a product is a function of:

1. The extent to which the product has (or lacks) each of a given set of attributes.
2. The importance of each of these attributes to the consumer.

In other words, consumers generally have favorable attitudes toward those brands that they believe have better performance on the attributes that they view as important than other brands, and unfavorable attitudes toward those brands that they feel do not meet these criteria.³

In a study done to illustrate this model, 96 marketing students rated three brands of smartphones—iPhone, Blackberry, and Android—along the 11 attributes listed in Table 6.6. These ratings represent the students' beliefs regarding the extent to which each brand possesses a specific attribute. Students then indicated the level of importance attached to each attribute. Subsequently, the researchers

TABLE 6.6 Application of the Attitude-Toward-Object Model

ATTRIBUTE	ATTRIBUTE'S IMPORTANCE	IPHONE		BLACKBERRY	
		PRESENCE OF ATTRIBUTE	PRESENCE × IMPORTANCE	PRESENCE OF ATTRIBUTE	PRESENCE × IMPORTANCE
Long battery life	3.77	2.64	9.9528	2.34	8.8218
High-resolution screen	3.1	3.62	11.222	2.15	6.665
Voice-activated commands	1.8	3.49	6.282	2.25	4.05
Carrier provides unlimited data transmission	3.52	3	10.56	2.62	9.2224
Carrier does not require long-term contract	2.43	1.79	4.3497	1.66	4.0338
High-quality camera	3.12	3.51	10.9512	2.07	6.4584
Camera has a flash	2.98	3.44	10.2512	2.62	7.8076
High-resolution video recording	2.52	3.3	8.316	1.93	4.8636
Carrier provides external unlimited data storage	2.72	2.82	7.6704	2.36	6.4192
Physical keyboard	1.9	1.16	2.204	3.34	6.346
Smartphone allows multitasking	3.36	3.38	11.3568	2.57	8.6352
TOTALS			93.1161		73.323

ATTRIBUTE	ATTRIBUTE'S IMPORTANCE	ANDROID	
		PRESENCE OF ATTRIBUTE	PRESENCE × IMPORTANCE
Long battery life	3.77	2.31	8.7087
High-resolution screen	3.1	2.97	9.207
Voice-activated commands	1.8	2.61	4.698
Carrier provides unlimited data transmission	3.52	2.48	8.7296
Carrier does not require long-term contract	2.43	1.95	4.7385
High-quality camera	3.12	2.84	8.8608
Camera has a flash	2.98	2.83	8.4334
High-resolution video recording	2.52	2.67	6.7284
Carrier provides external unlimited data storage	2.72	2.52	6.8544
Physical keyboard	1.9	2.18	4.142
Smartphone allows multitasking	3.36	2.72	9.1392
TOTALS			80.24

multiplied the importance “weights” by the ratings for each phone. For example, “long battery life” emerged as the most important attribute in a cell phone (3.77 out of a total of 5 possible points), and the iPhone scored higher on this attribute than the other two phones (2.64), which contributed to its high overall rating. Among the three brands, BlackBerry was the only one with a physical keyboard, and therefore scored the highest on this feature (3.34), but this feature has the second-lowest importance rating (1.9), which lowered BlackBerry’s overall rating.

The totals show that respondents believed that the iPhone is far better than the other two models—but we must note that such perceptions do not necessarily represent the *actual* facts. For example, let’s assume that, in reality, the BlackBerry’s screen resolution is much better than the iPhone’s, although consumers *believe* that the iPhone has a better screen. As we already established in our discussion of positioning (Chapter 2), what matters most is how consumers *perceive* the product. Therefore, considering the (hypothetical) results of this study, BlackBerry’s marketer should promote the brand’s screen resolution in its ads in order to “correct” consumers’ misperceptions of its product.

Marketers use the attitude-toward-object model in developing promotions designed to change consumers’ attitudes in favor of the brands advertised. They do so by adding new product attributes, changing consumers’ perceptions of attributes, and also developing new products after researching consumer preferences.

Adding an Attribute

Adding a product or brand attribute means either adding an attribute that previously was ignored or adding one that represents an improvement or innovation. For example, to add a previously ignored or unknown attribute or benefit, an ad might point out that yogurt has more potassium than a banana (a fruit associated with a high quantity of potassium). The comparison of yogurt and bananas can enhance attitudes toward yogurt among consumers who wish to take in more potassium.

Another form of adding an attribute is innovation. To illustrate, a bottle of Wish-Bone® Salad Spritzer™ includes a pump that enables consumers to spray a mist of dressing on a salad, thus allowing them to control how much dressing they put on salads more precisely. Figure 6.5 shows an ad for Phillips’ Caplets, which are a new form of laxative, because laxatives previously were available only as liquids. The new caplets are also “cramp free,” which is a newly added attribute. In addition to portraying an innovative attribute, the ad is also aimed at changing beliefs about a competitor: Within the small print, the ad states that the Phillips’ laxative works overnight, whereas its competitor—Miralax—takes up to three days to have an effect. Sometimes, *eliminating* a product feature may change attitudes favorably. For example, after conducting consumer studies, many marketers of personal care products now offer unscented or alcohol-free items.

Changing the Perceived Importance of Attributes

In the discussion of benefit segmentation (Chapter 2), we illustrated how different brands provide consumers with different benefits and how they are positioned accordingly. For example, in headache remedies, there is the division between aspirin (e.g., Bayer), acetaminophen (e.g., Tylenol), and naproxen sodium (e.g., Aleve). Marketers of personal care items sell multiple versions of the same product that provide somewhat different, narrowly defined benefits, in order to maintain or gain market share. For instance, Colgate Total provides 12 hours of germ fighting, Colgate Max Fresh wipes out bad breath, and Colgate Sensitive Pro-Relief is for people who have sensitive gums.

Some companies discover product attributes that most consumers pay little or no attention to and feature them in ads. Apparently, Dole discovered that some buyers of prepackaged fruit are unaware that other brands do not immerse the fruit in 100% fruit juice. The objective of the ad in Figure 6.6 is to use consumers’ unawareness to differentiate Dole’s product.

Developing New Products

Marketers often use the attitude-toward-object model during the development of new products. Consider the following hypothetical example: The Tropicana company is planning to add a new item to its product line. The company’s market researchers identified four attributes as the key determinants in consumers’ attitudes toward orange juice: Amount of pulp, degree of sweetness, strength of flavor, and color. Then, Tropicana conducted a three-stage study:

1. Using the scales shown in Figure 6.7A, the researchers asked consumers who drank orange juice regularly to describe their “ideal” juice, along the four attributes.



Source: Reckitt Benckiser

FIGURE 6.6 Changing the Importance of an Attribute: Real Fruit Must Be Packaged in Real Fruit Juice

	1	2	3	4	5	6	
No pulp	<input type="checkbox"/>	Lots of pulp					
Not sweet	<input type="checkbox"/>	Very sweet					
Weak flavor	<input type="checkbox"/>	Strong flavor					
Dim orange	<input type="checkbox"/>	Bright orange					

FIGURE 6.7A Semantic Differential Scales

2. Realistically, Tropicana could not produce the “ideal” juice, because it could not offer it at a competitive price. Instead, the respondents rated a “concept” juice representing a product that Tropicana *could* sell. The “concept” juice was similar to the “ideal” one, but not identical.
3. Tropicana *made* an “actual” new orange juice, which consumers tasted and rated.

As Figure 6.7B shows, compared with the “ideal,” the “actual” product had too little pulp and was far too sweet, but the flavor of both products was nearly the same. Regarding color, it appears that although Tropicana did not match the ideal or the product concept, the company improved the color in the actual product by making it closer to the ideal. These findings indicate that Tropicana must change the “actual” product so that it matches consumers’ preferences, by making it less sweet and adding pulp.

Attitude-Toward-Behavior Model

The **attitude-toward-behavior model** captures the individual’s attitude toward *behaving* or *acting* with respect to an object, rather than merely the person’s attitude toward the object itself. Using the

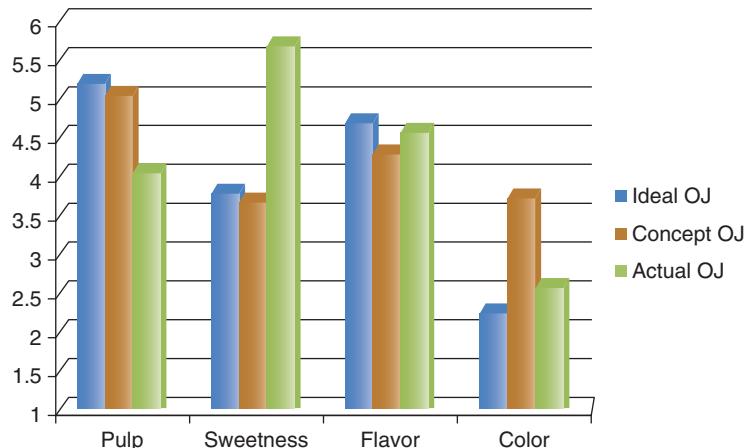


FIGURE 6.7B The “Ideal,” “Concept,” and “Actual” Compared

attitude-toward-behavior model to understand consumers may sometimes be more useful than using the attitude-toward-object model. For instance, a consumer looking for a new car might like Lexus cars (i.e., *positive* attitude towards the *object*), but not be ready or willing to buy an expensive Lexus (i.e., a *negative* attitude towards the *behavior* associated with the object).

A Taiwanese study examined consumers’ attitudes toward the *act* (or behavior) of shopping online and revealed that these attitudes reflected nine desired benefits: (1) effectiveness and modern, (2) purchase convenience, (3) information abundance, (4) multiform and safety, (5) service quality, (6) delivery speed, (7) homepage design, (8) selection freedom, and (9) name familiarity.⁴

Theory of Reasoned Action

Like the tri-component model, the **theory of reasoned action (TRA)** incorporates the cognitive, affective, and conative components. Additionally, it holds that researchers must measure the *subjective norms* that influence a person’s intention to act before gauging the level of intention. Subjective norms are the person’s feelings as to what relevant others (e.g., family, friends, roommates, co-workers) think of the action the person contemplates. That is, would they support the anticipated action or not. For example, if a student wanted to get a tattoo but first considered whether her parents or boyfriend would approve or disapprove of her contemplated behavior, her consideration of others’ opinions is her subjective norm.

Two factors underlie subjective norms: *normative beliefs* that the individual attributes to relevant others, and the individual’s *motivation to comply* with the preferences of the relevant others.⁵ In order to understand subjective norms correctly, researchers must measure both factors. For instance, the subjective norms of a student contemplating getting a tattoo (i.e., the “purchase”) consist of answers to the following questions: (1) Who are her relevant others (e.g., parents and boyfriend)? (2) What are her beliefs about how each relevant other would respond to her tattoo (e.g., “Mom would consider the tattoo an object often associated with gangs, but my boyfriend would love it”)? (3) To what extent complying with the preferences of the relevant others plays a role in her decision? In other words, is she sufficiently motivated to defer to the relevant others or not?

Theory of Trying-To-Consume

The **theory of trying-to-consume** represents cases where the outcome of a contemplated action (e.g., a purchase), stemming from a positive attitude, is uncertain, but is still being pursued by the consumer. A person trying to consume faces two types of obstacles that may prevent the desired outcome (see examples in Table 6.7):

1. **Personal impediments**, such as a consumer who is trying to find “just the right tie” to go with a suit, for less than \$50, or a person trying to lose weight, but loves cookies.
2. **Environmental impediments**, such as the reality that “just the right tie” costs more than \$50, or realizing that one cannot continue eating cookies and lose weight, and that there are no low-calorie cookies that taste good.⁶

TABLE 6.7 Potential Impediments to Trying to Consume**PERSONAL IMPEDIMENTS**

“I wonder whether my nails will be long enough by the time of my wedding.”

“I want to try to lose 2 inches off my waist by my birthday.”

“I’m going to try to get us tickets for the Jimmy Buffet concert for our anniversary.”

“I’m going to attempt to be able to run 5 miles by my birthday.”

“I am going to increase how often I exercise from three to five times a week.”

“Tonight I’m not going to have dessert at the restaurant.”

ENVIRONMENTAL IMPEDIMENTS

“Only the first 500 people at the football game will receive a team cap.”

“Sorry, the Jaguar you ordered didn’t come in from England on the ship that docked yesterday.”

“There are only two cases of Merlot in our stockroom. You better come in sometime today.”

“I am sorry. We cannot help you. We are closing the gas station because of an electrical outage.”

Researchers have also studied situations where consumers *fail to try to consume*, and identified two reasons why they do so. First, such consumers do not recognize all the consumption options available. Secondly, they prefer to self-sacrifice or delay gratification.⁷

Attitude-Toward-the-Ad Model

The **attitude-toward-the-ad model** proposes that the feelings consumers form when they see and hear ads significantly impact their attitudes towards the brands advertised.

Research among Asian Indian U.S. immigrants has explored attitudes toward 12 advertisements and purchase intention of six different products that the ads featured. The study found a positive relationship between attitude toward the advertisement and purchase intention for each of the advertised products; that is, if consumers liked the ad, they were more likely to purchase the product.⁸ Other consumer research that examined general attitudes toward advertising in Bulgaria and Romania (recent members of the European Union) found that consumers in those nations were more positive about the institution of advertising (i.e., as a marketing tool) than they were about the actual advertisements used to promote products and services. Furthermore, while the main personal use of advertising in Bulgaria was information acquisition, the entertainment value of advertising was the strongest personal use in Romania.⁹

Changing the Motivational Functions of Attitudes**Learning Objective**

- 4** To understand how to alter consumers' attitudes by making particular needs prominent.

Sometimes marketers must try to change negative consumer attitudes about their products, companies, or marketing practices. Frequently, the negative attitudes are not the result of bad products or promotion, but stem from uncontrollable circumstances. For example, several years ago, the U.S. Food and Drug Administration advised pregnant or nursing women and also young children to eat less canned tuna, due to concerns about the bioconcentration of mercury, a neurotoxin, in the fish. Subsequently, consumption of the three main brands of canned tuna—Bumble Bee, Chicken of the Sea, and StarKist—declined substantially. The three competing brands commissioned an advertising campaign to reverse consumers' negative feelings toward canned tuna. The theme of the campaign was “Tuna the Wonderfish,” and through TV and online commercials, print ads, digital screens, posters, and materials placed in gyms and health clubs, it humorously portrayed that eating tuna is fun. Online, “tunathewonderfish.com” featured recipes and wacky characters called “the tuna lovers,” and sang the praises of tuna with slogans such as “tuna is good for your heart,” “part of a healthy diet,” and “great on the go.” These messages were designed to restore consumers' confidence in tuna by telling them that eating tuna is not only healthy, but also fun. The product's marketers knew that consumers liked canned tuna but were hesitant to eat it because of information that, although directed at a relatively small segment (i.e., pregnant women), negatively affected the perceptions of many consumers.¹⁰

The reasons (or motivations) behind people's attitudes are known as "functions." Changing attitudes by appealing to consumers' motivations is known as the **functional approach**.¹¹ Accordingly, attitudes are classified into four functions: The utilitarian function, ego-defensive function, value-expressive function, and knowledge function.

The Utilitarian Function

The **utilitarian function** stems from the belief that consumers' attitudes reflect the utilities that brands provide. When a product has been useful or enabled us to perform certain tasks in the past, our attitude toward it tends to be favorable. One strategy for changing attitudes in favor of a product is by demonstrating to consumers that the product possesses a utilitarian purpose(s) that they may not have considered. The ad in Figure 6.8 illustrates how Lysol Wipes are more utilitarian than paper towels.

The Ego-Defensive Function

The **ego-defensive function** maintains that people form attitudes in order to protect themselves from sensing doubt and to replace uncertainty with feelings of security and confidence. For example, many consumers believe that salads from restaurants or salad bars—commonly eaten during lunch—are healthy and not fattening. The Healthy Choice ad in Figure 6.9 refutes this belief by

FIGURE 6.8 An Appeal Based on the Utilitarian Function: Paper Towels Spread Germs but Lysol Wipes Kill Them

FIGURE 6.9 Appealing to the Ego-Defensive and Value-Expressive Functions: If You Discover That Your Pants No Longer Fit, Would You Still Believe That Prepared Salads Contain Few Calories?

**3 out of 4
Americans don't eat
enough vegetables.**

**And you
thought the economy
was unhealthy.**

12oz. V8 100% Vegetable Juice = 3 servings of vegetables. 12 oz. V8 V-Fusion juice = 1 1/2 servings of vegetables.
© 2011 CSC Brands LP

Source: Campbell Soup Company

FIGURE 6.10 An Appeal Based on the Knowledge Function: Americans Do Not Eat Enough Vegetables, but You Can

eat enough vegetables. Similarly, the Angus Beef ad in Figure 6.11 makes consumers more knowledgeable by illustrating the names of various beef cuts with pictures.

humorously stating that such salads are fattening, unlike Healthy Choice, which is positioned as an “honestly labeled healthy lunch.” The reference to honesty implies that the other offerings are not labeled correctly.

The Value-Expressive Function

The **value-expressive function** maintains that attitudes reflect consumers’ values and beliefs, and that marketers can create ads that either support or refute these notions. For example, many nutrition-conscious consumers probably believe that prepared salads are healthy and low in calories. In addition to appealing to the ego-defensive function, the ad in Figure 6.9 also challenges the false belief that prepared salads are healthy and nutritious.

The Knowledge Function

The **knowledge function** holds that people form attitudes because they have a strong need to understand the characters of the people, events, and objects they encounter. Therefore, many firms use ads centered upon the consumer’s “need to know.” Accordingly, marketers often try to alter consumers’ attitudes in favor of their brands by providing them with facts of which they were unaware. For instance, a message for a new allergy medication might include a bar graph demonstrating the product’s superiority by contrasting its allergy symptom relief abilities with those of other allergy medications. The V8 Fusion ad in Figure 6.10 appeals to the knowledge function because it provides consumers with a fact that they may have not known: Namely, most Americans do not

Associating Brands with Worthy Objects or Causes

Another way to influence attitudes is to relate them to social or cultural events. For example, the ad in Figure 6.1 associates SNICKERS® with nostalgic memories of Easter “egg hunt.” The ad for Method detergent in Figure 6.12 associates the product with a worthy cause—ecological concern—by mocking mainstream detergents that come in huge and environmentally harmful jugs.

Research into brand-cause alliances has investigated the relationship between the “cause” and the “sponsor.” One study found that although both the brand and the cause benefited from such alliances, less familiar causes benefited more from association with a positive brand than did highly familiar causes.¹² The results of another study indicated that if corporate sponsors do not explicitly reveal their motives for a company-cause or a product-cause association, consumers will form their own beliefs about the connection between the company or brand and the cause.¹³ This indicates that sponsors should tell consumers the reasoning behind their sponsorships, rather than allowing consumers to guess, possibly incorrectly, why the sponsorship was formed.



Source: Certified Angus Beef® brand

FIGURE 6.11 An Appeal Based on the Knowledge Function: The Names and Pictures of Beef Cuts



Source: © Method Products, Inc.; advertising agency: Droga5

The Elaboration Likelihood Model

Learning Objective

- 5 To understand the role of cognitive elaboration in altering attitudes.

The **elaboration likelihood model (ELM)** proposes that attitudes can sometimes be changed by either one of two different routes to persuasion—a central route or a peripheral route—and that the cognitive elaboration related to the processing of information received via each route is different. The central and peripheral routes to persuasion reflect **extensive** and **limited problem solving** (see Chapter 14), and also correspond with **high-** and **low-involvement purchases** (see Chapter 5). The premise of this model is that consumers carefully evaluate the merits and weaknesses of a given product when they consider the purchase to be very relevant. Conversely, consumers engage in very limited information search and evaluation (or little cognitive elaboration) when the purchase holds little relevance or importance for them. Thus, for high-involvement purchases, the **central route to persuasion**—which requires considered thought and cognitive processing—is likely to be the most effective marketing strategy. For low-involvement purchases, the **peripheral route to persuasion**—which requires relatively little thought and information processing—is likely to be effective. In this instance, because the consumer is less motivated to exert cognitive effort, learning occurs through repetition, the passive processing of visual cues, and holistic perception. Highly involved consumers use attribute-based information to evaluate brands, whereas less-involved consumers apply simpler decision rules. In marketing to highly involved consumers, the quality of the argument presented in the persuasive message, rather than the imagery of the promotional message, has the greater impact on the consumption decision.

The route to persuasion has important implications for promotion. For example, comparative ads (see Chapter 7) are more likely to be processed centrally (purposeful processing of message arguments), whereas noncomparative ads are commonly processed peripherally (with little message elaboration and a response derived from other elements in the ad). A study demonstrated that the correlation between a consumer's product involvement and objective product knowledge was higher for *utilitarian* products than for products designed to bring about pleasure (termed *hedonic* products); for hedonic products, the correlation between subjective knowledge and product involvement was higher than for utilitarian products.¹⁴ Assuming that *subjective* knowledge is the result of interpreting the imagery presented in the ad (i.e., the peripheral route) and that *objective* knowledge is the outcome of the factual

information the ad provides (i.e., the central route), marketers should consider the product's degree of utilitarianism in selecting either the central or peripheral route in promoting that product.¹⁵

The central route applies to attitude change when a consumer's motivation or ability to assess the attitude object is high; that is, attitude change occurs because the consumer actively seeks out information relevant to the attitude object itself. When consumers exert the effort to comprehend, learn, or evaluate the available information about the attitude object, learning and attitude change occur via the central route.¹⁶

In contrast, when a consumer's motivation or assessment skills are low (i.e., low involvement), learning and attitude change occur via the peripheral route and without consumer processing of information that is relevant to the attitude object itself. In such cases, attitude change often is an outcome of secondary inducements such as cents-off coupons, free samples, beautiful background scenery, great packaging, or the encouragement of a celebrity endorsement. Research indicated that, in some low-involvement situations, both central and secondary inducements initially played equal roles in evoking attitudes. However, the central inducement had the greater "staying power"; that is, over time it was more persistent than the secondary one. Additionally, among subjects low in product knowledge, advertisements with terminology and factual data—that is, the central route—produced more favorable attitudes toward brands and ads than secondary cues.¹⁷

Cognitive Dissonance and Resolving Conflicting Attitudes

Learning Objective

- 6 To understand how attitudes can precede behavior in the form of cognitive dissonance and the resolution of conflicting attitudes.

So far, our discussion has maintained the traditional (and rational) view that consumers develop their attitudes *before* taking action (e.g., "Know what you are doing before you do it"). However, there are theories that refute the "attitude precedes behavior" perspective. Specifically, cognitive dissonance theory and attribution theory provide different explanations as to why and how behavior sometimes *precedes* attitude formation.

Cognitive dissonance occurs when a consumer holds conflicting thoughts about a belief or an attitude object.¹⁸ For instance, after consumers have made a commitment to buy an important and pricy object—for example, made a down payment on a new house or an expensive car—they often begin to feel cognitive dissonance when they think of the unique, positive qualities of the alternatives not selected ("left behind"). When cognitive dissonance occurs after a purchase, it is called **post-purchase dissonance**. Because expensive and important purchases require compromise and choice among similar alternatives (e.g., similar homes in the same community), post-purchase dissonance in such instances commonly occurs, and leaves consumers with an uneasy feeling about their behavior (the purchase decision). Thus, marketers must ensure that these consumers resolve conflicting cognitions by changing their attitudes to conform to their behaviors.¹⁹

In the case of post-purchase dissonance, attitude change is an *outcome* of an action or behavior already undertaken. The conflicting thoughts and dissonant information that follow a purchase induce most consumers to change their attitudes so that the attitudes become consonant with their purchase behaviors. What makes post-purchase dissonance relevant to marketing strategists is the premise that marketers must help consumers reduce the unpleasant feelings created by the thoughts about alternatives that were "given up." Consumers can reduce their post-purchase dissonance in several ways:

1. Rationalize their decisions.
2. Seek advertisements that support their choices (while avoiding dissonance-creating competitive ads).
3. Try to "sell" friends on the positive features of the purchase made (i.e., "the consumer as a sales agent").
4. Look to satisfied owners for reassurance (e.g., meet homeowners in the community where the newly purchased house is located).

For example, consider a young man who has just purchased an engagement ring for his girlfriend and then sees the following magazine ad: "How can you make two months' salary last forever?" Because the purchase was expensive and the groom-to-be is likely to be experiencing dissonance, the ad might relieve his conflicts because it says that although the engagement ring did cost a great deal, the future bride will cherish it for the rest of her life.

Researchers have discovered different types and levels of dissonance. A study of durable consumer goods identified three segments of dissonant consumers: High-dissonance segment, low-dissonance segment, and "concerned about needing the purchase" segment.²⁰ As described earlier, consumers can try to reduce cognitive dissonance on their own. In addition, marketers can help consumers do so through ads specifically aimed at reinforcing consumers' decisions. For example,

complimenting consumers on their wise decisions, offering them stronger guarantees or warranties, increasing the number and effectiveness of purchase-related contacts (e.g., post-purchase contacts by real estate agents to new home buyers who are waiting to close on the property), or providing more detailed information about the product while it is on order. In reducing dissonance, personal contacts may be more effective than advertisements; several studies indicated that most buyers believe that advertisers stretch the truth about their products in their promotions.²¹ A study suggested that overly aggressive salespeople actually induce dissonance because consumers feel that they were “pushed” to make the purchases. Conversely, skilled salespeople can reduce dissonance by providing information and reassurance, and even turn consumers into loyal customers.²²

Resolving Conflicting Attitudes

Attitude-change strategies are designed to resolve actual or potential cognitive conflicts between two attitudes. For example, George is conservative on social issues, a devoted Episcopalian, and also an active Republican. During one presidential elections, the Republican nominee for president was significantly less conservative than George and also a member of another religion. Therefore, George’s attitudes conflicted: He wanted to vote for his party, but disliked the party’s nominee. George faced a dilemma and had three options: (1) Not vote at all, although he has never missed voting; (2) Vote for the Democratic candidate, which was utterly unacceptable; or (3) Develop more positive attitudes about the Republican candidate and vote for him. After attending the Republican convention as a delegate, speaking to other delegates, listening to the speeches, and even briefly meeting the nominee for president, George decided that the candidate’s positions on social issues were, after all, close to his own and also became less concerned regarding the nominee’s religion. Thus, George resolved his conflicting attitudes by altering them in favor of the only voting option that was consistent with his past behavior.

In fact, the party’s officials recognized that many other Republicans felt the same way that George did before the convention, and they hired marketing consultants whose task was to take measures to change such attitudes. The consultants taught delegates how to address the doubts of their peers during seemingly spontaneous, casual conversations. Also, the speeches and films about the candidate, shown during the convention, included subtle appeals and cues designed to resolve conflicting attitudes. In essence, these measures resembled the strategies that savvy marketers use in similar situations. Of course, George and many others with similar, initial conflicting attitudes were unaware that these strategic communications were taking place during the convention.

Assigning Causality and Attribution Theory

Learning Objective

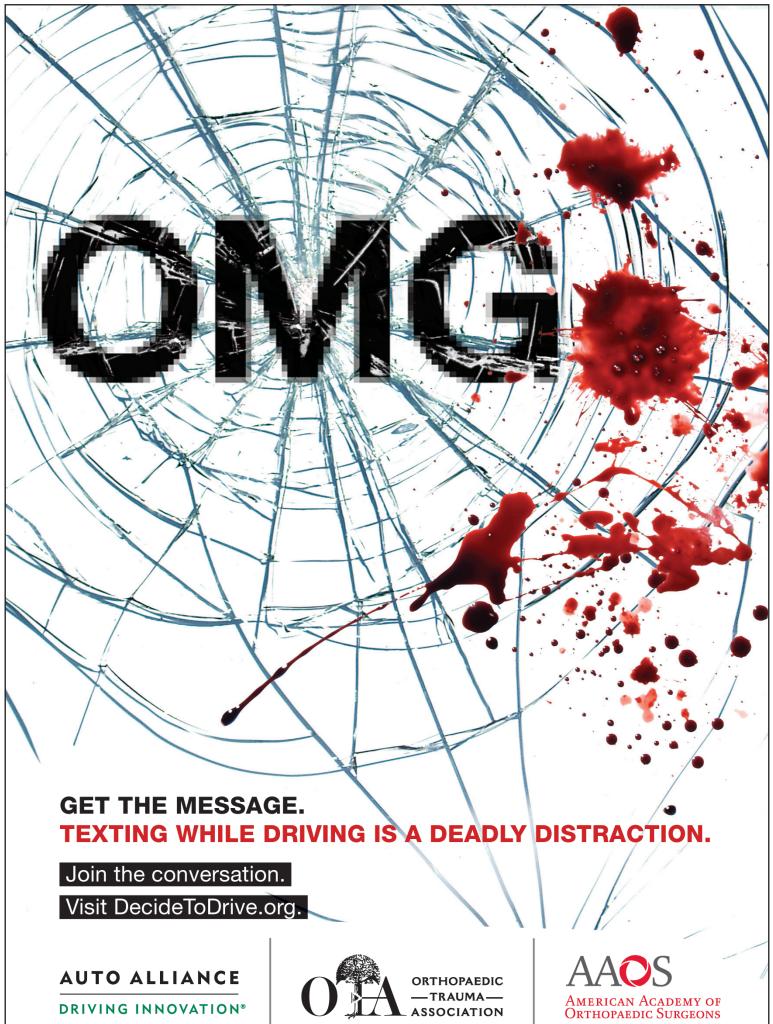
- 7 To understand the ways people assign causality to events and apply this knowledge to consumer behavior.

As a group of loosely interrelated social psychological principles, **attribution theory** attempts to explain how people “assign causality” (e.g., blame or credit) to events, on the basis of either their own behavior or the behavior of others.²³ In other words, a person might say, “I contributed to the American Red Cross because it really helps people in need,” or “He tried to persuade me to buy an LED, rather than a 3D TV, because he’d make a bigger commission.” In attribution theory, the underlying question is *why*: “Why did I do this?” “Why did he try to get me to switch brands?” Making inferences about one’s own or another’s behavior is an important factor in understanding attitude formation and change.

Many companies sponsor socially beneficial events and causes because they hope that consumers would attribute their efforts to “genuine concern.” Research indicates that better “matches” between sponsors and events or causes result in more favorable consumer attributions. Evidence also suggests that consumers are willing to reward high-effort firms (i.e., they will pay more for and/or evaluate the product higher) if they feel that the company has made an extra effort to make better products or provide better consumer services.²⁴

Self-Perception Attributions

Self-perception attribution reflects the way people see themselves in the causalities they form about prior behaviors and the attitudes they develop thereafter. It is useful to distinguish between *internal* and *external* attributions. Let us assume that Bradley has just used video-editing software for the first time and his video of his South American vacation was well liked by the members of his photography club. After receiving the compliments, if he had thought: “I’m really a natural at editing my digital videos,” his statement would reflect an *internal attribution*, because he had given himself credit for the outcome (e.g., his ability, his skill, or his effort). In contrast, if Bradley concluded that his work was due to a user-friendly video-editing program, the assistance of another club member, or just “luck,” he would be making an



Source: © American Academy of Orthopaedic Surgeons

FIGURE 6.13 Internal Attribution for Texting and Driving Accidents

between the requester and the requestee. After fulfilling a modest request, the requestee is likely to fulfill a larger request because of several reasons. First, the requestee does not want to disappoint the requestor, with whom he feels he has bonded. Secondly, the requestee actually becomes interested in the objective of the request. As discussed earlier, cognitive dissonance theory indicates that people tend to develop attitudes to justify prior actions. People's compliance with minor requests and subsequent compliance with more substantial requests is based on the premise that individuals look at their prior behavior (e.g., compliance with minor requests) and conclude that they are the kind of persons who generally agree to requests from others (i.e., an internal attributions). For example, someone who has donated \$25 to the Michael J. Fox Foundation for Parkinson's Research is more likely to make a subsequent \$100 donation than a person who was asked to donate \$100 to begin with. The initial request of \$25 was a "foot in the door," and "paved the way" towards a more substantial request.

Some research into the foot-in-the-door technique focused on understanding how specific incentives (e.g., cents-off coupons of varying amounts) influence consumer attitudes and subsequent purchase behavior. It discovered that different-size incentives created different degrees of internal attribution, which, in turn, led to different amounts of attitude change. For instance, individuals who tried brands without any inducements, or bought brands repeatedly, formed increasingly positive attitudes toward the brands (e.g., "I buy this brand because I like it"). In contrast, individuals who received samples were less likely to form positive attitudes about the brands they had tried (e.g., "I tried this brand because it was free").

Contrary to expectations, bigger incentives do not always lead to positive attitude changes. If an incentive is too big, marketers run the risk that consumers will externalize the cause of their behavior to the incentive (i.e., "I did it because I got a large incentive, but I didn't really like the product") and be *less* likely to change their attitudes and purchase the brand again. Instead, what seems most effective are *moderate* incentives, which are significant enough to stimulate initial purchase of the brand, but still small enough to encourage consumers to internalize their positive usage experiences and create positive attitude changes.²⁶

external attribution. In the external attribution Bradley might think, "my great video is beginner's luck," whereas in the internal attribution he thought that "the video is good because of me."

Marketers can feature either internal or external attributions in promotions. For instance, ads for video-editing software should persuade users to *internalize* their successful use of the software. If they attribute their photos' quality to their skills rather than the software's capabilities, they would probably buy its new versions. Alternatively, if users *externalize* their success, they would attribute it to "beginner's luck," which is unrelated to the software itself and unlikely to get them to buy updates and advanced editions. Research indicated that appealing to internal attributions persuaded consumers to consider buying the products advertised.²⁵

According to the principle of **defensive attribution**, people generally accept (or take) credit for success (internal attribution), but assign failure to others or outside events (external attribution). Thus, promotional messages should encourage consumers to perceive themselves as the reasons for their success and reassure them that the advertised products will always make them feel this way. Similarly, persuasive messages aimed at getting people to abandon and refrain from socially undesirable behavior should appeal to internal attributions. The OMG ad in Figure 6.13, whose tagline is: "GET THE MESSAGE," bluntly tells drivers who text and drive to attribute the calamities they cause to their own (internal) behavior and not to external causes (e.g., traffic, road conditions).

Foot-in-the-Door Technique

The **foot-in-the-door technique** consists of getting people to agree to large requests after convincing them to agree to a small and modest request first. The rationale behind this method is that agreeing to a small request creates a bond

In contrast with the foot-in-the-door technique is the **door-in-the-face technique**, in which a large, costly first request that is likely to be refused is followed by a second, more realistic, and less costly request. In certain situations, this technique may be more effective than the foot-in-the-door technique.²⁷

Attributions Toward Others

In addition to understanding why people develop causalities about their own behaviors, it is important to understand how they make attributions towards others. As already stated, every time a person asks “why?” about a statement or action of another or other persons (whether family members, peers, salespeople, or marketers), attribution theory applies. To illustrate, in evaluating the words or deeds of, say, a salesperson, a consumer tries to determine whether the salesperson’s motives are in his best interests. If he views the salesperson’s motives favorably, the consumer is likely to respond accordingly. Otherwise, the consumer is likely to reject the salesperson’s words and purchase elsewhere. Suppose, for example, that a consumer orders a new Canon digital point-and-shoot camera from Amazon.com. Because the consumer is going on vacation, she agrees to pay for next-day delivery by FedEx, instead of relying on Amazon’s free five-day shipping. If the package with the camera does not arrive when it should, the consumer can attribute the failure to either one or both “others.” That is, she can blame Amazon (failing to get the product out on time), FedEx (failing to deliver the package on time), or both (a dual failure). Alternatively, if the weather was very bad, she might attribute the delivery failure to the weather and to neither Amazon nor FedEx.

Attributions Toward Objects

Researchers have also studied consumers’ attributions toward objects, which, in the context of marketing, are the products and services purchased. Specifically, when consumers wish to find out why a product met or failed to meet their expectations, they can attribute the product’s successful or unsatisfactory performance to the product itself, to themselves, to other people or situations, or to some combination of these factors. To recap an earlier example, when Bradley successfully edited a video of his vacation, he could attribute that success to the software (product attribution), to his own skill (self or internal attribution), to a fellow member in his photo club who helped him (external attribution), or to all three.

Analyzing Self-Attributions

After people have made attributions about a product’s performance or a person’s words or actions, they often attempt to figure out whether the inferences they have made were correct. To illustrate, let’s consider two scenarios: (1) an alumnus who is considering donating a large sum to the university where he earned his MBA; and (2) an amateur photographer who is contemplating buying a new and expensive photo printer. Both situations require a substantial outlay of funds, and the fact that they are considered demonstrates that the two persons have made initial attributions of causality: The alumnus believes that the donation will improve the MBA program’s reputation and growth, and the photographer believes that the printer will enhance the quality of her work. Both persons are likely to seek reinforcement for their initial attributions, and researchers have identified three factors that they are likely to consider when doing so: Distinctiveness, consistency, and consensus. Table 6.8 explains these factors and describes the photographer and alumnus’s hypothetical deliberations.²⁸

TABLE 6.8 Reviewing Self Attributions

SCENARIO	DISTINCTIVENESS	CONSISTENCY OVER TIME AND VARIED SITUATIONS	CONSENSUS
An alumnus considering donating money to his MBA program	How distinctive will my contribution be? Do many others make larger donations? Will I become part of a select group if I donate?	Can I afford to donate regularly? Will I be able to contribute money if the university asks for a special donation (e.g., for building a new student center)?	If I ask my friends, would most of them agree that I should make a donation, or will their opinions vary?
An amateur photographer who sees that, when printed on the latest HP printer, her photos look much better	Am I the only one who sees this marked difference, or do others notice the same?	Will I see the same superiority of the HP printer when I take other photos? Or is the advantage I see mostly a function of what this particular photo shows?	If I ask my friends, would most of them agree that my pictures look better when printed on the HP printer, or would some notice the difference and others not?

Summary

Learning Objective 1: To understand what attitudes are, how they are formed, and their role in consumer behavior.

An attitude is a learned predisposition to behave in a consistently favorable or unfavorable way toward a given object. In the context of consumer behavior, object is interpreted broadly to include the product, brand, service, price, package, advertisement, promotional medium, retailer selling the product, and many other aspects. Attitudes are learned from direct experience with the product, word-of-mouth, exposure to mass media, and other information sources. Attitudes reflect either favorable or unfavorable evaluations of the attitude object and they motivate consumers to either buy or not buy particular products or brands. Consumers buy products toward which they have favorable inclinations, so marketers must ensure that consumers maintain positive attitudes following purchases and remain loyal customers.

Attitudes are relatively consistent with the behavior they reflect. However, despite their consistency, attitudes are not necessarily permanent; they do change, and sometimes even frequently. Attitudes occur within and are affected by situations, events or circumstances that influence the relationship between attitudes and behavior. Personality traits significantly influence attitudes.

Learning Objective 2: To understand the tri-component attitude model and its applications.

The tri-component attitude model proposes that attitudes consist of three components: Cognitive, affective, and conative. The cognitive component represents the knowledge and perceptions of the features of an attitude object. The affective component reflects emotions and feelings, which are considered evaluations, because they capture the person's global assessment of the attitude object. The conative component is the likelihood that an individual will undertake a specific action or behave in a particular way with regard to the attitude object (i.e., consumer's intention to buy).

Learning Objective 3: To understand the structures of multi-attribute models and their use in altering consumers' attitudes.

Multi-attribute attitude models portray consumers' attitudes as functions of their assessments of the objects' prominent features. Multi-attribute models include the attitude-toward-object model, the attitude-toward-behavior model, the theory of reasoned action, the theory of trying-to-consume, and the attitude-toward-ad model. Multi-attribute models can be used when adding product

attributes, changing consumers' perceptions of attributes, and developing new products.

Learning Objective 4: To understand how to alter consumers' attitudes by making particular needs prominent.

Altering attitudes according to consumer motivations is termed the functional approach, which classifies attitudes into four functions: The utilitarian, ego-defensive, value-expressive, and knowledge functions. Associating a brand with a well-liked object can also alter attitudes.

Learning Objective 5: To understand the role of cognitive elaboration in altering attitudes.

Attitudes can sometimes be changed by either one of two different routes to persuasion, depending on the degree of cognitive elaboration used when consumers process information. One route requires extensive thought and cognitive processing, and is typically employed in situations where consumers are highly involved and perceive a lot of risk regarding the purchase considered. The second route, which requires relatively little thought and information processing, occurs during less important purchases.

Learning Objective 6: To understand how attitudes can precede behavior in the form of cognitive dissonance and the resolution of conflicting attitudes.

In most cases, attitudes precede and guide behavior. Sometimes, consumers act first and only afterward develop attitudes about actions already undertaken, which creates conflicting thoughts about the attitude object. Because important purchase decisions (i.e., buying a new home) require compromise and choices among similar alternatives, post-purchase conflicts are common. Marketers must ensure that customers resolve cognitive conflicts by changing their customers' attitudes to conform to their behavior.

Learning Objective 7: To understand the ways people assign causality to events and apply this knowledge to consumer behavior.

People assign causality (i.e., blame or credit) to events, their own behaviors, and the behaviors of others. The way people see themselves is reflected in the causalities they form about prior behaviors and the attitudes they develop thereafter. In trying to change consumption-related attitudes, especially with regard to products that require self-participation, marketers must understand how people make attributions, toward others and objects, and also how they analyze their own attributions.

Review and Discussion Questions

- 6.1. Explain how situational factors influence the degree of consistency between attitudes and behavior.
- 6.2. Because attitudes are learned predispositions to respond in particular ways, why don't marketers measure only purchase behavior and ignore attitudes?
- 6.3. Explain a person's attitude toward visiting Disney World in terms of the tri-component attitude model.
- 6.4. How can the marketer of a "nicotine patch" (a device that assists individuals to quit smoking) use the theory of trying-to-consume? Using this theory, identify two segments of smokers that the marketer should target and explain how to do so.
- 6.5. Explain how can the product manager of a breakfast cereal change consumer attitudes toward the company's brand by: (a) Changing beliefs about the brand, (b) Changing beliefs about competing brands, (c) Changing the relative evaluation of attributes, and (d) Adding an attribute.
- 6.6. The department of transportation of a large city is launching an advertising campaign that encourages people to switch from private cars to mass transit. How can the

department use the following strategies to change commuters' attitudes: (a) Changing the basic motivational function, (b) Changing beliefs about public transportation, (c) Using self-perception theory, and (d) Using cognitive dissonance.

- 6.7.** Should the marketer of a popular computer graphics program prefer consumers to make internal or external attributions? Explain your answer.

- 6.8.** A college student has just purchased a new Apple iPad. What factors might cause the student to experience post-purchase dissonance? How might the student try to overcome it? How can the retailer who sold the computer help reduce the student's dissonance? How can the computer's manufacturer help?

Hands-on Assignments

- 6.9.** Find two print ads, one illustrating the affective component and the other illustrating the cognitive component. Discuss each ad in the context of the tri-component model. Why has each marketer taken the approach it did?
- 6.10.** What sources influenced your attitude about this course before it started? Has your initial attitude changed since the course started? If so, how?
- 6.11.** Describe a situation in which you acquired an attitude toward a new product through exposure to an advertisement.

Describe a situation in which you formed an attitude toward a product or brand on the basis of personal influence.

- 6.12.** Find advertisements that illustrate each of the four motivational functions of attitudes. Describe how each ad either reinforces an existing attitude or is aimed at changing an attitude.
- 6.13.** Think back to the time when you were selecting a college. Did you experience dissonance after you had made a decision? Why or why not? If you did experience dissonance, how did you resolve it?

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Case Two:

Procter & Gamble

Febreze “Breathe Happy Campaign Launch”

Lead Agency: GREY

Strategic Challenges

Febreze was once a breath of fresh air in the category, but the competition caught up.

In 1998, Febreze entered the air care category with a revolutionary product. Rather than simply perfuming the air, its unique formula actually eliminated odors on fabrics and replaced them with a fresh scent. Febreze became known as THE odor-eliminating brand and enjoyed great success. Recognizing a good thing when they saw one, the competition responded by launching similar products that provided the same benefit. “Brand Health” data indicated that P&G had lost its distinct positioning. The company once “owned” odor elimination, but now shared this equity with competitors Glade (category leader by dollar share) and Airwick (third in the category by dollar share).

Air care brands became indistinguishable.

As competitors expanded to offer products similar to Febreze, the category became nebulous. Innovation from any camp was replicated and marketing efforts were immediately countered. Products became increasingly similar with indistinguishable claims. Almost all advertising featured generic imagery, presenting freshness fantasies in idealized worlds. Toxic levels of advertising diluted P&G's marketing efforts and made people unable to tell the brands apart.

Cynical consumers ceased to believe brand claims and Febreze growth declined.

Research revealed that the company's audience (25- to 65-year-old moms who want constant assurance that their homes are clean and fresh) had grown cynical about the category's advertising. Because many cheaper, less advanced brands were making similar claims but did not live up to their promises, people struggled to know whom to believe, and became skeptical about all air care products. Consumers concluded that all brands' claims were overinflated and bought lower-priced products. With Febreze costing up to three times more than its competitors, P&G struggled to sustain sales.

Objectives

1. Restore faith in Febreze's odor-eliminating capabilities in a way consumers will remember.
2. Generate buzz for the Febreze brand and its advertising.
3. Restore the distinctiveness of the Febreze brand.

Insights

People's reactions to bad smells are stronger than their reactions to nice ones.

Focus groups reaffirmed that P&G's audience wanted to create a "welcoming home" by keeping it clean, tidy, and fresh, and that they were concerned about bad smells destroying this atmosphere. The threat of malodors did not only make them uncomfortable, but triggered passionate descriptions of unpleasant smells, reflecting their disgust of uncleanliness. P&G realized that focusing on the problem rather than the solution could help Febreze stand out among the other brands.

What we smell can be more important than what we see.

In-home interviews helped P&G understand Febreze's role in creating a "welcoming home" in greater depth, uncovering the most influential insight: When judging if a home is "welcoming," a messy-looking home can still be clean, but a smelly home can *never* be clean. This was best encapsulated by one respondent's comment on the issue: "When you walk into an unappealing room, you can close your eyes, but you can't turn off your nose."

Smelling is believing.

Observations of shoppers in stores revealed that consumers were spraying the product in the aisle after picking it off the shelf. This indicated that firsthand experience of the product is vitally important in influencing the consumer's choice of a brand.

The Big Idea

Involve real people in visceral experiences to prove that Febreze makes even the filthiest places smell nice, no matter what they look like.

Questions

1. Apply the principles of perception to the three insights listed in the case.
2. Are the three objectives aimed at repositioning Febreze? Explain your answer.
3. How would P&G determine whether the campaign's objectives have been achieved?
4. On You Tube, you can find several commercials that "brought to life" the "big idea." Describe three of them and discuss their persuasive effectiveness.
5. Several versions of Febreze are now on the market (febreze.com). Apply the concept of benefit segmentation to three of them.

Case Three:**Lifebuoy/Unilever Asia Private Limited
“Superfast Handwash”**Lead Agency: **Lowe Lintas and Partners****Target Markets**

The three markets chosen—India, Saudi Arabia, and Pakistan—were the most significant to Unilever because of their sizes and growth opportunities. If it did not “fire” in these markets, Unilever would not be a viable player in the global liquid handwash market.

India: The largest and most valuable among all of Unilever’s markets. Lifebuoy was an established brand in India in bar soaps, but the brand’s closest competitor owned more than half the market in the liquid handwash category.

Saudi Arabia: The largest market in the Middle East, where Unilever faced a dominant competitor that was growing even larger.

Pakistan: The second largest market in the Indian subcontinent, with two strong Unilever competitors.

Strategic Challenges

In the three countries, antibacterial handwash was widely used, but there were established antibacterial liquids that have been household names for years.

To illustrate the importance of consumers’ need for the product and knowledge of its effectiveness, let’s consider Argentina. Because of a swine flu outbreak, public messaging exhorted people to wash with soap but did not specify antibacterial soap. Hence, consumers questioned the necessity of an antibacterial soap.

Because Lifebuoy Handwash was high-priced, it was expected to appeal to higher-income groups. This was a difficult issue because, in India, the brand’s bar soaps were popular among lower-income groups.

In each of the three markets, competitors offered “all powerful” antibacterial solutions. Consumers perceived these products as “germ killers” that offered long-lasting, all seasons protection.

In Pakistan, India, and Saudi Arabia, Lifebuoy had to create a unique image. It was a new, high-priced entrant to the liquid handwash category, and could not easily take on dominant competitors.

Across the three countries, Unilever wanted to target higher-income mothers who were potential handwash users and convince them to use Lifebuoy Handwash for their families. These mothers had kids aged between 4 and 12 years and were using competitive brands. When it came to protection, the target mothers believed that their families deserved the best and were not willing to compromise. This gave Unilever a foot in the door opportunity. If the company could convince these mothers that Lifebuoy offered the *best* protection, it had a chance to capture meaningful market shares.

Objectives

1. Increase preference for Lifebuoy among higher-income segments (defined by a socioeconomic classification index).

This would be tracked by a consumer household panel that Unilever commissioned through a retail audit agency.

2. Establish the Lifebuoy proposition as unique and differentiate it from the competition.

This would be tracked by using quantitative research among consumers after the communication had run for at least a month to measure recall of messaging.

Insights

Through lab research, Unilever could claim that Lifebuoy were better than competitors’ products on germ kill: it could kill *even more* germs.

During consumer research studies, when the results of the lab research were shown to them, consumers said this was unbelievable. Proof or no proof, they were unwilling to budge. That’s when Unilever realized that beating competitors by going head to head against them would not work.

During the same lab tests that showed that Unilever's product killed *more* germs than the competitors' products, the R&D scientists also discovered that Lifebuoy could kill germs *faster* than the competing products. In fact, Unilever's handwash could protect hands from germs in 10 seconds, whereas all other handwashes took one full minute to do so!

This was exciting, but Unilever did not want to make the same mistake as before of just using facts and figures to position its product. Rather than going in with just the *claim* (what good is a faster handwash anyway?), the company looked extensively for a consumer angle to frame the “faster kill” claim. It was while observing children’s habits that the company hit a gold mine!

Universally, children are always in a rush or lazy while doing things they don’t particularly enjoy (e.g., eating vegetables, doing their homework, etc.). *When it comes to hand-washing, it is no different.* For kids, it is an unnecessary chore that they do as quickly as possible, as they just want to be finished with it.

So, regardless of how many germs anyone claimed that their product would kill, it would all be rendered useless by the habits of children, who always wash in a hurry.

The campaign titled “Superfast Handwash” used the underlying insight on children’s behavior not only to make germ protection in just 10 seconds new and relevant for Lifebuoy, but also to render the competition’s perceived high ground on germ protection vulnerable. The double blow of a new parameter of time, combined with the lens of children’s habits, managed to dislodge the company’s competitors as the last word in germ protection in consumers’ minds.

The Big Idea

Lifebuoy Superfast Handwash: 99.9% germ protection in just 10 seconds—because children are always in a hurry, especially when it comes to hand-washing.

Questions

1. Design one TV commercial (a story board) and one print ad that “bring to life” the “big idea.”
2. Why didn’t Unilever use factual-information (e.g., results of lab tests) about the “faster kill” to differentiate Lifebuoy from competition?
3. How did Unilever use qualitative and quantitative research (see Chapter 16) to develop the positioning claim for Lifebuoy?
4. Does the name “Lifebuoy” convey the product’s core benefit effectively? Why or why not?
5. Over time, should Unilever combine the “more germs” and “faster kill” claims into positioning Lifebuoy?
6. It is unlikely that competitors would let Unilever take market shares away from them in the liquid antibacterial handwash category. How can they fight Unilever?

Source: Effie Worldwide, Effie Showcase Winners. Reprinted by permission. Superfast Handwash is a 2012 Bronze Effie Winner. For information on Effie’s programs for students, visit the Collegiate Effies at www.effie.org

7

Persuading Consumers

Learning Objectives

- 1 To understand the elements and persuasive capabilities of communication, as well as the barriers to effective communication.
- 2 To understand the distinctions between broadcasting and narrowcasting.
- 3 To understand how to design persuasive messages effectively.
- 4 To understand the effectiveness and limitations of prominent advertising appeals.
- 5 To understand how to measure the effectiveness of advertising messages.

COMMUNICATION IS the transmission of a message from a sender to a receiver via a medium of transmission (also named "channel"). In addition to these four components—sender, receiver, medium, and message—the fifth essential component of communication is **communication feedback**, which alerts the sender as to whether the intended message was, in fact, received. Senders encode their messages by using words, pictures, symbols, spokespersons, and persuasive appeals, and then the receivers decode them. If the messages are to be persuasive, the receivers must decode the messages as the senders intended (see Figure 7.5).

Marketers (the message senders) can choose among numerous persuasive appeals when they design and send advertising messages to consumers (the receivers). The advertising appeal used is the **encoding** of the message. The following ads represent four prominent persuasive appeals. Figure 7.1 uses a humorous appeal to show that Delsey luggage is very light. Humor is the most widely used advertising appeal. The ad in Figure 7.2 depicts fear and is from a campaign urging victims of domestic violence to seek help before their conditions becomes deadly (the explosives represent abusive fists). Fear is effective in discouraging negative behaviors such as drug abuse and distracted driving. The ad in Figure 7.3 shows a (rather mild) sex appeal. Sex appeals have "stopping power," but must be used carefully, as they may distract consumers from the product advertised if used unwisely. The ad in Figure 7.4 compares washing clothes with added Clorox Bleach to using detergent only. The ad actually "admits" that clothes can be laundered without Clorox. Later on, we explore the advantages and risks of acknowledging alternatives, such as not using the product at all (i.e., a two-sided message), or even mentioning competing brands by name (i.e., comparative advertising) in promotional messages.

We begin with a discussion of the elements of communication and overcoming barriers to effective communication. Next, we present two models of media communications: Broadcasting and narrowcasting.



Source: Delsey

FIGURE 7.1 A Humorous Appeal: Delsey Luggage



FIGURE 7.2 A Fear Appeal: Family Peace Center



FIGURE 7.3 A Sexual Appeal: ALT Magazine

Thereafter, we explain the correct structure of persuasive messages and discuss the advantages and limitations of the most popular advertising appeals. After transmitting

FIGURE 7.4 A Two-Sided Message

their ads, marketer must measure the effectiveness of their messages, and they do so by employing the methods discussed in the last section of this chapter.

The Communication Process

Learning Objective

- To understand the elements and persuasive capabilities of communication, as well as the barriers to effective communication.

Communications can be either impersonal or interpersonal. In marketing, the sources of **impersonal communications** are messages that companies transmit through their marketing departments, advertising or public relations agencies, and spokespersons. The targets, or receivers, of such messages are usually a specific audience or several audiences that the organization is trying to inform, influence, or persuade. The senders of **interpersonal communications** may be either **formal sources** (e.g., a salesperson in a physical or virtual retail location) or **informal sources** (e.g., peers with whom the consumer communicates face-to-face or via electronic means). The key factor underlying the persuasive impact of a personal or interpersonal message received from either a formal or informal source is the source's credibility; that is, the extent to which the receiver trusts and believes the source sending

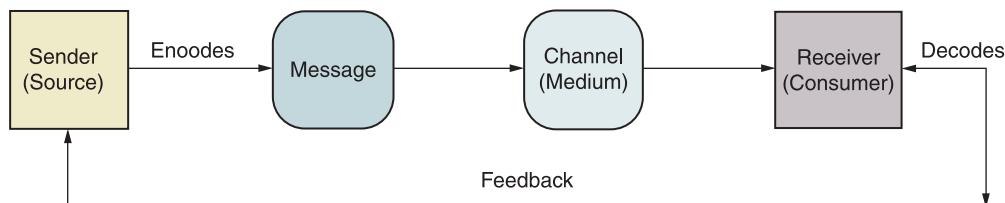


FIGURE 7.5 Communication Model

I HAD A PRODUCT CLIENTS HAD TO SEE TO BELIEVE.

THANKS TO FACE-TO-FACE MEETINGS, THEY DID.

-Morgan Newman, Idea Paint co-founder

ARE YOU THINKING WHAT I'M THINKING?

DEAL!

Morgan Newman and his college friends had a great idea: dry-erase paint. They just needed to get the right partners to sell it. Now, thanks to British Airways, Idea Paint has distributors from India to Australia, and business couldn't be better.

Last year at British Airways, we put hundreds of small business owners in front of the people they needed to see – for free. This year we're doing it again.

To find out more visit ba.com/facetoface.

BRITISH AIRWAYS

©2010 British Airways Plc

Source: British Airways

FIGURE 7.6 The Importance of Interpersonal Communication

papers, magazines, billboards) and broadcast (radio, television); these media are impersonal because all receivers get the same message, and the communications are one-way because the receivers cannot interact with the senders. **New media** are online channels, social networks, and mobile electronic devices. These media are drastically more advanced than traditional media because they allow marketers to send personalized messages to individual consumers who can respond to the messages immediately. These responses indicate to marketers whether or not their persuasive efforts have been effective. Chapter 8 explores both forms of media.

Several “barriers” affect the accuracy with which consumers interpret messages. The most prominent ones are selective exposure and psychological noise.

Selective Exposure

Selective exposure refers to consumers’ selectivity in paying attention to advertising messages. They read ads carefully for products they are interested in and tend to ignore advertisements that have no interest or relevance to them. Furthermore, technology provides consumers with increasingly sophisticated means to control their exposure to media. Consumers can now control their exposure to mass media and avoid commercials while watching TV by using the pause function when a string of commercials starts and then quickly returning to the broadcast once the ads are over. Viewers can also **time shift** by recording TV shows and viewing them at their leisure while skipping over commercials. Readers of newspapers and magazines online can create personalized editions of these publications and avoid many ads, and satellite radio allows consumers to avoid hearing radio ads altogether. Caller ID, phone answering machines, the government’s “do not call” list, and other devices allow consumers to screen out telemarketing and other unsolicited contacts from marketers.

the message. The influence of interpersonal sources can have a great effect on consumers’ shopping patterns, and the perceived honesty and objectivity of the sender of the communication can have an enormous impact on how the communication is accepted by the receivers (see Chapter 9).

Compared with impersonal communications in mass media, a key advantage of interpersonal communications is their ability to obtain *immediate* feedback through verbal as well as nonverbal cues. Experienced speakers are very attentive to feedback and constantly modify their messages based on what they see and hear from the audience. Immediate feedback is the factor that makes personal selling so effective, because it enables the salesperson to tailor the sales pitch to the expressed needs and observed reactions of each prospect. Similarly, immediate feedback in the form of inattention serves to alert the college professor to jolt students who text during class. The professor can abruptly and dramatically stop the lecture, firmly ask the “texters” to leave the classroom, and state that the material covered at that point would appear on the next exam. The British Airways ad in Figure 7.6 focuses on the importance of interpersonal communications.

In consumer behavior terms, the sender of the message can be a marketer transmitting an advertisement to consumers or a person telling another consumer about a product. This chapter focuses on the marketer as the source, whereas Chapter 9 discusses consumers as the sources of messages that are transmitted via **word-of-mouth**. **Media** are the channels for transmitting communications. **Traditional media** are the original communications channels that advertisers have used and are generally classified as print (news

Psychological Noise

Just as telephone static can impair a phone conversation, **psychological noise** in the form of competing advertising messages or distracting thoughts can affect the reception of a promotional message. A viewer faced with the clutter of nine successive commercial messages during a program break may actually receive and retain almost nothing of what he has seen. Similarly, an executive planning a department meeting while driving to work may be too engrossed in her thoughts to “hear” a radio commercial. Marketers use the following strategies to overcome or limit psychological noise:

1. Repeated exposure to an advertising message surmounts psychological noise and facilitates message reception. Thus, repeating an ad several times is a must (see Chapter 5). The principle of redundancy is also seen in advertisements that use both illustrations and text copy to emphasize the same points. To achieve even more advertising redundancy, many marketers now place their messages in such places as video games, movie theaters, elevators, supermarket floors, baggage carousels, subway turnstiles, and even public restrooms (see discussion of **ambush marketing** in Chapter 4).
2. Copywriters often use *contrast* to break through the psychological noise and advertising clutter and attract consumers’ attention (see Chapter 4). Contrast includes featuring an unexpected outcome; increasing the amount of *sensory input* (such as color, scent, or sound); and identifying, through testing, message appeals that attract more attention.
3. Digital technologies allow marketers to monitor the consumer’s visits to websites, infer the person’s interests, and design and send customized promotional messages to that person.

Of course, effective **positioning** and providing value are the most effective ways to ensure that a promotional message stands out and is received and decoded appropriately by the target audience. Advertisements for products that are perceived to be unique and provide better value than competitive products are more likely to be received in their intended ways than other promotional messages within the advertising clutter.

Broadcasting versus Narrowcasting

Learning Objective

- 2 To understand the distinctions between broadcasting and narrowcasting.

The term **traditional media** is synonymous with broadcast media (or mass media) and consists of channels where all receivers receive the same one-way messages from marketers (i.e., they cannot send direct responses to the messages’ sources). In sharp contrast, **new media** are channels of **narrowcasting**, defined as means that permit marketers to send messages that are:

1. **Addressable** and directed to specific persons or small audiences rather than groups of consumers.
2. **Customized** and based on data gathered from tracing consumers’ surfing and clicks online, in combination with other information, to either small groups or individual consumers. The additional data includes the receiver’s location (which can be determined from an IP address or a GPS integrated into a mobile device) and information from “cookies” installed on the hard drive of a digital device.
3. **Interactive** because, in most narrowcasts, an action by the consumer—in the form of a click on a link or banner—triggers the transmission of a message.
4. More **response-measurable** than traditional broadcast ads because communication feedback is more accurate and received sooner.

Traditional media and communications models that have been used for decades are presently undergoing fundamental changes. Advertisers are unhappy with the current broadcast media because they are reaching increasingly smaller and more fragmented audiences and getting fewer “eyeballs” for the money spent for TV ads. Consumers can avoid commercials with increasing ease, and a large number of broadcasted advertising messages reach many people who are not interested in (and unlikely to purchase) the products advertised. Advertisers complain that the Nielsen ratings do not accurately reflect the ethnic composition of the U.S. population and do not adequately monitor “time shifted” TV viewing. Cable operators realize that they have the means to monitor media viewing more accurately, but are also deeply aware of the privacy concerns of their subscribers. The TV networks, which have lost vast audiences to cable channels, realize that continuing to provide free programming underwritten by advertising revenues generated from reaching massive audiences of

prime-time shows—a model in place since the early 1950s—may no longer be feasible. The networks, cable companies, and advertisers agree that the new communications model calls for targeting smaller groups of consumers who are already interested in the products advertised, and to whom they must provide more interactive and enticing ways of viewing promotional messages. In short, driven by technology, communications is going through the greatest changes since the development of spoken and written language, and traditional media are being integrated into or replaced by new media.

Addressable Advertising

Probably, most of the readers have purchased products at Amazon.com, rented a movie at Netflix.com, or traded an item on eBay.com. These premier online merchants analyze the purchase behaviors of their users (including consumers' ratings of the products rented or bought) and utilize this data to make customized, or addressable, recommendations to individual users about future offerings. Thus, **addressable advertising** consists of customized messages sent to particular consumers. These messages are based mostly on the consumers' prior shopping behavior, which marketers have observed and analyzed.

Data aggregators (see Chapter 8) use data from users' browsers, Google, Yahoo!, and Facebook to build models that marketers use to design the different ads customers see, which are also a function of the viewers' demographics and past advertising exposure.¹ A study demonstrated that consumers favor interactive websites where they feel that they receive personalized messages and can easily contact the seller after the purchase, via, for example, chats with the sellers' representatives.²

For example, advertising on cell phones is gaining popularity because mobile phones are an ideal forum for personalized advertising. A TV network has teamed up with an online social network to recruit participants for an experiment in addressable and location-based advertising.³ A publishing company started delivering educational content via cell phones.⁴ Several providers of wireless services teamed up with companies by rewarding subscribers who agreed to receive ads on their cell phones with reduced rates and other incentives.⁵ As the number of cell phones and other wireless communications devices continues to grow, mobile advertising is likely to become a component of most advertisers' media plans.

Twitter—the most popular short-messaging service—enabled advertisers to send messages to users based on indications of what the users like. For instance, a company that sells soft drinks can elect to show paid ads to Twitter users who are fans of professional football. Twitter can identify a football fan, say, by analyzing whether the Twitter user "follows" football players or commentators, or recirculates Twitter messages from those sources.⁶ TV advertisers are now able to vary their spots based on audience demographics, changes in weather, sales goals, or the campaigns of competitors. For example, Wendy's designed ads that were customized according to the weather. TV viewers in certain locations saw either a chili spot or a Frosty ad. When it was more than 60 degrees, Wendy's showed the Frosty ads; when it was colder, the chili ad ran.⁷ Almost all online newspapers now allow readers to pick and choose only the stories that interest them.

Cable TV operators have a tremendous amount of data about their viewers and are moving away from advertising based mostly on subscribers' geographic locations and the one-message-fits-all approach. For instance, ads for dog food will only go to households that have dogs. One company is experimenting with using data from remote controls to follow what a person is watching, and then matching that information and programs' contents to infer that person's gender and age. It can also use census and syndicated data for further refinement. Then the cable TV company sends targeted ads to individual households.⁸

Designing Persuasive Messages

Learning Objective

- 3 To understand how to design persuasive messages effectively.

A **message** is the thought, idea, attitude, image, or other information that the sender wishes to convey to the intended audience, and it can be *verbal* (spoken or written), *nonverbal* (a photograph, an illustration, or a symbol), or a combination of the two. The sponsor, who may be an individual or an organization, must first establish the objectives of the message, select an appropriate medium for sending it, and design (encode) the message in a manner that is appropriate to each medium and to each audience. The objectives of a persuasive message include creating awareness of a service, promoting sales of a product, encouraging (or discouraging) certain practices, attracting retail patronage, reducing post-purchase dissonance, creating goodwill or a favorable image, or any combination of these and other communications objectives.

The source of the message (the sender) must *encode* the message in such a way that its meaning is interpreted by the targeted audience in precisely the intended way. Marketers encode messages by using words, pictures, symbols, spokespersons, and special channels. The message receivers *decode* the messages they receive on the basis of their personal experiences, characteristics, and motives. To encode a message in a form that the audience will understand and thus receive its intended meaning (i.e., decode it successfully), the sender must know exactly what he or she is trying to say and why (i.e., message objectives) and understand the target audience's personal characteristics. According to **cognitive learning** models, (see Chapter 5) exposure to a message leads to interest and desire for the product and, ultimately, to buying behavior. In addition, personality traits affect a person's reactions to various promotional appeals (see Chapter 3).

The decisions that marketers must make in designing a message include selecting images, creating advertising copy, using positive or negative message framing, choosing between one-sided or two-sided messages, and deciding on the order of presentation.

Images and Text

Messages that depict images are often more effective than those with text only, as reflected in the famous saying "One picture is worth a thousand words." The ad for Mistique tissues in Figure 7.7 conveys the product's purpose and effectiveness mostly visually rather than verbally.

Many studies have investigated the interaction between visual and verbal cues and their ability to attract and capture consumers' attention in likable ways. One study showed that ads' *visual complexity* plays a central role in this regard. Advertisements are visually complex when they contain dense perceptual features and/or when they have elaborate creative designs. The study found that *feature complexity* hurts attention to the brand and attitude toward the ad, whereas *design complexity* enhances paying attention to the ad, raises its comprehensibility, and improves attitude toward the ad. The study demonstrated that marketers must assess the visual complexity of advertisements and use their findings to enhance their ads' "stopping power."⁹

Sometimes, marketers are influenced by the same economic, social, and cultural conditions and thus use similar phrases reflecting these conditions in their advertising copy. For example, given our increasingly busy lives, the growing complexity of technology, and the uncertain economic picture, many marketers have been using the words "simply," "simple," "easy," "honest," and "clear" in their ads. A new brand of orange juice was named "Simply Orange." McDonald's offered "the simple joy of a wholesome breakfast." Ads for one bank declared: "Saving is simple when no one charges you for it"; and ads for Ivory soap urged: "Keep it pure, clean and simple."¹⁰



Source: SR Foils and Tissue Limited

FIGURE 7.7 Nonverbal Communication

Message Framing

Should a marketer stress the benefits to be gained by using a specific product, that is, **positive message framing**; or the benefits to be lost by not using the product, that is, **negative message framing**? Research suggests that the appropriate message framing decision depends on the consumer's attitudes and characteristics as well as the product itself. For example, one study found that persons with a low need for cognition were more likely to be persuaded by negatively framed messages.¹¹ Another study found that individuals with an *independent self-image* (i.e., who view themselves as defined by unique characteristics) were more persuaded by messages stressing an approach goal (positive framing); those with an *interdependent self-view* (i.e., who view themselves as defined by others) found messages that stress avoidance goals more convincing (negative framing).¹² A study of advertised products that enabled the early detection of disease indicated that positively framed anecdotal messages were less persuasive than negatively framed anecdotal messages.¹³ Another study discovered that negative message framing was more effective than positive framing when respondents had less opportunity to process the information in the ad, but less effective when respondents had more opportunity to process the ad content.¹⁴

One-Sided versus Two-Sided Messages

Should a marketer pretend that its products are the only ones of their kind, that is, use a **one-sided message**; or should the company acknowledge competing products, that is, use a **two-sided message**? Some marketers stress only positive factors about their products and pretend that competition does not exist. However, when competition does exist and when it is likely to be vocal or obvious, such advertisers tend to lose credibility with the consumer. Figure 7.4 features a two-sided message. Another example is an ad for Ultra Dawn—a dishwashing liquid—proclaiming that the product is twice as strong as “the other guy.” It acknowledges competition, but not by name. “I Can’t Believe It’s Not Butter!” is a butter substitute. Advertisements featuring the product often end with the question, “I Can’t Believe It’s Not Butter, can you?” The ad in Figure 7.8 is a two-sided message because it acknowledges the product’s competitors (that is, butter and butter-substitute brands) without mentioning any.

The credibility of an advertised claim can often be enhanced by disclaiming the superiority of some product features or by not claiming that the product is a universal solution. For example, an ad for a men’s hair regrowth product may state that, after clinical testing, whereas almost half the men using the product experienced modest to dense hair regrowth, about a third experienced minimal hair regrowth, and about one-sixth had no regrowth whatsoever. The admission that the product did not always work enhances the credibility of the ad.

The decision of whether to use a one- or two-sided message also depends on the nature of the audience and competition. If the audience is friendly (e.g., if it uses the advertiser’s products), if it initially favors the communicator’s position, or if it is not likely to hear an opposing argument, then a one-sided (supportive) message that stresses only favorable information is most effective. However, if the audience is critical or unfriendly (e.g., if it uses competitive products), if it is well educated, or if it is likely to hear opposing claims, then a two-sided message is likely to be more effective. Two-sided messages can also be very effective when consumers are likely to see competitors’ negative counterclaims or when their predispositions toward the brand are negative.

Order Effects

Is it best to present your commercial first or last? Communications researchers have found that the *order* in which a message is presented affects audience receptivity. For example, on TV, the commercials shown first are recalled the best, whereas those in the middle are recalled the least. When just two competing messages are presented, one after the other, the evidence as to which position is more effective is somewhat conflicting. Some researchers have found that the material presented first produces a greater effect, that is, a **primacy effect**. Others have found that the material presented last is more effective, that is, a **recency effect**. Magazine publishers recognize the impact of order effects by charging more for ads on the front, back, and inside covers of magazines than for the inside magazine pages, because of their greater visibility and recall.

Order is also important in listing product benefits within an ad. If audience interest is low, the most important point should be made first to attract attention. However, if interest is high, it is not necessary to pique curiosity, so product benefits can be arranged in ascending order, with the most important point mentioned last. When both favorable information and unfavorable information are to be presented (as in an annual stockholders’ report), placing the favorable material first often

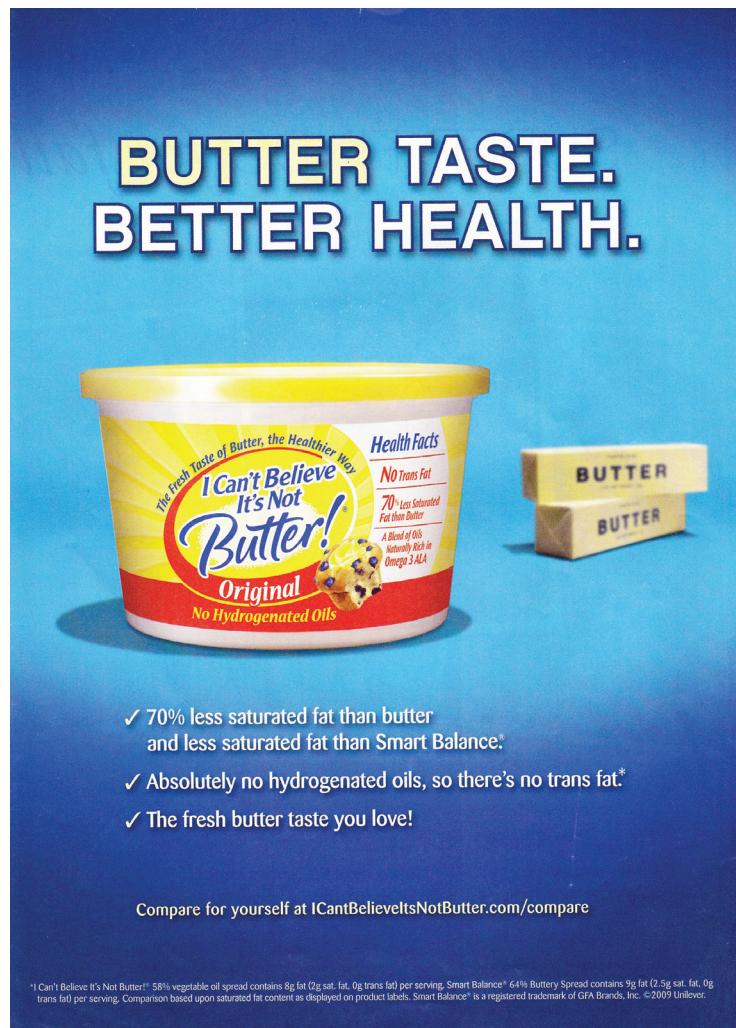


FIGURE 7.8 A Two-Sided Message: I Can't Believe It's Not Butter—a Butter Substitute—versus “Real” Butter

produces greater tolerance for the unfavorable news. A study found that revealing the brand name at the onset of a message enhances brand recall and message persuasiveness.¹⁵

Persuasive Advertising Appeals

Learning Objective

- To understand the effectiveness and limitations of prominent advertising appeals.

Many researchers have studied the promotional appeals that marketers can use and the factors that influence ad persuasiveness. For example, one study showed that informational appeals were particularly effective in high-involvement situations, whereas positive emotional appeals did better in low-involvement situations. The study also found that different promotional appeals should be used in extensions of existing brands as opposed to new brands. Differences in the impact of various promotional appeals, in both low- and high-**consumer involvement** conditions, were greater for new brands than for brand extensions (see Chapter 5).¹⁶ Another study discovered that, in addition to characteristics of the endorser or the appeal used, people’s **need for cognition (NFC)** (see Chapter 3), played a role in responses to ads. The higher a person’s NFC, the less he or she is likely to consider peripheral cues, such as endorser likeability, in processing the ad and become persuaded (or not) by ads on the basis of their actual promotional appeals.¹⁷

The most widely used advertising appeals are comparative, fear, humor, sex, and timeliness.

Comparative Advertising

Comparative advertising is a widely used marketing strategy in which a marketer claims product superiority for its brand over one or more explicitly named or implicitly identified competitors,

either on an overall basis or on selected product attributes. Some critics of the technique maintain that comparative ads often assist recall of the competitor's brand at the expense of the advertised brand. However, the wide use of comparative advertising indicates that marketers are confident that comparative ads exert positive effects on brand attitudes, purchase intentions, and actual purchases. Among more sophisticated consumers, comparative ads elicit higher levels of cognitive processing and better recall, and are likely to be perceived as more relevant than noncomparative ads.

Research studies have investigated many aspects of comparative promotions. A study that tested the degree of negativity in comparative messages (by using positive, negative, and mildly negative comparative messages) for several products reported that negative elements in an ad contributed to its effectiveness as long as they were believable or were offset by some elements that made the ad appear neutral.¹⁸ Another study uncovered gender differences in response to comparative ads; comparative ads generated greater levels of brand-evaluation involvement among men but not among women. Among women, attention-getting comparative appeals produced inferences regarding the ads' manipulative intentions and reduced purchase likelihood.¹⁹ Yet another study found that "promotion-focused" consumers (i.e., those focused on the aspirational aspects and the likely positive consequences of a purchase) reacted to comparative messages differently than "prevention-focused" consumers (i.e., those focused on the presence or absence of negative outcomes such as safety). In comparative ads, negative framing led prevention-focused consumers to evaluate the advertised brand positively and the other brand negatively. Among promotion-focused consumers, positive framing led to positive evaluation of the advertised brand but did not affect evaluations of the comparison brand.²⁰

There has been considerable concern regarding the potential for comparative advertising to mislead consumers, including several legal actions against companies by the Federal Trade Commission. Consumer advocates have pursued the development of specific measures designed to gauge a comparative ad's ability to mislead consumers. In addition, comparative ads may result in legal disputes. Although the law requires companies to produce "reasonable factual evidence" in support of comparative claims, deciding what constitutes such evidence is difficult.

In the UK, fierce rivalry between major supermarket chains has resulted in several court cases focusing on their actions. German supermarket chain Aldi received damages from Tesco as a result of the latter's use of erroneous and unfair price comparisons as part of an in-store marketing campaign.²¹ Tesco had not compared like-for-like products, had used incorrect prices for Aldi products, and had failed to compare equivalent quantities. Aldi cited an example of an ad featuring a bag of mint humbugs claiming that Tesco had compared prices between the two stores, stating that the weight of both bags was 250 g when in fact the weight of the Tesco bag was 200 g.

Sainsbury's complained to the Advertising Standards Authority (ASA) regarding Tesco's "Brand Promise" scheme, which compares the cost of a typical basket of Tesco's own-brand goods with the equivalents of rivals.²² Sainsbury's argued that it was unethical to compare own-brand items on price alone without taking into account other product factors such as provenance, ingredients, and CSR. The ASA did not uphold the challenge – Sainsbury's response was an ad campaign that promised to protect consumers' rights to a fair comparison.²³ One example of such a comparison is shown in Figure 7.9.

In the ad campaign, Sainsbury's claimed that in spite of no apparent difference between most big supermarkets claiming to match prices, its products are Fair Trade, guaranteeing a fair deal for the producers irrespective of market forces.



Source: Boyer HealthCare LLC

FIGURE 7.9 An Illustration of Comparative Advertising

Fear Appeals

Fear is an effective appeal and is often used in marketing communications. Some researchers have found a negative relationship between the intensity of fear appeals and their ability to persuade, so strong fear appeals tend to be less effective than mild fear appeals. A number of explanations have been offered for this phenomenon. Strong fear appeals concerning a highly relevant topic (such as cigarette smoking) cause the individual to experience cognitive dissonance, which is resolved either by rejecting the practice or by rejecting the unwelcome information. Because giving up a comfortable habit is difficult, consumers more readily reject the threat. This they do by a variety



of techniques, including denial of its validity ("There still is no real proof that smoking causes cancer"), the belief that they are immuned to personal disaster ("It can't happen to me"), and a diffusing process that robs the claim of its true significance ("I play it safe by smoking only filter cigarettes"). Therefore, marketers should use reasonable but not extreme fear appeals and recognize that fear appeals are not always appropriate. For example, information labels affixed to full-fat, reduced-fat, and nonfat products are likely to be more effective than warning labels. Congruent with the "it can't happen to me" mentality, fear appeals are often used in targeting young people, who often feel overly confident.

Strong fear appeals are often employed to discourage distracted driving caused by using mobile phones and texting, as well as drunk driving. In one study, more females than males said that fear appeals will change distracted driving and suggested using interviews with people who had been affected by distracted driving accidents in advertisements against this behavior. Also, more males than females said that using legal action would discourage distracted driving.²⁴ The ad featured in Figure 7.10 employs a very graphic image in its fear appeal. One study discovered that a strong graphic threat message had a greater effect for an unfamiliar issue than for a familiar issue. For an issue with which the subjects were very familiar, adding information to a weak-threat fear appeal increased the perceived severity of the undesired behavior. The perceived severity of threat and perceived probability of occurrence significantly influenced people's intentions to adopt the recommended behavior.²⁵

Fear appeals are commonly used in antidrug campaigns. Such ads are more likely to be effective if they portray both the negative social consequences of drug use and the physical damage that drugs inflict on one's body. Fear appeals are unlikely to be effective among persons who score high on the personality variable termed **sensation seeking** (see Chapter 3). A high sensation seeker is more likely to use drugs and react negatively to fear-focused antidrug messages, feeling that he

or she is immortal. Male and females appear to react differently to fear appeals. A five-month study of high school students discovered that short-term cosmetic fear appeals (such as yellow teeth or bad breath) used in ads to stop or reduce smoking were more persuasive for males, whereas long-term health fear appeals (such as getting cancer later in life) were more persuasive for females.²⁶

Many ads arouse fear with images that provoke revulsion: Examples include mutilated bodies from drunk driving accidents, close-ups of lungs destroyed by smoking, and teeth and brains ruined by drug use. Several studies showed that adding disgust to a fear appeal enhanced message persuasion and compliance beyond that of appeals that elicited only fear.²⁷ However, portraying disgust might backfire. For example, in a campaign to discourage heavy consumption of soft drinks, New York City's health department featured an ad that depicted a "man drinking fat" and claimed that drinking a can of soda a day makes a person 10 pounds fatter a year. The ad was withdrawn because many complained that it was too revolting, and others claimed that the link between sugar and fat has not been fully scientifically proven.

Based on scores of studies about using fear in advertising, marketers should follow several guidelines:

1. Understand the target audience's reaction to a fear appeal, as well as its previous experiences. For example, those who are already following the behavior recommended but are not yet fully "converted" are likely to react differently than those who are fully "converted." Similarly, different age groups probably react differently to fear appeals, as do persons in different subcultures. Also, people who tried to change their behavior and failed will react differently than those trying to do so for the first time.
2. Beware the boomerang effect. When some persons are exposed to a fear appeal that encourages them to eliminate a strong habit, such as smoking, they may feel angry and resentful and immediately reach for a cigarette in defiance.

Source: Bogdan Nestor - Art Director, Razvan Soare - Copywriter, Razvan Capanescu - Creative Director

3. Realize that changing behavior is a long and complex process. Therefore, persons in different stages of this task react differently to fear appeals.
4. Study the extent to which the fear appeal encourages people to take action but without arousing too much anxiety, because high levels of anxiety may cause people to reject the message or avoid it altogether.
5. Determine whether to use a rational or emotional fear appeal.
6. Plan, over the long term, to repeat advertising using fear appeals. Recognize, though, that repeating these messages too often may reduce their credibility.
7. Accept that some addicts may not respond to fear appeals. For example, many heavy smokers or drinkers do not respond to explicit, clearly visible, and graphic warning labels.
8. Consider alternatives to fear appeals. For example, reward-focused appeals or even portraying humor and happiness when trying to discourage certain conduct may sometimes work better than using fear.

Humorous Appeals

Many marketers use humorous appeals in the belief that humor will increase the acceptance and persuasiveness of their advertising communications. Humor is the most widely used of all advertising appeals; by some estimates, it is used in 80 percent of all ads. Therefore, humor is the most studied advertising appeal. The findings of scores of studies on using humor in advertising indicated that:

1. Humor attracts attention and enhances liking of the product advertised.
2. Humor does not harm the comprehension of ads, and, in some cases, it actually aids comprehension.
3. Humor does not always increase an ad's persuasive impact or a source's credibility. For example, one study showed that humor might actually *distract* from cognitive processing of the central benefits of the brand.²⁸
4. Humor that is relevant to the product is more effective than humor unrelated to the product.
5. Humor is more effective in ads for existing products than in ads for new products, and more effective in targeting consumers who already have a positive attitude toward the product.
6. Using humor is more appropriate for advertising low-involvement than high-involvement products.
7. The effects of humorous ads vary by the audience demographics.
8. The impact of humor is related to the receiver's personality. For example, higher sensation seekers were found to be more receptive to humorous appeals than lower sensation seekers.²⁹

A study developed a measure of a personality trait, named **need for humor** that is focused on a person's tendency to enjoy, engage, or seek out amusement and suggested that these cognitive factors can better explain how consumers respond to humorous advertisements.³⁰ Another study discovered that ad recall was damaged when the humor was expected, and this adverse effect was more pronounced in individuals with low need for humor.³¹ Humorous ads were found to be more memorable when humor was strong and related to the message.³² Placing product in humorous movie scenes evoked positive emotions.³³

Humor enables marketers to come up with highly creative ads that can sometimes backfire. For example, Ragu pasta came up with a campaign—designed to form emotional attachment to the product—focused not on the utility of the food, but on its ability to soothe embarrassing childhood memories. One ad showed a young boy entering his parents' bedroom as the accompanying jingle said: “Parents in bed, but it’s just 8 o’clock. That’s why they taught you that you should always knock.” The ad then cut to the boy eating a bowl of pasta with sauce and the song concluded, “You need Ragu, ‘cause growin’ up is tough. Give him Ragu, he’s been through enough.” While most consumers found the ad to be creative and funny, some criticized it because of the insinuation of sex.³⁴ The Wing resorts ad in Figure 7.11 uses humor by showing how parents sometimes wish to “cut off” their noisy children from supposedly restful vacations.

Wordplay

Punning (or wordplay) means a humorous “double meaning.” For example, an ad campaign for Moore Paint carried the theme “For those who know more”—with the play on the words “more” and “Moore.” The ads appeared mostly in social media, particularly Facebook, rather than



FIGURE 7.11 A Humorous Appeal: Parents Daydream about Their Children “Disappearing” while Vacationing at Ving Resorts

into smartphones, took users to a website with fictional videos allowing viewers to dress the models.³⁸

There is little doubt that sexual themes have attention-getting value, but studies show that they rarely encourage actual buying. Often, sexual advertising appeals detract consumers from the message content and tend to interfere with message comprehension, particularly when there is substantial information to be processed. Because the visual sexual elements in an ad are more likely to be processed than the ad’s verbal content, the cognitive processing of the product information may be incomplete. In addition, nudity may negatively affect the product message.

Receptivity to sexual appeals varies among consumers. For example, one study identified two psychological constructs that have an impact on consumers’ responses to ads that depict nudity. The first is “sexual self-schema,” which is one’s cognitive view of the self with regard to sexuality. Sexual schemas originate in persons’ past experiences and influence their reactions to sex-related promotional themes. The second is **sensation seeking**, which is the pursuit of novel and exciting sensations and experiences (see Chapter 3). The study discovered that sensation-seeking persons responded favorably to nudity in advertising and that one’s sexual schema played only a modest role.³⁹ Another study indicated that more extroverted people were receptive to sexual appeals and that such appeals should not be used in targeting consumers who are quiet, shy, and reserved.⁴⁰ Clearly, marketers must exercise caution in using nudity because not all consumers will react favorably, and some may even feel alienated or offended.

The type of interest that sexual advertising evokes often stops exactly where it starts—with sex. If a sexually suggestive or explicit illustration is not relevant to the product advertised, it has little effect

traditional media.³⁵ Data from **Starch Ad Readership Studies** (see Chapter 5) showed that consumers are more likely to read ads that employ puns than those that do not.³⁶

Punning can also be used in imagery. For instance, Chuck Norris, a martial arts fighter and actor, lent his name to advertising Era detergent, a value brand priced lower than the premium Tide. The product is advertised as “Chuck Norris approved” with the tagline “a lot of fight for a little dough.”³⁷

Sexual Appeals

There is a lot of sensual advertising in the print media, the airwaves, and online. Advertisers have been provoking attention with nudity and sex, and promotional messages often include a lot of explicit and daring sexual imagery, extending far beyond the traditional product categories of fashion and fragrance into such categories as shampoo, beer, cars, and travel services, among many others.

Online, marketers have used sexual appeals that are highly innovative and much more daring than those in magazines and network TV. For example, Air New Zealand’s safety video on YouTube featured a flight crew that was nude except for body paint applied to mimic uniforms, including neckties on men and scarves on women. Zappos, an online retailer, used a combination of nudity and technology in its campaign. The ads featured naked models in New York City and one ad featured a naked woman riding a Vespa. Other ads showed naked models doing everyday things like jogging, hailing a cab, and playing Frisbee in public. On the Zappos website, viewers were asked to “dress” the naked models with Zappos clothes. Zappos print ads included quick-response codes that, when scanned

Source: Rami Hanafi, Viewmasters

on consumers' buying intentions. This highlights the potential risk of sexually oriented advertising: The advertiser may be giving up persuasiveness to achieve "stopping power." When using sex to promote a product, the advertiser must be sure that the product, the ad, the target audience, and the use of sexual themes and elements all work together. Nevertheless, when sex is relevant to the product, it can be an extremely potent theme. For example, the advertisers of fragrances for either men or women often use highly romantic or suggestive visuals in their ads, implying that use of the fragrance will result in a meaningful or sultry romance.

Timeliness Appeal

During and following the financial crisis of September 2008, many marketers came up with advertising appeals designed specifically for tough economic times. For example, an ad for a health club urged consumers to make "a renewed commitment to lead a healthy life during these challenging times." An ad for a chain restaurant promoting an inexpensive meal used humor by stating: "It's one thing to bail out Wall Street. But who's gonna bail you out?"⁴¹ Other marketers came up with appeals promoting products as affordable and sensible rather than indulgent and fabulous.⁴² An ad campaign for a shopping district consisted of ads that did not suggest products to buy but instead listed fun and upbeat things to do, such as catching snowflakes on one's tongue.⁴³ Finally, some Halloween ads reflected the tough economic times with such appeals as "Incredible savings that are almost scary."⁴⁴ Table 7.1 describes advertising themes used during America's down economy.⁴⁵

TABLE 7.1 Advertising Appeals During Economic Downturn

OBJECTIVE	CAMPAIGN THEME
Restore confidence in banks	Humor: "We love Chase and not just because they have a million dollars."
Make people feel good during down economic times	Happiness: Bank of America: "Bank of opportunity"; Coca Cola: "Open happiness"; Western Union: "Yes"; Ads for a Broadway show promise "a happy moment" during "challenging times" and predict better times ahead.
Attract consumers who became more sensible	Advertising products as affordable and sensible rather than indulgent and fabulous. Not appealing to conspicuousness or status. Avoiding aspirational advertising.
Attract buyers who felt uncomfortable about buying real estate	Initially, an ad for an NYC condo proclaimed it to be "not just an address, it's an attitude," and showed beautiful young people dining out or shooting pool. During the economic downturn, new marketing materials promised "clean styling and attractive pricing," and featured a child reaching for a juice box at a local market and an older gentleman leaving the building with his dog.
"Comfort marketing": Appeal to nostalgia	Bringing back vintage characters, themes, and jingles to evoke past fond memories that make shoppers feel better about buying products. Reassuring consumers who demand value for their money that they are buying products that have stood the test of time.
Encourage consumers who are short on cash to paint and renovate their homes themselves	Selling paint: The marketers chose not to show people painting walls or interiors, because such ads remind people that painting is a mundane chore. Instead, they attempted to position paint as the mind-space of the consumers and appeal to their imaginations and emotions. For example, one ad stated that: "To others, a wall is a canvas, an invitation, a blank slate"; the voiceover continued, to a lush soundtrack: "The right color can turn any wall into so much more."

Sources: Stuart Elliott, "Ads That Soothe When Banks Are Failing," nytimes.com, October 7, 2008; Stuart Elliott, "Down Economic Times Elicit Upbeat Consumers," nytimes.com, March 10, 2009; Vivian Toy, "Goodbye, Glitzy Condo Pitches," nytimes.com, August 20, 2010; Patricia Cohen, "Marketing Broadway: Selling Hope for a Song," nytimes.com, December 10, 2008; Andrew Newman, "Using Appeals to Emotions to Sell Paint," nytimes.com, June 7, 2010; Stuart Elliott, "In New Ads, Stirring Memories of Commercials Past," nytimes.com, January 12, 2012.

Measures of Message Effectiveness

Learning Objective

- 5 To understand how to measure the effectiveness of advertising messages.

Because marketing communications are usually designed to persuade a target audience to act in a desired way (e.g., to purchase a specific brand or product, to vote for a specific candidate), their ultimate test is the receiver's response. Therefore, the sender must obtain feedback as promptly and as accurately as possible. Only through feedback can the sender determine whether and how well the message has been received. **Communication feedback** is an essential component of both interpersonal and impersonal communications because it enables the sender to reinforce or change the message to ensure that it is understood in the intended way.

Compared with impersonal communications in mass media, a key advantage of interpersonal communications is the ability to obtain *immediate* feedback through verbal as well as nonverbal cues. Immediate feedback is the factor that makes personal selling so effective, because it enables the salesperson to tailor the sales pitch to the expressed needs and observed reactions of each prospect. Experienced speakers are very attentive to feedback and constantly modify their presentations based on what they see and hear from the audience. Similarly, immediate feedback in the form of inattention alerts a teacher to jolt a dozing class awake with a deliberately provocative statement such as: "This material will probably be on the next exam."

It has always been very important for sponsors of impersonal communications to obtain feedback as promptly as possible, so that they can revise a message if its meaning is not being received as intended or if the message did not reach (at least in large part) the intended audience. Unlike interpersonal communications feedback, mass communications feedback is rarely direct; instead, it is usually inferred. Senders infer how persuasive their messages are from the resulting action (or inaction) of the targeted audience. Receivers buy (or do not buy) the advertised product; they renew (or do not renew) their magazine subscriptions; they vote (or do not vote) for the political candidate. Another type of feedback that companies seek from mass audiences is the degree of **customer satisfaction** (or dissatisfaction) with a product purchase. They try to discover—and correct as swiftly as possible—any problems with the product in order to retain their brand's image of reliability (e.g., through hotlines and online contacts).

Marketers measure their communications' **persuasion effects**, that is, whether the message was received, understood, and interpreted correctly; and their **sales effects**, that is, whether the messages of a given campaign have generated the sales level defined in the campaign's objectives. In addition, advertisers gauge the **media exposure effects** of their messages by buying data from firms that monitor media audiences (e.g., Nielsen) and conduct audience research to find out which media are read and which television programs are viewed more extensively than others. (see Chapter 8).

The sales effects of mass communications are difficult to assess (although retailers usually can assess the effectiveness of their morning newspaper ads by midday on the basis of sales activity for the advertised product). A widely used method of measuring the sales effects of food and other packaged goods advertising is based on the Universal Product Code (UPC), which is tied to computerized cash registers. Supermarket scanner data can be combined with data from other sources (e.g., media and promotional information) to measure the correlation between advertisements, special promotions, and sales.

Physiological measures track bodily responses to stimuli. For example, *eye tracking* is a method where a camera tracks the movement of the eye across store shelves and gauges the labels or brands to which respondents paid more attention. Another method, *brain wave analysis*, tracks the degree of attention paid to the components of viewed advertisements through monitoring electrical impulses produced by the viewer's brain. *Facial electromyography* (facial EMG) is a technique that tracks the electrical activity and subtle movements of facial muscles so as to gauge the emotions generated by different types of TV commercials.

Attitudinal measures gauge consumers' cognitive responses to messages, including their levels of engagement and involvement with the messages tested. For example, TV programs or commercials are shown in a theater setting and viewers use dials (located in their armrests) to indicate their levels of interest or disinterest in the clips viewed. In self-administered studies, marketers use **semantic differential scales** and **Likert scales** (see Chapter 16) to test ads and find out whether consumers liked the messages and understood them correctly.

Marketers must measure which advertisements are remembered by their target audience(s). In addition to the **recall** and **recognition tests** discussed in Chapter 5 (i.e., the **Starch Ad Readership Study**), researchers use **day-after recall tests** in which viewers of TV shows or listeners to radio broadcasts are interviewed a day after watching or listening to a given program. Participants are asked to describe the commercials they recall. The recall of a commercial and its central theme is evidence of its attention-getting and persuasive power.

Summary

Learning Objective 1: To understand the elements and persuasive capabilities of communication, as well as the barriers to effective communication.

Communication is the transmission of a message from a sender to a receiver via a medium (or channel) of transmission. In addition to four basic components—sender, receiver, medium, and message—the fifth essential component of communication is feedback, which alerts the sender as to whether the intended message was, in fact, received. Senders encode their messages by using words, pictures, symbols, spokespersons, and persuasive appeals, and then the receivers decode them. If the messages are to be persuasive, the receivers must decode them as the senders intended. Communications can be either impersonal or interpersonal. Impersonal communications consist of messages that companies transmit through their marketing departments, advertising or public relations agencies, and spokespersons. The senders of interpersonal communications can be either formal sources (e.g., a salesperson in a physical or virtual retail location) or informal sources (e.g., peers with whom the consumer communicates face-to-face or via electronic means). The key factor underlying the persuasive impact of a personal or interpersonal message received from either a formal or informal source is the extent to which the receiver trusts and believes the source sending the message.

Media are the channels for transmitting communications. Traditional media are the original communications channels that advertisers have used, and are generally classified as print (newspapers, magazines, billboards) and broadcast (radio, television). New media are online channels, social networks, and mobile electronic devices. These media are drastically more advanced than traditional media because they allow marketers to send personalized messages to individual consumers who can respond to the messages immediately.

The two most important barriers that affect the accuracy with which consumers interpret messages are selective exposure and psychological noise. Selective exposure refers to consumers' selectivity in paying attention to advertising messages. Psychological noise, in the form of competing advertising messages or distracting thoughts, can affect the reception of a promotional message.

Learning Objective 2: To understand the distinctions between broadcasting and narrowcasting.

The term traditional media is synonymous with broadcast media (or mass media) and consists of channels where all receivers get the same one-way messages from marketers (i.e., they cannot send direct responses to the source of the messages). New media are channels of narrowcasting, defined as channels that permit marketers to send addressable, customized messages, based on data gathered from tracing consumers' surfing and clicks online, in combination with other information, to either small groups or individual consumers. Addressable advertising consists of customized messages sent to particular consumers. These messages are based mostly on the consumers' prior shopping behavior, which marketers have observed and analyzed.

Learning Objective 3: To understand how to design persuasive messages effectively.

Some of the decisions that marketers must make in designing a message include selecting images, creating advertising copy, using positive or negative message framing, choosing between one-sided or two-sided messages, and determining the order of presentation. Messages that depict images are often more effective than those with text only. Positive message framing stresses the benefits to be gained by using a specific product. Negative message framing stresses the benefits to be lost by not using the product. A one-sided message pretends that the product advertised is the only one in existence. Two-sided messages acknowledge competing products. The primacy effect indicates that material presented first is more noticeable and persuasive than subsequent materials. The recency effect holds that the material presented last is more noticeable and persuasive than preceding materials.

Learning Objective 4: To understand the effectiveness and limitations of prominent advertising appeals.

Marketers have many options to choose from when selecting promotional appeals, but the ones most widely used are comparative advertising, humor, fear or sexual appeals, and well-timed ads. Comparative advertising is a very common marketing strategy in which a marketer claims product superiority for its brand over one or more explicitly named or implicitly identified competitors, either on an overall basis or on selected product attributes. Though some critics of the technique maintain that comparative ads often assist recall of the competitor's brand at the expense of the advertised brand, the wide use of comparative advertising indicates that marketers are confident that comparative ads exert positive effects on brand attitudes, purchase intentions, and actual purchases. Fear is an effective appeal often used in marketing communications. Some researchers have found a negative relationship between the intensity of fear appeals and their ability to persuade, in that strong fear appeals tend to be less effective than mild fear appeals.

Humor is the most widely used approach because many marketers believe that humor will increase the persuasiveness of their communications. Humor attracts attention, enhances liking of the product advertised, and also enhances consumer comprehension of the ads. Humor that is relevant to the product is more effective than humor unrelated to the product. Humor is more effective in ads of existing products than in ads of new products, and more effective in targeting consumers who already have a positive attitude toward the product. Punning is wordplay, often consisting of a humorous double meaning.

Sexual appeals have attention-getting value, but studies show that they rarely encourage actual consumption behavior. Often, sexual advertising appeals detract from the message content and tend to interfere with message comprehension, particularly when there is substantial information to be processed. When using sex to promote a product, the advertiser must be sure that the product, the ad, the target audience, and the use of sexual themes and elements all work together. Timely appeals are exemplified by the many ads that appeared during and following the financial crisis of September 2008, which contained messages designed specifically for tough economic times.

Learning Objective 5: To understand how to measure the effectiveness of advertising messages.

Marketers measure their communications' persuasion effects (whether the message was received, understood, and interpreted correctly) and their sales effects (whether the messages of a given campaign have generated the sales level defined in the campaign objectives). Advertisers also gauge the exposure and persuasion effects of their messages by buying data from firms that monitor media audiences and conduct audience research to find out which media are read, which television programs are viewed, and which advertisements are remembered by their target audience(s).

Physiological measures track bodily responses to stimuli. Attitudinal measures gauge consumers' cognitive responses to messages, including their levels of engagement and involvement with the messages tested. Semantic differential and Likert scales are used in testing ad copy to assess whether respondents like the message, understand it correctly, and regard it as effective and persuasive. Researchers also use day-after recall tests, in which viewers of TV shows or listeners to radio broadcasts are interviewed a day after watching or listening to a given program and asked to describe the commercials they recall.

Review and Discussion Questions

- 7.1. Explain the differences between feedback from interpersonal communications and feedback from impersonal communications. How can the marketer obtain and use each kind of feedback?
- 7.2. List and discuss the effects of psychological noise on the communications process. What strategies can a marketer use to overcome psychological noise?
- 7.3. Discuss the strategic differences between traditional media channels and new media.
- 7.4. Compare broadcasting and narrowcasting and explain why are marketers moving away from using broadcasting and into narrowcasting and addressable marketing.
- 7.5. How can marketers construct and transmit addressable ads? Illustrate with a promotion of a product or service of your choice.
- 7.6. Should marketers use more verbal copy than artwork in print ads? Explain your answer.
- 7.7. For what kinds of audiences would you consider using comparative advertising? Why?
- 7.8. What are the advantages and disadvantages of using humor in advertising?
- 7.9. Why must marketers use fear appeals in advertising cautiously? How can they do so?
- 7.10. Do sexual appeals work better than other appeals? Explain your answer and illustrate with examples.
- 7.11. How is communications feedback related to the measurement of persuasion and sales effects?
- 7.12. A marketer of a new car model launched through commercials during the Super Bowl intends to use attitudinal measures, as well as day-after recall tests, to estimate the commercials' effectiveness. How should the company do so?

Hands-on Assignments

- 7.13. Find two print advertisements: One illustrating a one-sided message and the other a two-sided message. Which of the measures discussed in this chapter would you use to evaluate the effectiveness of each ad? Explain your answers.
- 7.14. Find print ads using each of the following advertising appeals: Fear, sex, and humor. Discuss their effectiveness and persuasive value in class.
- 7.15. Watch an hour-long TV program and its commercials, without writing any notes. A day later, list all the commercials you can recall seeing. For each commercial, identify: (a) The message framing approach used, and (b) Whether the message was one-sided or two-sided. Discuss what you had remembered in the context of selective exposure and psychological noise.

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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