

GLOBAL
EDITION



Consumer Behavior

TWELFTH EDITION

Leon G. Schiffman
Joe Wisenblit



Consumer Behavior

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Twelfth Edition

Global Edition

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Dana and Bradley Sherman; Melissa and Rob Slominsky; and Allison, Noah,
Reid, Jordyn, Emily, Blake, and Grey.

Leon Schiffman

To my niece, Maya, and nephews Daniel, Eli, and Saul Wegerzyn.

Joe Wisenblit

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Preface

New to This Edition

Following is a list of the significant chapter-by-chapter updates to the 12th edition of the text:

Chapter 1: Consumer Behavior and Technology

- Technology enriches the value exchange between consumers and marketers
- More sophisticated consumers and flexible buying channels and pricing
- Customized advertising and targeting
- Interactive communications
- New media and optimal targeting
- Stronger customer retention

Chapter 2: Market Segmentation and Real-Time Bidding

- Targeting impressions optimizes marketers' resources
- Predictive analytics and behavioral biometrics
- Ad exchanges and the application programming interface
- The dynamics of real-time bidding
- Cross-channel campaigns

Chapter 3: Consumer Motivation and Personality

- Technology serves consumers' needs
- Technology reshapes some needs
- New section on the impact of hidden motives
- Expanded narrative about personality traits

Chapter 4: Consumer Perception and Positioning

- Technology enables astute positioning
- Perceptions of social media
- Discerning more complex perceptions
- Technology and perceived risk

Chapter 5: Consumer Learning

- Technology and decision-making
- More complex information processing
- Involvement and customized messages
- Increasingly diverse measures of brand loyalty

Chapter 6: Consumer Attitude Formation and Change

- Multi-attribute attitude models and advanced media
- Social media and attitude formation
- Customized communications and changing attitudes
- Enhanced discussion of attribution theory

Chapter 7: Persuading Consumers

- Source credibility and social media
- New media and communication feedback
- The growing impact of time-shifted viewing
- Addressable, customized, and interactive advertising
- Reshaping measures of communication effectiveness

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

- Consumer engagement and social media
- Advertising goals in employing social media
- Promotional strategies in mobile marketing
- Forms of social media
- Web-search, display, and mobile ads
- Google’s “organic results” and “sponsored space”
- Consumers’ permissions for apps’ information gathering
- Effective social media campaigns
- Consumers and mobile media
- Measuring the effectiveness of advertising in new media
- Analyzing website visits
- Gauging influence within social networks
- Google Analytics
- Traditional media’s electronic evolution

Chapter 9: Reference Groups and Communities, Opinion Leaders, and Word-of-Mouth

- Word-of-mouth in social networks and brand communities
- Klout scores
- Weblogging and tweeting
- Buzz agents and viral marketing
- Managing negative rumors online
- The impact of more astute word-of-mouth on marketing new products
- The changing dynamics of opinion leadership

Chapter 10: The Family and Its Social Standing

- Parental styles and children’s media exposure
- Family decision-making and more diverse sources of information
- The impact of multiple screens on consumer socialization
- Enriched depictions of America’s social classes

Chapter 11: Cultural Values and Consumer Behavior

- The Rokeach typology and illustrative promotional themes
- Gordon's Survey of Personal and Interpersonal Values
- How new media reshapes cultural values

Chapter 12: Subcultures and Consumer Behavior

- Multicultural consumers
- Generational patterns of adopting and utilizing technology
- Ethnicity, social media, and internet utilization

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

- Expanded measures of cross-cultural dimensions
- New narrative describing linguistic and legal barriers in global marketing
- Technology and social media in overseas markets

Chapter 14: Consumer Decision-Making and Diffusion of Innovations

- Streamlined narrative about decision-making
- Technology and diffusion of innovations

Chapter 15: Marketers' Ethics and Social Responsibility

- The alarming breakdown and violation of consumers' privacy
- The disregard for consumer privacy by data brokers such as Acxiom
- Disregard for ethics by online giants—Google and Facebook
- Customized messages that encourage irresponsible buying
- More aggressive manipulation of children by advertisers
- Blunt violations of privacy, such as facial recognition and location targeting

Chapter 16: Consumer Research

- Technology enhances consumer research

2

Market Segmentation
and Real-Time Bidding

Chapter

Learning Objectives

- 2.1 To understand how to segment markets along demographics, lifestyles, product benefits and usage, and media exposure.
- 2.2 To understand how to identify, select, and reach target markets.
- 2.3 To understand real-time bidding as compared with market segmentation.

MARKET SEGMENTATION is dividing target markets into subsets of consumers with shared needs that are different from those shared by other groups. After dividing the market into distinct groups, the marketer can then develop products, services, and reachables, as well as feasibly targetable within its objectives and resources. **Product positioning** is the process by which a company creates a unique image and identity for its products, services, and brands in consumers' minds; **product repositioning** means changing and "refreshing" a brand's portrayal. The image communicates the company's offering from competition by communicating to the consumer what the product, service, or brand fulfills their needs better than alternatives. This chapter describes segmentation and targeting; position is covered in Chapter 3. Following the discussion of segmentation and targeting, this chapter describes real-time bidding—that is, reaching individual customers rather than large segments.

One method of targeting consumers is based on user location. In Figure 2.1, the marketer of Mack's Earplugs employs **usage-exclusion segmentation** by appealing to young adults who travel to beaches during spring break.

Segmentation based on demographics is the primary strategy of marketers. Millennials (ages 18 to 34) are the second-largest age group, after the baby boomers, and targeted by most marketers who diligently monitor values and lifestyles (discussed in Chapter 12). Spontex, a brand of cleaning products including deodorants and antiperspirants, shampoos, body washes, and soaps—was launched in 1937 and owned by Procter & Gamble (P&G). A recent study indicated that the brand appealed mostly to older consumers, who were perceived as unexciting, so P&G decided to reposition it with a new promotional campaign. The ads featured a young woman—a TV actress—saying the slogan, "The Man You Haven't Could Smell Like." By selecting an Arab American, the company shrewdly recognized millennials' penchant for diversity, and the ad's motif reflects their fondness for dramatic and "cool" expressions.



Solving Teaching and Learning Challenges

Our guiding principle in writing this book is to capture the impact of consumer behavior on the marketer's ability to learn more about customers' purchases in order to plan, develop, and implement a strategy with greater precision. For nearly one hundred years, marketers purchased advertising space within information and entertainment content produced by print and broadcast media. In the past, marketers used the media's audience profiles in deciding where to place "one size fits all" ads. Today, dynamic ad servers customize ads based on consumers' browsing online and other data, and marketers closely monitor consumers' contacts and discussions on the internet. Marketers that once purchased advertising space in selected magazines and TV sitcoms now purchase space for their messages through ad exchanges and use predictive analytics that assess the effectiveness of their ads. Instead of targeting large segments, marketers are bidding on impression, which enables them to use their resources most effectively via real-time bidding.

Other forms of reaching consumers include native advertising, cross-channel marketing campaigns, consumer-generated advertising, and new media platforms, such as mobile and app advertising. Nevertheless, the loss of privacy has become a key social concern, and we have analyzed this matter and other ethical issues—such as the impact of extensive viewing of screens on children—in our chapter on social responsibility.

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. 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.

Finally, in its first edition, this book was the first one ever to use print ads as illustrations of consumer behavior—which has been imitated by most marketing textbooks—and this edition includes scores of new ads.

Conceptually, the book is divided into five parts: Consumers, Marketers, and Technology, The Consumer as an Individual, Communication and Consumer Behavior, Consumers in their Social and Cultural Settings, and Consumer Decision-Making, Marketing Ethics, and Consumer Research. Each part aims to develop a better understanding of the following key learning areas:

- Influence of new technologies and online practices
- Impact of psychological factors on consumer behavior
- Role of communication and persuasion
- Examines consumers in their social and cultural settings
- Discusses consumer decision-making and marketing ethics

The following is a brief overview of each part.

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.

PART II: THE CONSUMER AS AN INDIVIDUAL

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.

PART III: COMMUNICATION AND CONSUMER BEHAVIOR

Chapter 7 covers the elements of communication and overcoming barriers to effective communication. 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.

PART IV: 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 to customize products and promotions in global markets.

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 discusses 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.

Developing Employability Skills

For students to succeed in a rapidly changing job market, they should be aware of their career options and how to go about developing a variety of skills. In this book, we focus on developing skills and prepare ourselves to work in the field of brand management, advertising, and consumer research. These are fields discussed in Chapter 1 of this book.

Instructor Teaching Resources

This text comes with the following teaching resources.

Supplements available to instructors at www.pearsonglobaleditions.com	Features of the Supplement
Instructor's Manual	<ul style="list-style-type: none">• Chapter summary• Chapter outline• Answers to all end-of-chapter questions• Additional activities• Homework assignments
Test Bank	<p>Over 1,600 true/false, multiple choice, and short answer questions with these annotations:</p> <ul style="list-style-type: none">• Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis)• Learning objective• Skill• AACSB learning standard (Reflective Thinking and Application of Knowledge)
TestGen® Computerized Test Bank	TestGen allows instructors to: <ul style="list-style-type: none">• Customize, save, and generate classroom tests• Edit, add, or delete questions from the Test Item Files• Analyze test results• Organize a database of tests and student results
PowerPoint Presentations	<ul style="list-style-type: none">• Slides include graphs, tables, and ads from the textbook.• PowerPoints meet accessibility standards for students with disabilities. Features include, but are not limited to:<ul style="list-style-type: none">* Keyboard and Screen Reader access* Alternative text for images* High color contrast between background and foreground colors

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Dr. Wisenblit's landmark framework on integrating technology into the marketing curriculum, published in the *Journal of Marketing Education*, received an outstanding article award and has remained one of marketing's most widely cited pedagogical works. Presently, his research is focused on targeting children on the internet and via mobile devices, including the impact of parental styles and children's responses to mobile gaming apps developed by marketers. He is also completing an MFA in creative writing at Columbia University and writing fiction and nonfiction for children and young adults.

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Consumer Behavior

1

Consumer Behavior and Technology

Learning Objectives

- 1.1 To understand the evolution of the marketing concept, what consumer behavior is, and the components of strategic marketing.
- 1.2 To understand how technology has benefited both marketers and consumers.
- 1.3 To understand providing value and satisfaction and how technology has enhanced customer loyalty and retention.
- 1.4 To understand marketers' social and ethical responsibilities.
- 1.5 To understand consumer decision-making as the foundation of this book.
- 1.6 To explain how the knowledge of consumer behavior advances seeking employment after graduation.

MARKETING is the activity, set of institutions, and processes for creating, communicating, and delivering offerings that have value for customers, clients, partners, and society.

Consumer behavior is the study of consumers' choices during searching, evaluating, purchasing, and using products and services that they believe would satisfy their needs.

Marketers uncover consumer desires that are unmet, or only partially satisfied by the products available, and create and promote superior offerings. Consumer behavior explains how people decide to spend their money, time, and effort on goods that marketers offer for sale and describes which products and brands consumers select and why, when, and where they purchase them.

The car ad in Figure 1.1 reflects Porsche's understanding of their customers' needs. People buy cars because they **need** personal transportation, but the **types** of cars they purchase reflect their psychological and sociological characteristics and lifestyles, including financial resources. The tagline in the Porsche Boxster ad in Figure 1.1 states that, "**unfulfilled dreams cost a lot more,**" and urges buyers to "**fulfill their dreams rather than deny them.**" Recognizing that many daydream about buying the top-of-the-line and exceptionally engineered Porsche but might feel conflicted because of its high price, the ad states that, "**It is expensive to fulfill one's dreams, but it is worth the expense.**" The ad also reinforces the decisions of consumers who had purchased the car: "**Of all the emotions you can expect while driving a Boxster, regret**

FIGURE 1.1

Porsche: “Unfulfilled Dreams Cost a Lot More”

marketing

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

The study of consumers' actions during searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.

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 INTEGRATED PERFORMANCE

PORSCHE

Source: Dr. Ing. h.c. F. Porsche AG is the owner of numerous trademarks, both registered and unregistered, including without limitation the Porsche Crest®, Porsche®, Boxster®, and the model numbers and distinctive shapes of Porsche automobiles. Used with permission of Porsche Cars North America, Inc. and Dr. Ing. h.c. F. Porsche AG.

“will never be one of them,” and ends with Porsche’s classic tagline: **“Porsche. There is no substitute.”**

While Porsche appeals to fulfilling a dream, an advertising campaign for the Scion’s sporty car—which also appeals to young adults—features such slogans as **Stand with Us by Standing Out, Make an Impression by Breaking the Mold**, and **Be an Icon Not an Imitation**.

The prices of the two cars are far apart and the two brands target different consumer groups. Porsche tells consumers that, although the car is very pricey, it is worth the price. The much more affordable Scion also targets young people, but by appealing to drivers who want to stand out and appear distinctive from others. Nevertheless, both ads appeal to unfilled needs and demonstrate marketers’ grasp of car buyers’ mindsets.

It is hard to understand consumer behavior because it often defies logic and common sense. For example, one study discovered that consumers would order the **least healthy** food when there was a **healthy** choice on the menu: More consumers ordered French fries when the menu included a green salad, because the

mere presence of a healthy option “licensed” eating unhealthy food. Similarly, when shown a burger alone, on average, consumers guessed that it provided 734 calories. But, when the same burger appeared alongside three celery sticks, the average guess dropped to 619. Similarly, in an experiment, half the subjects took a pill which they were told was a placebo (which it was), while the other half were told that it was a multivitamin. Those who thought they had consumed a vitamin pill consistently chose less healthy options. Thus, consumers who had dropped kale into their shopping carts were more likely to head next to the ice cream or beer sections because buying “virtuous” products tempted and justified purchasing items considered to be “vices.”¹

Our textbook explains such purchases by providing readers with an understanding of how and why consumers make decisions based on other factors than facts and rationality, and how marketers can target consumers more effectively if they study consumer behavior.

This chapter begins with the evolution of the marketing concept, marketing strategies for satisfying

consumers' needs, and socially responsible marketing. Next, it describes how the internet and new technologies have been benefiting marketers and consumers alike. We describe the interrelationships among customer value, satisfaction, and retention, and designing more effective retention strategies by using technology.

Finally, we explain how psychology, sociology, anthropology, communications, and business ethics shape consumers' purchase decisions, and how these disciplines are the foundations of this book.

The Marketing Concept

Learning Objective

- 1.1** To understand the evolution of the marketing concept, what is consumer behavior is, and the components of strategic marketing.

marketing concept

The premise that marketing consists of satisfying consumers' needs, creating value, and retaining customers, and that companies must produce only those goods that they have already determined would satisfy consumer needs and meet organizational goals.

The core principle of the **marketing concept** maintains that marketers must satisfy consumer needs effectively by making only those products that consumers are likely to buy. For example, the ad in Figure 1.2 appeals to young couples who wish to wear nearly identical but also customized shoes. Following the marketing concept, the ad entices the young by gratifying their desires for affection and uniqueness. Marketing-oriented companies are those that do not try to persuade consumers to buy what the firm had already produced; instead, they make only products that satisfy consumers' needs and aim to convert first-time buyers into long-term loyal customers.

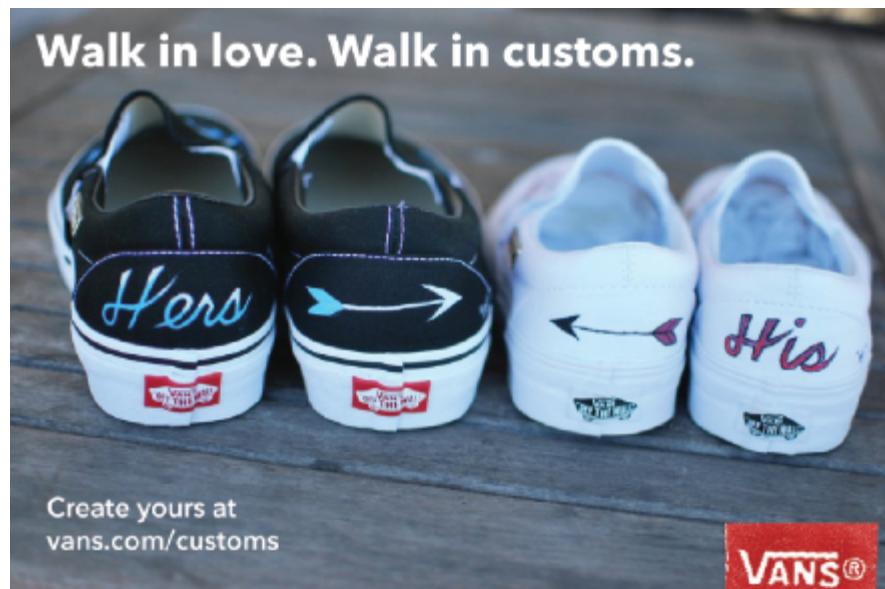
The marketing concept emerged in 1960s and replaced prior business approaches for making and selling products.

The **production concept**—conceived by Henry Ford—stated that companies must make inexpensive cars, produced uniformly, and at the lowest possible costs. In 1913, Ford introduced the assembly line, which enabled him to produce good-quality and affordable cars. In 1916, Ford offered the Model T for \$360 and quickly sold every car he had produced. Until then, cars were expensively assembled by hand and very few people could afford them. When Ford introduced the Model T, demand exceeded supply because buyers eagerly bought the first affordable automobiles ever made. Knowing that he would sell as many cars as he could make, Ford supposedly stated that, “*consumers can have cars in any color they want as long as it's black.*”

Ford's dominance of the automobile market was short-lived, even though his innovative production system fueled a rapidly growing demand for cars. In 1923, Alfred Sloan became the leader of General Motors—a company that included car makers that had not been profitable because they produced assorted models without finding out in advance whether or not they were meeting buyers' needs. While Ford remained focused only on

FIGURE 1.2

An Illustration of the Marketing Concept



Source: Vans, a VF Company

producing reasonably priced cars and ignored consumers' preferences, Sloan stated that, "*the best way to serve the customer is the way the customer wants to be served,*" and in 1924, he created the *family of cars—automobiles for every purse and purpose*. While Henry Ford ignored customers' diverse needs, Alfred Sloan understood that all consumers are *not* alike: firms must study consumers' diverse needs and satisfy the desires of specific customer segments.²

Some companies mistakenly assumed that satisfying consumers' needs meant marketing products that *offer* the most features—a premise termed the **product concept**—and ignored buyers who would rather buy simpler and easier-to-use products.

Focusing exclusively on adding features results in **marketing myopia**, which means *centering* on the **product itself** rather than the *need it is designed to fulfill*. This short-sighted (or myopic) approach applies to companies that ignore consumer needs and *look in the mirror rather than through the window*. For example, Apple's software was licensed to be installed *only* on Mac computers. Thus, Mac owners could not share their pictures and other content with the owners of non-Macs because Apple ignored consumers' needs to be able to share their materials with others. In contrast, Microsoft licensed DOS (disk operating system) to all computer manufacturers, which enabled consumers to purchase hardware and software separately rather than combined. Although DOS was harder to use and less efficient than Apple's operating system, most consumers bought DOS. Apple became an insignificant entity for a long time because it mistakenly focused only on its product and lost sight of consumers' wants.

Before the development of marketing focused on consumers, many companies had followed the **selling concept**—a premise that companies should sell what they had already made instead of making only those products they could sell. Sellers assumed that consumers would buy their products only if aggressively persuaded to do so (i.e., hard sell), and did not realize that people who were pressured to buy mostly low-quality offerings will not buy them again. Additionally, most unhappy buyers share their dissatisfaction with other consumers, dissuading them from dealing with aggressive salespeople.

MARKET SEGMENTATION, TARGETING, AND POSITIONING

Satisfying consumer needs consists of recognizing the diversity of consumers and their desires. Humans share identical *biological* needs such as nourishment, air, water, and shelter, but they develop *psychological* needs shaped by upbringing, culture, social stratum, financial resources, and education.

Market segmentation is dividing a market into subsets of consumers with common needs or characteristics. It identifies groups with shared needs that are distinctly different from those of other consumers termed **market segments**. **Targeting** is selecting the segments that the company views as prospective customers and pursuing them with distinct offerings. **Positioning** takes place when 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 that of the competition by stressing the product's unique benefits in promotional appeals and persuading the targeted consumers that the product fulfills their specific needs. Because there are many similar products in almost any marketplace, effective positioning is essential. 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.

Segmentation, targeting, and positioning are implemented across the four components of the **marketing mix (the four Ps)**:

1. **Product or service:** The features, designs, brands, and packaging, along with post-purchase benefits such as warranties and return policies
2. **Price:** The list price, 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 that develop product awareness and demand

marketing myopia

A focus on the product rather than on the needs it presumes to satisfy.

market segmentation

The process of dividing a market into subsets of consumers with common needs or characteristics. Each subset represents a consumer group with shared needs that are different from those shared by other groups.

positioning

The process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds. The image differentiates the company's offering from competition by communicating to the target audience that the product, service, or brand fulfills the target consumers' needs better than alternatives.

marketing mix (four Ps)

The component of the business plan that includes four elements: the product (or service), price, place (or distribution), and promotion.

Technology Benefits Consumers and Marketers

Learning Objective

- 1.2 To understand how technology has benefited both marketers and consumers.

Technological innovations have transformed consumer behavior and marketers' selection and targeting of potential customers. For example, traditional advertising is a one-way process where marketers pay large sums of money to reach large numbers of potential buyers via mass media, and can assess whether promotional messages were effective only after the fact, by looking at sales and post-purchase 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 after receiving ads while online. Thus, marketers can gauge the effectiveness of their promotional messages instantly, instead of relying on delayed feedback.

In response to questions about increasing brand shares, many marketing executives cited the following plans: improving digital sites, increasing social media activity, and switching resources from traditional to digital media.³

THE VALUE EXCHANGE

Let's 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 lodging listed at the top of the list. You tap the call button and request a room. And just like that, Google made money. That button you had pressed was a *click-to-call ad*, and the hotel paid Google for it when you called, whether or not you booked a room.

Nevertheless, when you used your phone, it revealed who you are and your location. When consumers use their computers, mobile phones, electronic readers, tablets, and other electronic gadgets, they provide marketers with detailed data that enables companies to target them immeasurably more effectively than during the pre-internet days. Thus, technologies create a *value exchange*. Marketers provide value to consumers by giving them the means to shop more efficiently, become better informed, buy customized products, and have access to entertainment and information. But consumers pay for the seemingly free content by revealing themselves and giving marketers virtually unlimited information about themselves.

For example, at Amazon, buyers find books instantly, read sample pages and reviews posted by other readers, and begin reading books within minutes after placing their orders, as opposed to visiting a physical store, picking up a heavy paper copy, standing in line to pay, and then carrying the book home. When consumers visit Amazon's website, the company records every aspect of their visits—the books, the sample pages and reviews they examined, and how long they stayed at the site. Amazon builds long-term relationships with customers by offering individual recommendations and also participates in information exchange networks that enable marketers to place ads that follow consumers online with ads for products that presumably match their past shopping patterns.

Advertisers are offering more and more original content online because viewers are watching programs on mobile phones and tablets, and the lines between traditional television and internet video have become blurred. Advertisers are also shifting dollars from traditional display advertising to sites such as 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.⁴

LOWER PRICES, MORE INFORMATION, AND CUSTOMIZED PRODUCTS

Increasingly, consumers have been relying on information from websites and purchasing daily-use products—such as apparel—digitally. Nevertheless, even with the abundance of digital devices, during a 6-month span, 82 percent of apparel shoppers bought their clothes

in physical stores.⁵ Additionally, many shoppers who had ordered online chose to pick up these orders in stores rather than have them delivered to their homes. For example, Amazon enables consumers to pick up ordered books in physical bookstores. The main reason for returning products to stores has been getting a refund right away and looking around the store for replacing the items returned. Regardless of whether the item was ordered online or purchased at a store, studies indicate that social media have significantly influenced choices, and comparing products online was the primary source of information in making purchase decisions.⁶ Additionally, online shoppers are more frugal and fewer buy on impulse.⁷ Furthermore, since consumers can easily track prices on their smartphones and other devices, they know they have the upper hand over retailers and more likely to haggle over prices.⁸

Technology created sophisticated and discerning consumers who are hard to attract, satisfy, and retain. But, it has also enabled forming more refined targeting: marketers can now customize their offerings and promotional messages, offer more effective pricing and shorter distribution channels, and build long-term relationships with customers more easily. They can also identify opportunities for creating new offerings, improve and extend existing products, and gather detailed consumer data by online tracking and combining it with demographic and lifestyle data gathered offline.

Online, consumers can often pay less by bidding on products, bypassing traditional distribution outlets and middlemen, and shopping around the globe and around the clock. They can also compare the features of various product models and engage in social networking with other consumers who share the same interests and provide information and advice about products and services. And, while browsing inside stores, consumers often use their mobile phones to check out the prices of comparable products in other stores. This practice has forced stores such as Target to match the online prices of rival retailers.⁹ Apple unveiled a digital bookstore that would reduce the prices of high school textbooks by almost 90%.¹⁰

Increasingly, marketers have been offering personalized products. Consider these examples:

1. To boost sales, Barnes & Noble launched an online program allowing parents to personalize books by inserting the names and photos of their children and making them characters in stories.
2. Nike enables its customers to change their preferred Nike footwear to suit their personal tastes. The online service NikeiD allows adjustments to be made to the look and feel of different shoe components like the outsole and laces. In addition to this, Nike is looking to take the customization trend to the next level, using augmented reality in selected stores to make personalization a live and interactive experience.¹¹
3. One women's clothing retailer sends customers boxes of clothes that are selected by a combination of personal stylists, data collected online, and information from other sources. There is also a high-end personal stylist service for men. Customers work directly with a stylist who takes their measurements, discusses style options, and then chooses a personalized box of clothing.
4. A digital tailor makes custom shirts for men. Customers use an iPhone or iPad camera to allow the tailor to take measurements digitally, and then customize shirts by collar, cuff, and fabric, as well as determine whether the customer wants to wear the shirt tucked or untucked.
5. At a company that makes custom-fit bras, new customers fill out a detailed questionnaire and are categorized into one of several fit types. The site displays items customized for that type and customers can order a box of up to four bras to try on at home, with free returns.¹²
6. At CVS Pharmacy, customers who belong to the chain's loyalty program receive offers and discounts on items based on past purchases.¹³ As another example, CVS

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.

7. Grocers such as 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 suggest 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 indicate 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.
8. 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.¹⁴
9. Stores have been developing devices that personalize in-store shopping. 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).¹⁵

Realizing that sooner or later electronic systems will replace cash and credit cards, several retailers have been developing mobile-payment systems to compete with similar products from Google and cell-phone companies.¹⁶ Many online merchants now offer an “automatic recurring shipment” feature, which appeals to shoppers who like to order habitually needed products, such as paper goods and personal care products, online. The company BLACKSOCKS offers “sockscriptions,” or subscriptions for socks, on an international level. Subscribers to this service automatically receive three pairs of their chosen socks delivered at regular intervals to their doorstep, saving them the hassle of shopping for this everyday product.¹⁷

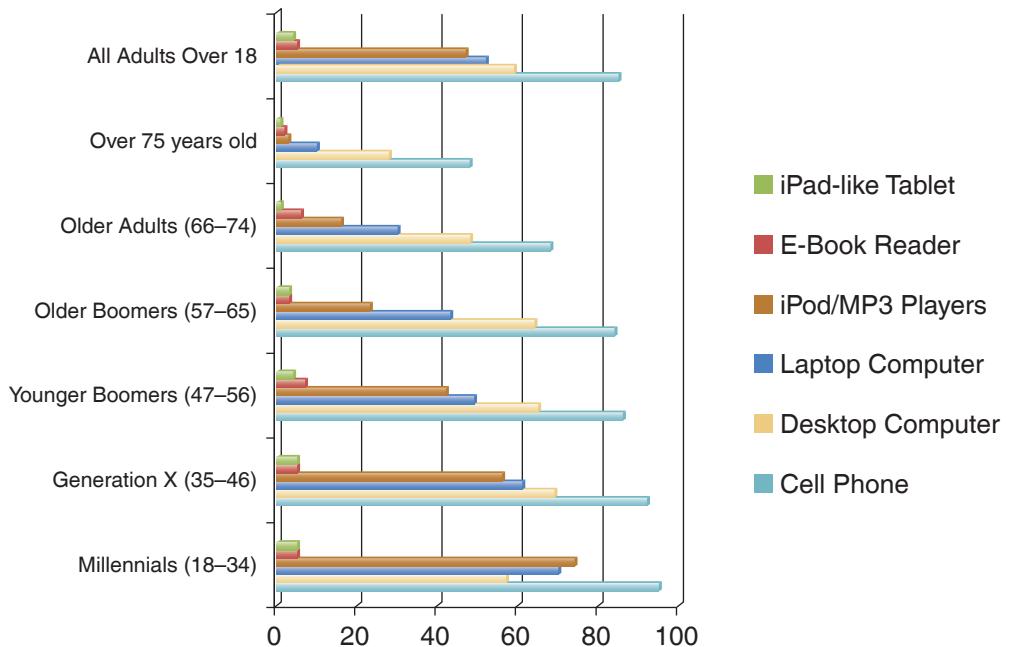
When consumers compare products online, they look at the features and attributes of various models and brands side-by-side. For example, when comparing digital cameras, the most prominent evaluative attributes include the lens, screen, megapixels, light sensor, weight, and photo editing capabilities. 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.

The internet drastically improved consumers' access to the information they need when they buy products for the first time or replace them, and simultaneously has enabled marketers to gather more precise data about consumers by *observing* shoppers rather than relying on their *responses* to post-purchase surveys. 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.

Although many mistakenly assumed that the internet is for the young, consumers of all ages have been buying online and using technology, as illustrated in Figure 1.3 and Figure 1.4.¹⁸

FIGURE 1.3

The Ownership of Technological Gadgets across Age Groups (percentages)

**FIGURE 1.4**

Americans' Most Prominent Online Activities (percentages)



MORE PRECISE TARGETING

Online data enable data brokers and marketers to exchange information and allow data aggregators to track who is interested in what through “cookies” (invisible bits of code stored on webpages). When someone does a search, for example, 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. Then Hilton bids on the price, competing against other advertisers wishing to buy the same cookies.¹⁹ 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.

Marketers can optimize their resources by targeting individual consumers instead of large segments. Traditionally, advertisers spent huge budgets to craft their campaigns, then refined them over weeks or months until they found just the right messages that would effectively persuade their customers. Tailored ads are more powerful because they allow advertisers to zero in on users that have already shown interest in their products. For example, a hotel can nudge into action Twitter users that have visited its website or joined its email-subscriber list.

Advertisers are watching social networks to see what topics are getting the most attention, and putting together blog posts, tweets, and videos that match those themes in order to increase brand awareness and relevance to consumers. Then, if one topic isn't getting attention anymore, the companies can drop it without much fuss, and switch gears quickly to follow the next hot discussion. Traditionally, movie studios relied on prestigious critics at elite publications who had large followings among audiences. Increasingly, studio executives have become interested in data from websites (e.g., Rotten Tomatoes) that average hundreds of reviews into single scores between 1 and 100, and many realized that individual reviews matter primarily to a small group of older moviegoers.²⁰

Digital TV allows advertisers to target households and individuals more effectively than analog TV. For example, since many cable boxes set on top of TV sets have become two-way communications—transmitting content to households and also collecting information about their viewing patterns—marketers can vary their advertisements by combining these data with other, easily collected information about consumers (see Chapter 2). Thus, two households in New York in next-door apartments could be watching the same program but see different ads: in one apartment, a couple who been contributing to environmental causes and have no children would see an ad for a compact car. Their next-door neighbors—a couple with two children and a weekend home—would see an ad for a sport utility vehicle.

Marketers can also target consumers online at specific moments. Companies that buy and sell online advertising are increasingly targeting people based on what they are doing on their mobile devices at a particular time. Consumers moving house are an important target group for energy providers, as relocating represents an opportunity for switching suppliers. Origin Energy, an Australian energy company, wanted to track down these consumers early on in their decision-making process to gain a competitive advantage. Therefore, they used YouTube's "life events targeting," which analyzes people's search history to anticipate what they are likely to look for in future. Signals like people searching for tips on how to pack dishes were used as indicators to address such customers with corresponding company videos and ads.²¹ Campari targeted liquor consumers ages 21 to 34 while they were in neighborhoods with lots of bars and restaurants. Promotional ads inserted into mobile apps offered consumers \$5 off from the price of a ride-sharing service, and more than 20 percent redeemed the offer. Since consumers carry phones nearly all the time, marketers track and influence what they buy using global positioning system (GPS) navigation that provides precise location data, and some use sensors indicating if people are sitting, walking, or driving.²² Selfies have become a prominent source of data about consumer habits. For example, monitoring selfies, a Crest toothpaste marketer discovered a huge spike in brushing from 4 to 6 p.m., probably tied to a desire for happy-hour fresh breath—an important data discovery for deciding when to launch social media promotions.²³

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 items. 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 online service to train staff, do online scheduling, and provide internal discussion forums.²⁴

INTERACTIVE COMMUNICATIONS

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. The company 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, companies can gauge the effectiveness of their promotional messages instantly, instead of relying on delayed feedback (see Chapter 7). In addition, two-way cable boxes 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 shoppers' purchases and instantly provide personalized coupons at the checkout counter.

Interactivity also enables promotional messages designed by the customers themselves. For one Super Bowl, rather than relying solely on traditional ad creators, some marketers asked consumers to play a part in creating or choosing that year's big-game commercials. For example, 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. Samsung's television ad mocking Apple's iPhone incorporated consumer comments from Twitter into its pitch. The spot shows people talking about different features of the new iPhone as they wait in line for an Apple store to open. One of the customers says, "I heard that you have to have an adapter to use the dock on the new one." Another young man chimes in, "Yeah, yeah, but they make the coolest adapters."²⁵ 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.²⁶

Technological innovations sometimes force marketers to alter long-established marketing strategies. Since consumers can easily skip ads using advanced time-shifting and recording devices, marketers have been embedding promotional messages directly into TV shows. For example, several department stores became part of a new reality show titled *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.²⁷

cross-screen marketing
A promotional strategy that consists of tracking and targeting users across their computers, mobile phones, and tablets, and sending them personalized ads based on their interests, as observed by marketers.

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 that people expressed while surfing online. In one year, mobile ads in the United States grew to \$4.1 billion from about \$1.5 billion the previous year, although mobile ads still represent only 2.4% of total U.S. advertising spending. The new technologies will increase spending on mobile advertising significantly.²⁸

Advertising across media platforms is essential. A Nielsen study reported 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 site 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 blanketeting is aimed at capturing the attention of consumers who watch television while surfing the internet or tweeting.²⁹

Customer Value, Satisfaction, and Retention

Learning Objective

- 1.3** To understand providing value and satisfaction and how technology has enhanced customer loyalty and retention.

customer value

The ratio between customers' perceived benefits (i.e., economic, functional, and psychological) and the resources they have used to obtain those benefits (i.e., monetary, time, effort, psychological).

customer satisfaction

Customers' perceptions of the performance of the product or service in relation to their expectations.

customer retention

Turning individual consumer transactions into long-term customer relationships.

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 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. Customers flock to McDonald's outlets repeatedly because the restaurants are uniform, customers know what to expect, and they 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, 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 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 not only buy more products but they are also a ready-made market for new models of existing products as well as new ones, and they represent an opportunity for cross-selling. Additionally, long-term customers often purchase ancillary and high-margin supplemental products.
2. Loyal customers are less price-sensitive and pay less attention to competitors' advertising. Thus, they make it harder for competitors to enter markets.
3. Servicing existing customers who are familiar with the firm's offerings and processes is less expensive than "training" new customers and getting 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.
4. Loyal customers spread positive word-of-mouth and refer other customers.
5. Marketing efforts aimed at attracting new customers are expensive; indeed, in saturated markets, it may be impossible to find new customers.³⁰ Low customer turnover is correlated with higher profits.
6. 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 and consistent service.

TECHNOLOGY AND CUSTOMER RELATIONSHIPS

Technologies often enhance customer relationships and retention by engaging consumers with brands. Procter and Gamble (P&G) is the world's largest manufacturer of beauty and grooming products (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 Gillette shaving blades, the website offers 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 emails to previous buyers that announce 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, at 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.³¹

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 at any time. Online newspapers customized to personal preferences include links to previous articles about consumers’ favorite topics and send them emails 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 forms of customer engagement: **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, has provided innovative tools for engaging customers emotionally with products and brands.

Social media are 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 internet technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content. For example, millions of customers take pictures with their cameras and cell phones and post them on shared websites, such as Facebook and Instagram, and some fashion brands created digital ads featuring pictures posted by consumers. Instead of professional models, many apparel websites show real women wearing the latest fashions and some marketers have inserted Instagram photos into their print and digital ads.

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.

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, whereas 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 also ran the contest overseas and discovered chip flavors such as 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 and discovered 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.

social media

Means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media depend on mobile and Web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content.

The stuffed-animal brand Squishable solicited Facebook feedback before settling on the final version of a new toy. Similarly, Samuel Adams asked users to vote on yeast, color, and other qualities to create a new beer.³²

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.³³

- 1. *Adaptation:*** Merchant's purchase recommendations match customer's needs; ability to order products that are tailor-made; personalized advertisements and promotions; feels like a unique and valued customer
- 2. *Interactivity:*** Ability to view merchandise offerings from different perspectives; search tool that quickly locates products; tools that make comparisons easy; useful information
- 3. *Nurturing:*** Receives reminders about making purchases; provides relevant information for purchases; acknowledges appreciation of one's business; makes an effort to increase business with the customer; cultivates a relationship with the customer
- 4. *Commitment:*** Delivers goods on time; responds to problems encountered; customer-friendly return policies; takes 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; user-friendly site enables quick transactions
- 8. *Engagement:*** Attractive site design; enjoyable shopping at the site; feels that the site is inviting; feels comfortable shopping at the site
- 9. *Loyalty:*** Seldom considers switching to another merchant; usually clicks on merchant's site whenever needing to make a purchase; likes to navigate the site; favorite merchant with which to do business
- 10. *Inertia:*** Unless very dissatisfied, changing to a new merchant would not be worth the bother; finds it difficult to stop shopping at the site; feels that the cost in time, money, and effort to change merchants is high.
- 11. *Trust:*** Counts on the merchant to complete purchase transactions successfully; trusts the site's performance; believes 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.³⁴ 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

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

Fans	Loyals
<p>High bonds and high purchase levels 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.” “Its 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>Frequent purchasers, but without high bonds. “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</p> <p>High bonds but modest purchase levels. 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</p> <p>Low bonds and infrequent purchasers. 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>

and old versions of its Free & Clear baby wipes online. The company also sent out boxes of the old wipes with handwritten notes of apology and refunds to disappointed consumers, and emailed customers announcing that the old wipes were becoming available again.³⁵

SATISFACTION AND CUSTOMER LOYALTY

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:³⁶

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

Marketers must recognize that all customers are not equal. Sophisticated marketers selectively build relationships with customers according to their profitability by customer retention by: (1) monitoring customers' consumption volume and shopping patterns; (2) creating tiers of customers according to their profitability levels; and (3) developing 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 critic prefers his soup served in a cup and enjoys iced tea with cranberry juice in a large glass over lots of ice, a famous rapper likes white Burgundy, and one weekly diner wants only the ends of a loaf in his breadbasket. Restaurateurs 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.³⁷ In contrast, a bank's less profitable customers—those who use their credit cards infrequently and maintain only minimum balances to receive free checking—should not be entitled to waived fees for bounced checks and 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, because of rising programming costs and saturated markets, TV cable providers have become more selective in targeting consumers. In highly competitive and deregulated markets, cable companies must rely on selling extra services to increase revenue. Consequently, lower-end customers, who have not subscribed to digital video recorders and broadband, became less important and easier to let go.³⁸

Figure 1.5 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 12 cells represent the airline's revenue from the number of miles that the customer had travelled and the class in which they sat. The **diamonds** are customers 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 travelers 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.

FIGURE 1.5

Retention and Profitability Tiers

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

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.³⁹

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.

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:** Calculate the retention rate by examining 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).

The mission of Disney is to make people happy. The company trains its staff to go beyond the call of duty to accommodate *guests* (not customers) and create *magic moments* (in Disney's vocabulary) that turn merely satisfied visitors into hardcore fans. Disney's staff are not employees but *hosts* and *hostesses*—also known as *cast members* (rather than "employees")—who are "*aggressively friendly*." When they see family members taking pictures, for example, they offer to take the pictures themselves so that the entire family can be included in the photo.

More than 70 percent of Disney's visitors are repeat customers because the company is an expert in consumer behavior and understands how to *delight*—not merely *satisfy*—its guests, realizing that superbly served visitors become fiercely loyal. 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 indicate that they have forgotten the number of the lot where they parked their car (according to Disney, about 30% do). Trained to act unprompted, 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.

Social Responsibility and Ethics

Learning Objective

- 1.4** To understand marketers' social and ethical responsibilities.

The marketing concept—fulfilling the needs of target audiences—is 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. Therefore, 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 almost 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. For example, Ferrero, the company behind Nutella, was forced by the United Kingdom's Advertising Standards Authority (ASA) to withdraw a TV commercial for its chocolate bread spread. The ad, which showed mothers and children at breakfast time, stated that Nutella could be used as part of a balanced breakfast. Furthermore, it pointed out that every Nutella jar is made using 52 hazelnuts, cocoa, and a glass of skimmed milk. The ASA classified the ad as misleading on the grounds of the spread's high fat and sugar content and, thus, its questionable nutritional contribution to a healthy diet. In the United States, a similar situation led to a consumer successfully suing Ferrero with a settlement of \$3 million. The mother claimed that the statements used in Nutella's advertising made it appear to be a more wholesome and balanced breakfast treat than it actually was.⁴⁰

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. Also, because celebrities and professional athletes so often serve as role models for the young, they should not be used in liquor or tobacco advertisements. 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, Nestlé became the target of a social media campaign blaming the company for destroying rainforests and endangering orangutans by using unsustainable palm oil in its KitKat chocolate bars. The campaign by Greenpeace involved a video featuring

societal marketing concept

A premise that requires marketers to fulfill the needs of the target audience in ways that improve, preserve, and enhance society's well-being, while also meeting their business objectives.

an office worker during break time. In a reference to KitKat's slogan “Have a break, have a KitKat,” the clerk opens a packet of KitKat, but instead of chocolaty wafers he bites into an orangutan’s finger. Thousands of people watched this video, resulting in an outcry on Nestle’s Facebook pages.⁴¹

Facebook’s use of personal data was ruled illegal at the beginning of 2018 by a German regional court. The judges objected to the company’s improper procurement of informed consent from its clients. For example, location services were pre-activated, resulting in users having their whereabouts revealed to others. In another adjudication in 2018, a Belgian court ordered Facebook to delete data the company had gathered on Belgian clients surfing outside the social network. Pointing to Belgian privacy laws, the ruling objected to the tracking of users without sufficiently advising them of this practice. Should Facebook not comply with the judgment, it could face a fine of €250,000 a day, the court said.⁴²

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, distracted driving, drug abuse, and supporting environmentally sound practices (see Chapter 15).

Consumer Decision-Making

Learning Objective

- 1.5** To understand consumer decision-making as the foundation of this textbook.

psychology

The study of the human mind and the mental factors that affect behavior (i.e., needs, personality traits, perception, learned experiences, and attitudes).

sociology

The study of the development, structure, functioning, and problems of human society.

anthropology

The comparative study of human societies’ cultures and developments.

communication

The process of imparting or exchanging information. In the context of consumer behavior, it is the transmission of messages from senders (the sources) to receivers (the consumers) via media (the channels of transmission).

The following disciplines determine consumer behavior:

- 1. 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).
- 2. Sociology** is the study of the development, structure, functioning, and problems of human society.
- 3. Anthropology** compares human societies’ cultures and development (e.g., cultural values and subcultures).
- 4. Communication** is the process of imparting or exchanging information personally or through media channels and using persuasive strategies.

Figure 1.6 diagrams consumer decision-making comprised of *input*, *process*, and *output*. The *input* into consumer decision-making includes four elements:

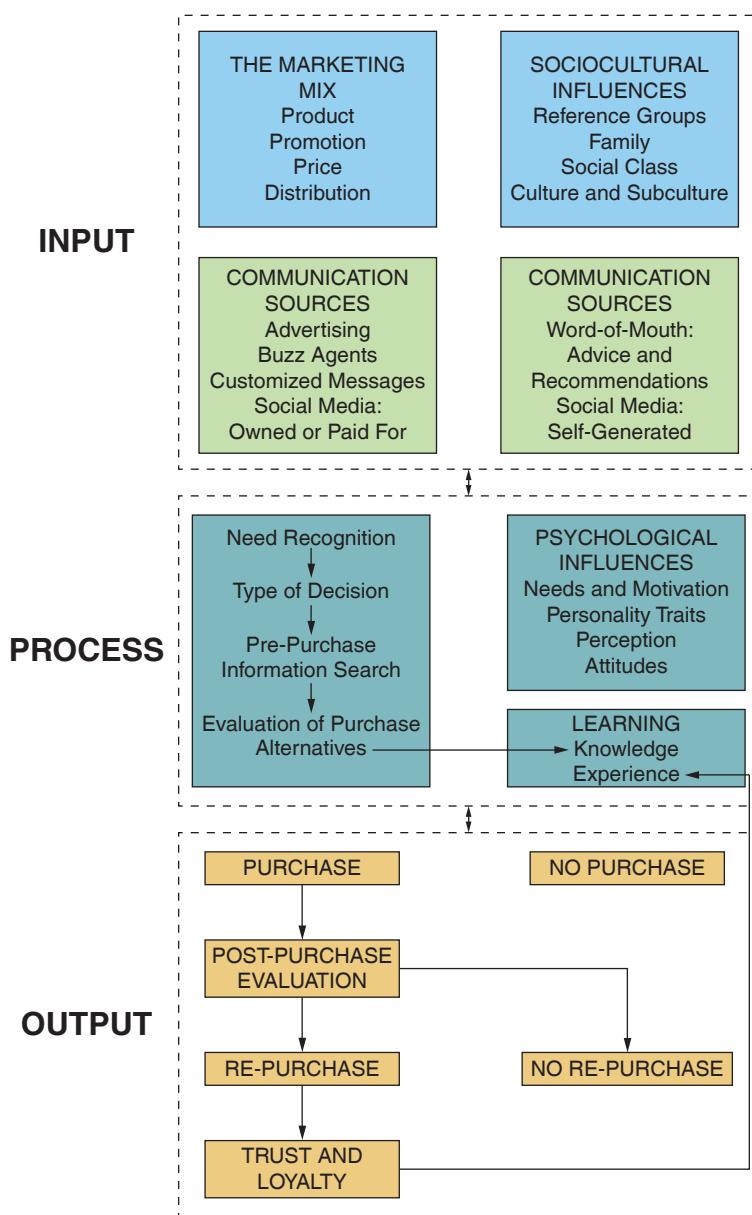
- 1. Segmentation and targeting:** Implemented through the **marketing mix**—product, price, place, and promotion—representing marketers’ initiatives to persuade consumers to buy their products (see Chapter 2)
- 2. Communications from marketers to consumers:** Advertising, creating buzz, and social media (see Chapters 7, 8, and 9)
- 3. Sociocultural dimensions:** Shape consumers’ decisions—family, social standing, friends, peers, cultural values, ethnicity, and gender roles (see Chapters 10–13)
- 4. Communications among consumers:** Word-of-mouth and social media (see Chapters 8 and 9)

The *process* stems from **psychological factors**—the study of the human mind and the mental factors that affect behavior, and the cognitions that drive people to take actions and determine how they act, such as motivation, personality traits, perceptions, learning, and attitudes (see Chapters 3–6).

The *output* includes purchase behavior and post-purchase evaluation (see Chapter 14).

FIGURE 1.6

A Model of Consumer Decision-Making



THIS BOOK

This book reflects the components of the decision-making model and is divided into five parts:

1. **Part I** defines and explains the terms ***marketing*** and ***consumer behavior*** and the components of strategic marketing.
 - **Chapter 1** explains the evolution of the ***marketing concept*** and the importance of researching and analyzing consumers' behavior in order to target them effectively. It also describes technology's impact on consumers' purchases and marketers' strategies, and the interrelationships among customer value, satisfaction, and retention. Finally, the chapter presents a model of consumer decision-making and an overview of employability.
 - **Chapter 2** explains market segmentation—the demographic, sociocultural, and psychographic bases for segmenting markets, and the criteria for selecting target markets. Then, it contrasts two forms of segmentation: targeting large groups versus individual eyeballs.

2. **Part II** explains the psychological factors that affect consumer behavior.
 - **Chapter 3** describes consumers' motivations and the role of personality characteristics.
 - **Chapter 4** explores consumer perception, which is how individuals select, organize, and interpret the stimuli—in other words, 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.
3. **Part III** addresses the communication and persuasion process along its components: sender, message, media, receiver, and feedback.
 - **Chapter 7** introduces the elements of the communication process and explains how to overcome the barriers to effective communications. It examines the differences between advertising in mass media and promoting products online and via social media. Thereafter, the chapter focuses on the message: its structure, persuasive appeal, and effectiveness.
 - **Chapter 8** explores the transition from print and broadcast media to social media and mobile advertising. It describes targeting consumers via traditional and digital media, the integration of the two, and how communications from marketers and among the consumers themselves impact buyers.
 - **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, and also explores the power of word-of-mouth.
4. **Part IV** examines consumers in their social and cultural settings.
 - **Chapter 10** discusses the family as a consumption unit and its standing within the social-class structure, including the characteristics and consumption patterns of various social classes.
 - **Chapter 11** explains how culture is expressed through values, rituals, and customs. It explains measuring cultural values, and describes Americans' core values and corresponding buying priorities.
 - **Chapter 12** describes the impact of groups that share unique values within a culture—known as subcultures—on consumer behavior. Subcultures originate in ethnicity, religion, geographic location, age, and gender.
 - **Chapter 13** explores cross-cultural analysis, which is a key strategic component for companies pursuing overseas markets, and using it to assess marketing opportunities abroad. Specifically, the chapter explores using identical strategies in the United States and abroad, or customizing products and promotions in overseas markets.
5. **Part V** consists of three chapters.
 - **Chapter 14** links Parts II, III, and 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.

Employability

Learning Objective

- 1.6** To explain how knowledge of consumer behavior advances seeking employment after graduation.

Students with expertise in consumer behavior should pursue employment in three areas: brand management, advertising, and consumer research.

BRAND MANAGEMENT

Brand management is the process of maintaining, improving, and upholding a brand so that it is clearly differentiated from other offerings in the same product category. Brand management stems from the marketing concepts stating that marketers must satisfy consumer needs and retaining customers, through the four elements of the **marketing mix**: product, price, place, and promotion.

Students with solid knowledge of how to understand consumers' needs, motivation, perception, and attitudes are proficient in forming strategies that distinguish the brand from competing alternatives. Such proficiencies will convince consumers to buy products introduced under the brand name, provide continued satisfaction, and create long-term customers.

Understanding **perception** (see Chapter 4) is particularly important because it enables newly hired graduates to demonstrate they understand how marketers position products in highly competitive markets by forming an easily and favorably recognizable **brand image** in consumers' minds. Additionally, understanding the concept of **stimulus generalization** (see Chapter 5) enables proficiency in designing and adding items into successful product lines effectively because consumers would believe that a familiar name delivers satisfaction and quality.

Students who understand how consumers' purchases are influenced by their peers (see Chapter 9), family, and social standing (see Chapter 10), and their values and customs (see Chapters 11 and 12) grasp the crucial role of **reference groups** and **word-of-mouth** when new products and brand extensions are introduced. Understanding the **diffusion of innovations** (see Chapter 14) provides strategic insights for designing and launching brand offerings, and proficiency in comprehending cross-cultures (see Chapter 13) is crucial when U.S. brands introduced abroad are customized to fit local cultures.

ADVERTISING

Advertising includes writing advertising copy, creating visuals, ensuring that the right messages reach the right consumers at the right time, and determining in which media to place ads, including when and for how long.

Studying consumer behavior prepares students for becoming copy writers, planning and implementing advertising strategies, measuring the effectiveness of advertising campaigns and, if necessary, redesign promotional message to make them more persuasive. Specifically, the knowledge of **communication** (see Chapter 7) provides students with abilities to select appeals that are likely to persuade consumers and to structure messages that would be easily understood, engage consumers, and remembered.

The knowledge of **learning** (see Chapter 5) is crucial in designing promotions because it explains how consumers retain information and how to ensure that they will remember it by constructing advertising schedules. The most important aspect in persuasion is **source credibility** (see Chapter 7)—the trustworthiness of the source—that stems from consumers' perception of the source's expertise, reliability, and reputation. Understanding the distinction between **formal** and **informal sources**, as well as the differences between **impersonal** and **interpersonal communications** (see Chapter 7) is crucial in transmitting advertising messages that will be recalled and remain impactful and influential.

After constructing the ads, marketers must carefully select the media in which to place the ads. Students can become media planners and buyers because the study of consumer behavior includes learning about the strategic advantages and limitations of traditional media such as newspapers, TV, and radio, as well as new channels of communications, such as **social media** (see Chapter 8).

Increasingly, space for ads is bought through **real-time bidding** and personalizing messages based on detailed knowledge of individual receivers of each message (see Chapters 2 and 8). This book includes extensive coverage of cutting-edge advertising channels as well as the ethical aspects of advertising such as consumer privacy and truth in advertising (see Chapter 16). Students can also seek employment internationally after learning about customizing promotions to fit the other codes of behavior, customs, and beliefs of social residing groups abroad (see Chapter 13).

CONSUMER RESEARCH

consumer research

The process and tools used to study consumer behavior.

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.

Throughout the book, we provide students with the tools that will enable them to seek employment in companies dedicated to consumer research or such functions within companies. The research instruments we explain include **predictive analytics** (see Chapter 2), **projective techniques** (see Chapter 3), measuring brand loyalty (see Chapter 5), computing perceptions of products' attributes and importance weights (see Chapter 6), measuring the effectiveness of communication (see Chapter 8), assessing **opinion leadership** levels (see Chapter 9), measuring social class (see Chapter 10), gauging cultural values (see Chapter 11), cross-cultural analysis (see Chapter 13), and an overview of consumer research, including construction questionnaires, sampling, and analyzing and evaluating research findings (see Chapter 16).

Summary

Learning Objective 1.1: To understand the evolution of the marketing concept, what consumer behavior is, and the components of strategic 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 1.2: To understand how technology has benefited both marketers and consumers.

Technology has revolutionized the marketing mix, segmentation, targeting, positioning, and customer retention. When consumers use their computers, cell 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 1.3: To understand providing value and satisfaction and how technology has enhanced customer loyalty and retention.

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 1.4: To understand marketers' social and ethical responsibilities.

The marketing concept—fulfilling the needs of target audiences—is shortsighted. Some products that satisfy customer needs are

Review and Discussion Questions

- 1.1. Describe the interrelationship between consumer behavior and the marketing concept.
- 1.2. Explore the different categories of segmentation criteria for companies in the writing utensils industry versus the industry of paper notebooks.
- 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.

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. 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.

Learning Objective 1.5: To understand consumer decision-making as the foundation of this book.

Consumer behavior stems from four disciplines: (1) psychology, which is the study of the human mind and the mental factors that affect behavior; (2) sociology, which is the study of the development, structure, functioning, and problems of human society; (3) anthropology, which compares human societies' cultures and development; and (4) communication, which 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.

Learning Objective 1.6: To explain how the knowledge of consumer behavior advances seeking employment after graduation.

Students with expertise in consumer behavior should pursue employment in three areas: brand management, advertising, and consumer research.

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.** Using the internet, locate two examples of magazine advertisements that were retouched for maximum effect using photo-editing software. Discuss the social and ethical responsibilities of marketers in this context.
- 1.11.** Using a customer loyalty scheme of your choice, illustrate how technological innovations could add value to this program.

Key Terms

- Anthropology 49
- Brand image 52
- Brand management 52
- Communication 49, 52
- Consumer behavior 32
- Consumer research 53
- Cross-screen marketing 41
- Customer retention 42
- Customer satisfaction 42
- Customer value 42
- Diffusion of innovations 52
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- Informal sources 52
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- Learning 52
- Marketing 32
- Marketing concept 34
- Marketing mix (four Ps) 35, 49, 52
- Marketing myopia 35
- Market research 53
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- Perception 52
- Positioning 35
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- Reference groups 52
- Selling concept 35
- Societal marketing concept 48
- Social media 43, 52
- Sociology 49
- Source credibility 52
- Stimulus generalization 52
- Targeting 35
- Transactional bonds 43
- Word-of-mouth 52

Market Segmentation and Real-Time Bidding

Learning Objectives

- 2.1 To understand how to segment markets along demographics, lifestyles, product benefits and usage, and media exposure.
- 2.2 To understand how to identify, select, and reach target markets.
- 2.3 To understand real-time bidding as compared with market segmentation.

MARKET SEGMENTATION is 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. After dividing the market into distinct groups, the company must select segments that are profitable and reachable, as well as feasibly targetable within its objectives and resources. **Product positioning** is the process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds; **product repositioning** means changing and "refreshing" a brand's portrayal. 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. This chapter describes segmentation and targeting; positioning is covered in Chapter 3. Following a discussion of segmentation and targeting, this chapter describes real-time bidding—that is, reaching individual customers rather than large segments.

One method of targeting consumers is based on usage occasion. In Figure 2.1, the marketer of Mack's Earplugs employs **usage-occasion segmentation** by appealing to young adults who travel to beaches during spring break.

Segmentation based on demographics is the primary strategy of marketers. Millennials (ages 18 to 34) are the second-largest age group, after the baby boomers, and targeted by most marketers who diligently monitor their values and lifestyles. (discussed in Chapter 12). Old Spice—a brand of men's grooming products including deodorants and antiperspirants, shampoos, body washes, and soaps—was launched in 1937 and owned by Procter & Gamble. Marketing research had indicated that the brand appealed mostly to older consumers and was perceived as unexciting, so P&G decided to *reposition* it with a new promotional campaign. The ads featured Isaiah Mustafa—a TV star and sports hero—with the slogan, "The Man Your Man Could Smell Like." By selecting an Arab American, the company shrewdly recognized millennials' penchant for diversity, and the ad's motif reflects their fondness for dramatic and "cool" expressions.

FIGURE 2.1

Usage-Occasion Segmentation

market segmentation

The process of dividing a market into subsets of consumers with common needs or characteristics. Each subset represents a consumer group with shared needs that are different from those shared by other groups.

positioning

The process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds. The image differentiates the company's offering from competition by communicating to the target audience that the product, service, or brand fulfills the target consumers' needs better than alternatives.

repositioning

The process by which a company strategically changes the distinct image and identity of that its products, services, and brands.

usage-occasion segmentation

A segmentation strategy based on the fact that many products are purchased and used in the context of specific occasions.



Source: Mack's® is a registered trademark of McKesson Products, Inc.

Market Segmentation

Learning Objective

- 2.1** To understand how to segment markets along demographics, life-styles, product benefits and usage, and media exposure.

Segmentation begins by dividing the market for a product into relatively homogeneous groups that share characteristics different from those of other groups. Overall, marketers segment consumers along quantitative and cognitive factors.

Quantitative factors are numerical and grouped into two:

- 1. Consumer-intrinsic** attributes include demographics such as gender, age, income, and education.
- 2. Consumption-based** factors can be determined numerically and include such measures as the product volume bought, rate of purchasing, and frequency of engaging in leisure activities.

Cognitive factors are psychological abstracts that “reside” in consumers’ minds and cannot be determined numerically and are grouped into two:

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

In reality, marketers combine the factors we discuss distinctly. 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; others rummage for clothes in thrift and vintage clothing stores. Some students go to sports events; others go to the latest nightclubs.

DEMOGRAPHICS

demographic segmentation

Dividing consumers according to age, gender, ethnicity, income and wealth, occupation, marital status, household type and size, and geographical location. These variables are objective, empirical, and can easily be determined through questioning or observation.

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 numerically: age groups, income brackets, number of years of education, number of family members, and the value of property and investments. Demographics are the most fundamental factors to classify populations for several reasons:

1. Demographics are the easiest and most logical way to classify people. Data can be measured more precisely than data in the other segmentation bases.
2. Demographics offer the most cost-effective way to locate and reach specific segments, because most of the data compiled by the U.S. Census Bureau and syndicated researchers are categorized by demographics.
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.

The most prominent demographics used in segmenting markets and targeting consumers.

Age

Product needs often vary with consumers' ages. Indeed, 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 far too expensive.

Marketers commonly target age groups. For example, Colgate offers ***My First Fluoride-Free Toothpaste*** for the littlest children, without any artificial colors, preservatives, or Fluoride. ***Colgate Troll Mild Bubble Fruit Toothpaste*** is designed for kids age 2 and older (and also available as gel). ***Additional offerings for older kids include Colgate 2in1 Toothpaste (in Watermelon Burst and Strawberry Smash flavors), and cavity protection toothpaste.***¹

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.² Every 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*).³

Gender

Many products and services are inherently designed for either males or females, but gender 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 gender. 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, Harley-Davidson, a traditionally male brand, started diversifying by targeting women. In its effort to do so, the company started producing motorcycles with narrower and lower seats, making the bikes more comfortable for women, who are usually smaller-built than their male counterparts. Harley's clothing line was modified to accommodate the taste of women: the traditional black and orange leather jackets have been complemented by clothes in brighter colors and with sparkly glitter. Harley's efforts seem to be paying off, with women as far as India showing interest in its motorbikes.⁴

Traditionally, women have been the primary users of hair and face-care products. However, more and more men have been using men have been buying exfoliators, toners, aftershave creams, and moisturizers. 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. Some stores 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. Although women's products are generally placed behind counters and with salespeople standing in front and ready to advise customers; men's products are displayed on open shelves because many men do not like to speak with salespersons. In stores, the men's grooming products sections have TVs tuned to sports or financial channels and semiprivate areas where men can try the products.⁵ Dove, a well-established brand of face and body care products, introduced a product line named Dove Men+Care and their ads try to convince men that their faces should be pampered. The ads urge men to "end the face torture," and depict men's faces can be exposed to harsh elements such as sun, wind, and snow.⁶

Households

family life cycle

A composite variable that includes marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household classifies the family into a "typical" stage.

Social Class

The division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either higher or lower status.

Most families pass through similar life stages, and at each phase the family unit needs different products and services. The **family life cycle** details the phases that most families go through—each representing a viable target segment to marketers of many products. (discussed in Chapter 10). Important occasions, such 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 represent changes in consumption patterns and targeting prospect.

Marketers monitor households' consumer behavior—the products they own and buy, the media they watch or participate in, and families' decision-making.

Social Standing

Social Class is the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either higher or lower status. (see Chapter 10). Education, occupation, and income are closely correlated; high-level occupations that produce high incomes require advanced education and are more prestigious than occupations requiring less education. Incomes determine affordability of products and services but provide a more comprehensive

profiles of families when combined with age and education. For example, marketers have been specifically targeting affluent older consumers, urban, young professionals (Yuppies) and baby boomers. (see Chapter 12). Social class fluctuations effect marketing. Culturally distinct segments may offer prospects for the same core product, but marketers should target them using different features. L'Oréal, for instance, a world leader in cosmetics, has adapted its skincare range to include products that respect traditions and beauty rituals in different cultures. For example, this approach led the company to adapt the formula of its Blemish Balm Cream, a tinted beauty care product to correct skin complexion, to local cultures and skin colors based on their research.⁷ During the earlier financial crisis highly 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., Chanel coats that cost \$9,000 and women's Christian Louboutin shoes that sell for \$800) and the prices of these goods went up.⁸

Ethnicity

Marketers segment some populations on the basis of cultural heritage and ethnicity because members of the same culture share the same values, beliefs, and customs. In the United States, African Americans, Hispanic Americans, and Asian Americans are important sub-cultural market segments. (see Chapter 12). For example, China's middle class, encompassing those with yearly earnings between \$9,000 and \$34,000, is forecasted to amount to three-quarters of its urban consumers by 2022 and to grow to 800 million people by 2030. The corresponding huge increase in domestic consumption will require China to rely on imports to meet demand. These lucrative prospects led companies like Sainsbury's, Burberry, and Dyson to use Alibaba, China's online retail giant and the market leader among Chinese online shoppers. Alibaba, which is larger than Amazon and eBay combined, allows them to open online marketplaces on their platforms, creating a secure way of selling for them and a trusted and familiar shopping experience for Chinese shoppers.⁹

LIFESTYLES

psychographics

Segmenting consumers according to their lifestyles, which consist of consumers' activities, interests, and opinions (i.e., AIOs).

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, such as the ones shown in Table 2.1. Psychographic variables include buying patterns, opinions about consumption and/or social issues, values, hobbies, leisure activities, and many other dimensions. Psychographics are versatile, loosely-defined, and together with demographics, provide marketers with richly descriptive profiles of target markets.

TABLE 2.1 Psychographic Measures

Psychographic	Statements
Personal Values*	<ul style="list-style-type: none"> • I have a sense of belonging. • I seek fun and enjoyment in life. • I am self-fulfilled. • Financial security is important to me. • My greatest achievements are ahead of me. • I am more conventional than experimental. • 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.

TABLE 2.1 *(Continued)*

Psychographic	Statements
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.
Personal Relationships*	<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.
At Leisure**	<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 on a “strongly agree” to “strongly disagree” scale

** Responses indicate the number of times respondents had engaged in the activity during the past 6 months.

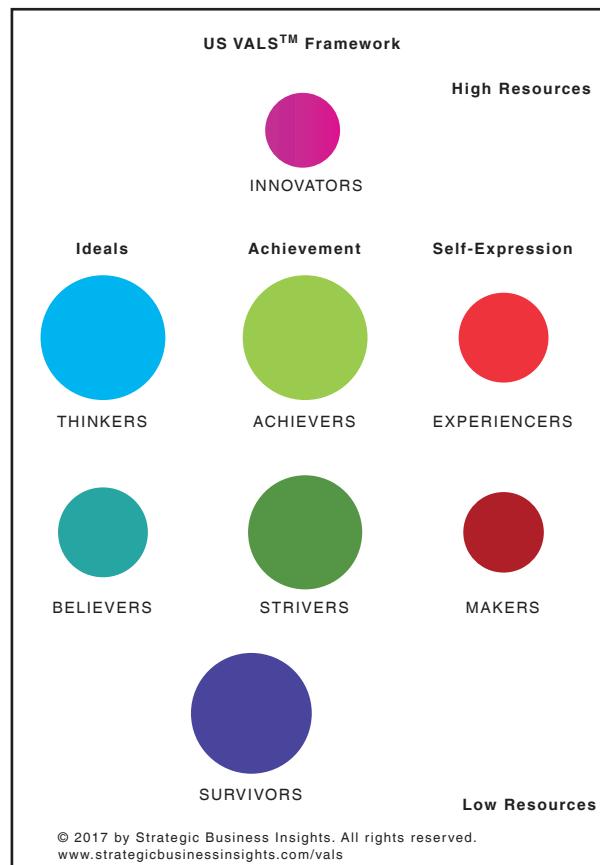
VALS™

A widely used segmentation method that classifies America's adult population into eight distinctive subgroups: Innovators, Thinkers, Achievers, Experiencers, Believers, Strivers, Makers, and Survivors.

FIGURE 2.2

Diagram of the VALS™ Segments

VALS™ segments U.S. adults age 18 and older on the basis of primary motivation and resources as diagramed in the VALS Framework Figure 2.2. To receive an accurate VALS type your first language must be American English or you must have lived in the United States or Canada for at least five years (www.strategicbusinessinsights.com/vals/presurvey.shtml). From left to right, VALS identifies three primary motivations: individuals with an **Ideals** motivation



are guided by knowledge and principles; people with an **Achievement** motivation seek to enhance their personal position; and people motivated by **Self-Expression** look for activity, variety, and independence. Groups at the top of the framework have more abundant resources than do groups at the bottom. In Figure 2.2, VALS identifies a continuum of resources extending beyond demographics (such as age, income, and education) to include measures of self-confidence, curiosity, vanity, information seeking, and eagerness to try and buy.

Table 2.2 describes the eight VALS segments. Each segment represents between 8% and 15% of the U.S. adult population. VALS explains why different consumer groups exhibit different behaviors as well as why different consumer groups exhibit the same behaviors for different reasons. Using VALS, BMW, for example, might target any one of the top four VALS groups using a different positioning. For **Innovators**, BMW would want to key in on the brand's innovative technology; for Thinkers, the brand's history of reliability and value; for Achievers, the brand's safety record and successful image; for Experiencers, the drivability and feel of the road. For products and services seeking widespread acceptance, Achievers—gatekeepers of the status quo—must adopt before critical mass can be reached.

DEMOGRAPHICS AND GEOGRAPHY

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").

Since the dawn of humanity, geography has shaped people's clothing, food, transportation, and many other product choices, and it still does. Nike began placing ads in the Weather Channel mobile app suggesting cold-weather apparel based on local weather. For example, if it's cold and dark, an in-app ad for Nike's Pro Hyperwarm line would direct consumers to its website to see products suitable for different weather conditions.¹⁰

Geodemographics are based on the premise that people who live close to one another have similar financial means, tastes, preferences, lifestyles, and consumption habits. As the familiar adage states, "Birds of a feather flock together." Where a person lives determines some aspects of consumption behavior. For example, climates determine the types of clothing people own, and fashions and styles in large cities are often very different from those in nonurban areas.

TABLE 2.2 Descriptions of the VALS™ Segments

Segment Name	Motivation-Resources	Characteristics
Innovators	High Resources	<ul style="list-style-type: none"> • Confident enough to experiment • Are information ready • Are future oriented • Are self-directed consumers
Thinkers	Ideals Motivation High Resources	<ul style="list-style-type: none"> • Are the old guard • Plan, research, consider before acting • Have "ought" and "should" benchmarks for social conduct • Follow traditional intellectual pursuits
Believers	Ideals Motivation Low Resources	<ul style="list-style-type: none"> • Believe in right/wrong for a good life • Have strong me-too fashion attitudes • Not looking to change society • Trust traditional sources; don't question authority
Achievers	Achievement Motivation High Resources	<ul style="list-style-type: none"> • Have a me-first, my-family-first attitude • Are fully scheduled • Are anchors of the status quo • Believe money is the source of authority
Strivers	Achievement Motivation Low Resources	<ul style="list-style-type: none"> • Live in the moment • Are the center of street culture • Experience revolving employment • Desire to better their lives; have difficulty doing so

TABLE 2.2 (*Continued*)

Segment Name	Motivation-Resources	Characteristics
Experiencers	Self-Expression Motivation High Resources	<ul style="list-style-type: none"> Want to stand out Are spontaneous See themselves as very sociable Are the first in, first out of trend adoption
Makers	Self-Expression Motivation Low Resources	<ul style="list-style-type: none"> Want to “work” on their world Are distrustful of government Protect what they think they own May appear to be anti-intellectual
Survivors	Low Resources	<ul style="list-style-type: none"> Are the quiet rank and file Take comfort in routine and the familiar Are cautious and risk averse Are analog not digital

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

McDonald’s customizes its menu to cater for regional differences in taste and food preferences. In Singapore, for instance, the company offers a rose syrup drink; in Mexico, guacamole is added to the burgers; in Italy, consumers can purchase a Parmigiano-Reggiano cheese snack.¹¹

Some marketers have introduced regional products. 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 has a devoted following. Based on its local success, the company’s management hired an advertising agency and made plans to introduce the product nationally.¹² Mattress sizes vary among geographies around the world: America, Australia, Latin America, the United Kingdom, and Ireland as well as the rest of Europe all have their own measurements. Furniture retailer IKEA did not take this into consideration when entering the UK market. The company started off selling European standard mattresses only. When it switched its range to the smaller UK sizes, it experienced a surge in sales.¹³

PRIZM® is the geodemographic segmentation system that combines demographic, consumer behavior, and geographic data to help marketers identify, understand and reach their customers and prospects.

PRIZM classifies every U.S. household—assembled by zip code—into 66 demographically and behaviorally distinct segments.

The system also classifies the households according to:

- Lifestage groups**—younger years, family life, and mature years—based on age, socio-economic rank, and the presence of children at home.
- Urbanization and affluence**—urban, suburban, second city, and town and country—based on urbanization and socioeconomic rank.
- ConneXions** determines the likelihood for segments to adopt technology.
- P\$YCLE** focuses on households’ finances, wealth and income producing assets.

PRODUCT BENEFITS

benefit segmentation

A segmentation approach based on the benefits that consumers seek from products and services.

Benefit segmentation reflects the benefits that consumers seek because they represent unfulfilled needs. When buyers perceive that a given brand delivers a unique and prominent benefit they become loyal buyers. For example, the V8 ad in Figure 2.3 stresses consuming vegetables as the juice’s core benefit.

Marketers of personal care products—such as shampoos, soaps, and toothpastes—create different offerings designed to deliver specific benefits. Colgate, probably the world’s most sophisticated marketer of personal care products, markets its offerings according to consumers’ need in caring for their teeth and maintaining oral hygiene. For adults, the company

FIGURE 2.3

V8's Benefit: Consuming Vegetables



offers toothpastes for whitening, cavity protection, gingivitis protection, germ protection, breath freshening, enamel protection, tartar control, and prescription only—with multiple items with each benefit.¹⁴

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 showed that consumers' loyalty levels to their service providers correlated positively with the benefits these consumers believed they had received.¹⁵ 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 emailing 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.¹⁶ Table 2.3 summarizes the benefits identified in the two studies.

MEDIA EXPOSURE

As media become more diversified, marketers must study the benefits that consumers seek from different modes of communication. In one study, consumers singled out ***immediacy***, ***accessibility***, and ***free cost*** as the most relevant features of digital newspapers; consumers identified ***writing style*** and more ***depth*** and ***details*** as the key features of traditional newspapers. These findings indicate that publishers of traditional newspapers should position

TABLE 2.3 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

online and paper newspapers as complementing one another and that the two versions represent opportunities for somewhat different types of ads.¹⁷ 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.¹⁸ This means that marketers should approach car buyers who have consulted the internet in a manner different from those who have not. Yet another study identified communication, watching sports and entertainment, value-added shopping, and managing finances as primary consumer benefits of mobile devices.¹⁹ Table 2.4 shows the results of a Canadian study identified three distinctive segments of online consumers including the benefits they seek and their demographics.²⁰

Although the internet is often considered a young medium, consumers of all ages go online regularly. However, people of different ages use online access differently, as featured in Figure 2.4. Not surprisingly, people go online less frequently as they age, but continue using social networking sites and email. Surprisingly, buying online varies only somewhat across age groups.²¹

PRODUCT USAGE

usage-rate segmentation

A segmentation strategy based on the differences among heavy, medium, and light users of a given product.

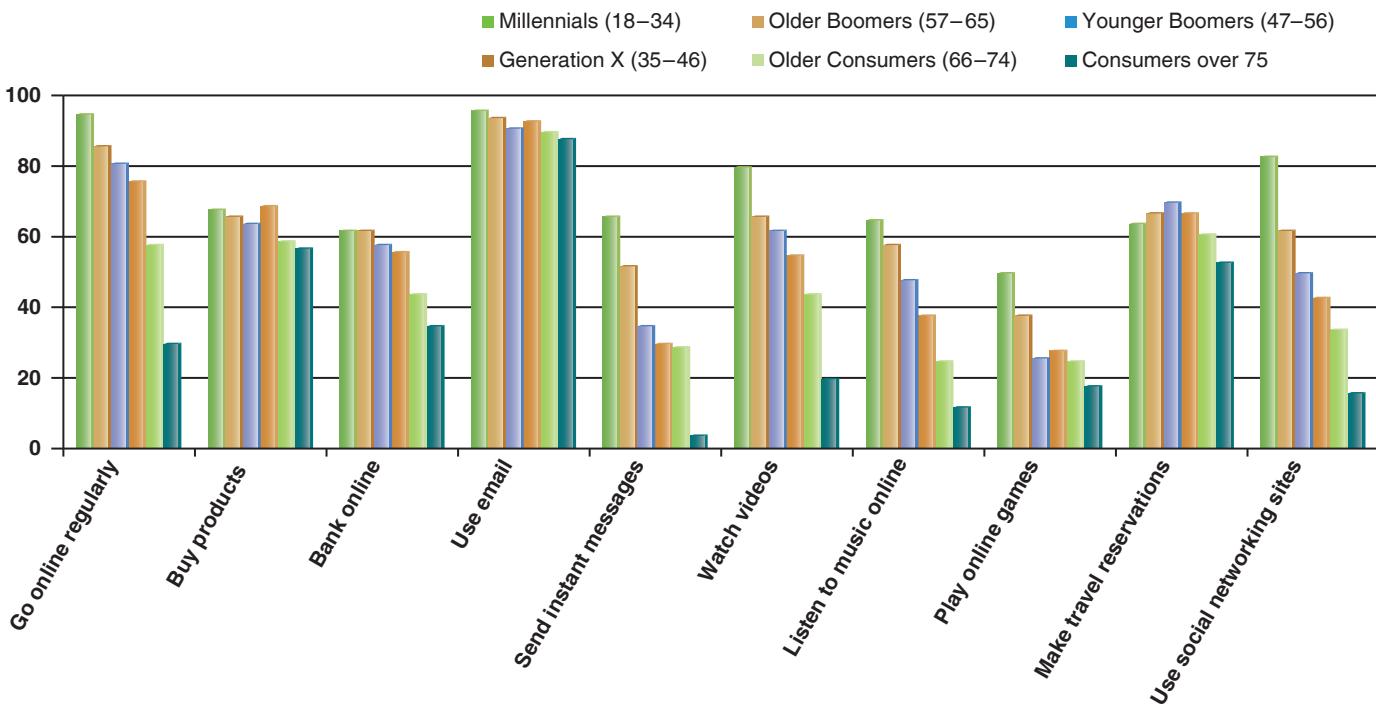
Usage-rate segmentation reflects the differences among **heavy**, **medium**, and **light** users, as well as nonusers of a specific product, service, or brand. Marketers of many products, such as soup, laundry detergent, beer, and dog food, have found that a relatively small group of heavy users accounts 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 can be consumed in larger quantities than regular beer.

Generally, targeting heavy users is more profitable than pursuing other users. However, catering to this segment requires a lot of expensive advertising because all competitors

TABLE 2.4 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.

**FIGURE 2.4**

Online Activities of Different Age Groups

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

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, Telkom Kenya Limited, a Kenyan telecommunications company, introduced a new mobile tariff especially for heavy data users in 2018. “Telkom Move” bundles a sizeable preset amount of data with unlimited on-net calls and is meant to provide an easy solution for Kenyan businesspeople, accommodating their high data usage and addressing concerns about the cost per MB of data. However, like many others around the world, the company also offers packages that allow customers to only pay for the call minutes and data they actually consume.²²

Usage rate segmentation also focuses on the factors that affect the usage behavior. For instance, in a study of supermarket customers, researchers examined usage frequency in relation to buyers’ reasons for purchasing at that 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.²³

Product awareness status represents the degree of consumers’ awareness of the product and its features, and whether or not they intend to buy it reasonably soon. A related factor is **product involvement**, which reflects the degree of personal relevance that the product holds for the consumer. (see Chapter 5).

Usage-occasion segmentation—exemplified in Figure 2.1—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.”

Many marketers promote their offerings for holidays or seasons. Greeting card marketers promote special cards for a variety of occasions that now includes Grandparents’ Day, Secretaries’ Day, death of a pet, and so on. The florist and candy industries promote their products for Valentine’s Day and Mother’s Day, the diamond industry promotes diamond rings as an engagement symbol, and makers of expensive wristwatches and fountain pens often promote their products as graduation gifts with heavier advertising during the May–June graduation season. The marketers of Campbell’s Soup, Kraft, Hershey, Kellogg, and other

product involvement

The degree of personal relevance the product holds for the consumer.

prominent brands have been promoting their products online before the holidays because consumers spend more money during the weeks before New Year's Eve.²⁴

Marketing studies have shown that consumers are increasingly skeptical about assigning foods to specific times of the day or places. Marketers have been responding by, for example, marketing oatmeal for lunch or dinner and yogurt for dinner or dessert. Two brands of Greek-style yogurt launched ads during a Super Bowl game, positioning their products as snacks, joining candy brands pursuing the same target. In movie theaters, popcorn and Reese's Pieces are now competing with more exotic foods such as quinoa and almond-crusted goat cheese salad, spicy sushi lobster rolls, and bowls of edamame.²⁵

Selecting Target Markets

Learning Objective

- 2.2** To understand how to identify, select, and reach target markets.

All consumers are not alike; 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, many airlines now offer four cabin options reflecting the benefits consumers seek in flight: *coach*, *premium economy* (which costs 50% more than coach), *business class* (costs twice as much as premium, often more), 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.

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

The segments that marketers should pursue must be identifiable, profitable, accessible, and reachable.

THE TARGETED SEGMENT MUST BE 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.

Let’s assume that a financial investments firm is considering adding a hedge fund to its services. Using P\$YCLE—a geodemographic subdividing households according to finances and wealth, including income-producing assets—the company identified the segment it wishes to target: *affluent Americans* with many income-producing assets who purchase 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, the framework has defined two narrower groups—the *wealth market* and *business class*—described in Table 2.5.²⁶

THE TARGETED SEGMENT MUST BE PROFITABLE

To be a viable market, a segment must consist of enough consumers to target it profitably, as well as be stable and growing. 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 used to make suits only for men who have more generous waists than the relatively small segment of very athletic men.

TABLE 2.5 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 post-graduate 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).

Continuing our example of the financial firm, both of the groups described in Table 2.5 are likely to be profitable, and the firm can pursue both or either one. Let's assume that the firm decided to focus on the **business class** segment because it has higher growth prospects. Its members are younger and still accumulating wealth, invest in long-term investments, and are willing to take greater risks, whereas members the **wealth market** investors prefer less risky financial instruments.

Marketers 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 sizable 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. Gradually, American designers began to offer men suit jackets and pants individually and not as a single item, so that men can select items that fit them the best.

An important determinant of likely profitability is the congruency between the segments targeted and the company's objectives and resources. For example, The Pump—a seller of freshly cooked organic dishes in New York City—had gone out of business when a new owner disregarded its core appeal. Originally, The Pump included small stores—located only on Manhattan's side streets—with sitting areas for customers waiting for their food orders. The seating was very limited and crowded to discourage eating on location. The menu was fixed with optional side orders. Most of the sales were from orders taken by phone and quickly delivered to homes and offices.

The new owner opened a large store with a large dining area at a prime location on Madison Avenue, and offered a flexible menu with variations of the main dishes and combinations of food items. But, the original small kitchens were not setup for cooking so many options, the order takers were not trained in processing them, and loyal customers were puzzled by the new menu. The high-rent store on Madison Avenue—decorated with customized stainless steel counters and furnishings—cost far too much and drained the company's

revenue. The new owner lost sight of the core benefits that The Pump has been delivering to its customers, and, within less than a year under the new ownership, The Pump closed to the disappointment of its loyal clients.

THE TARGETED SEGMENT MUST BE 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 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 more avenues for reaching unique segments and may 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, such as the ones featured in Table 2.6.²⁷ *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 Traveler*.

Continuing our example, the financial firm should use PRIZM 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.

As another example of distinctly reachable market segments, consider working versus stay-at-home mothers. Compared with ***stay-at-home moms***, more ***working mothers*** own personal computers (83 versus 76 percent), smartphones (98 versus 96 percent), and tablets (80 versus 72 percent). Nevertheless, Figure 2.5 shows that stay-at-home mothers spend more time on their digital devices than their counterparts. Additionally, stay-at-home moms spend over seven-and-a-half additional hours watching live TV and content via TV-connected devices per week than those who work.²⁸

TABLE 2.6 Reader Profiles

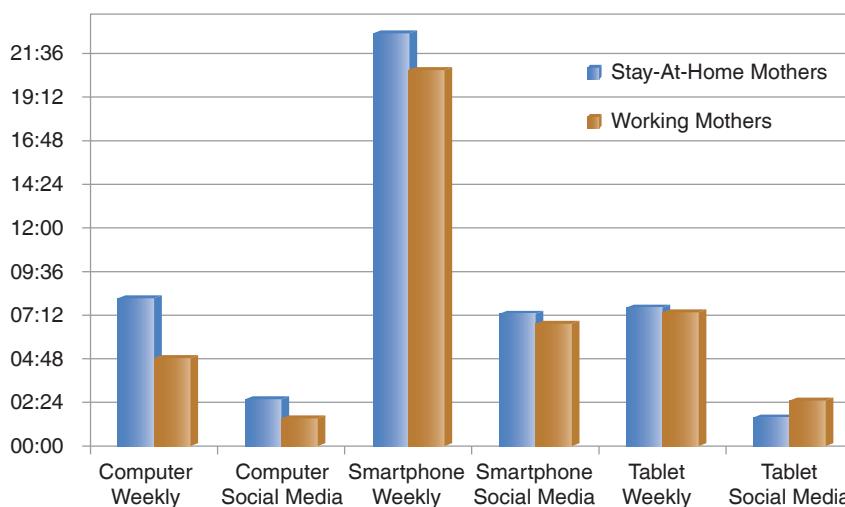
Publication	Audience & Median Household Income	Gender	Median Age	Education	Occupation
<i>Scientific American</i>	2.8 million \$90,000	70% men 30% women	47	62% college + 31% postgraduate 7% unreported	52% managerial 19% decision makers, high tech 13% owner, partner 16% unreported
<i>National Geographic Traveller</i>	7.3 million \$72,000	55% men 45% women	42	69% college +	31% professional, managerial
<i>National Geographic</i>	6.7 million worldwide 5.2 million US \$68,000	56% men 44% women	45.6	66% college	27% professional, managerial
<i>The Wall Street Journal</i>	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

FIGURE 2.5

Mothers' Weekly Usage
of Digital Devices

*Source: Nielsen Insights, "Mom Genes:
Looking at the Media DNA of Working and
Stay-At-Home Mothers," January 3, 2017*

**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 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 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 are near or had entered the store.²⁹

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 revisit the sites, in an attempt to **convert** visitors into buyers, the cameras are immediately displayed in the order the customers preferred during their initial visits.

Real-Time Bidding**Learning Objective**

- 2.3 To understand real-time bidding as compared with market segmentation.

real-time bidding (RTB)

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).

impression

A customer that becomes available for RTB.

Real-time bidding (RTB) takes place when advertisers buy inventories of customers—termed impressions or eyeballs—on a per-impression basis, via programmed instantaneous auction. An **impression** is a term for a customer that becomes available for real-time bidding online. Do you ever wonder why the same ad for a car or sneakers keeps popping up on your screen? It is because you were an impression and advertisers won bids to reach you with these ads.

Advertisers bid on each impression and the winning advertiser's ad is instantly displayed on the site that was offered for sale. In traditional advertising, marketers buy access to large segments of customers by, say, buying advertising space in a magazine or time on a TV show. In contrast, RTB facilitates the optimization of advertising expenditures by

1. considering inventory on per-impression or
2. placing premium bids on access to consumers that are particularly valuable to them and pay less (or pass) on less valued prospects. Additionally, they can reach the eyeballs they had “**won**” with **customized** messages, quickly evaluate their ads' effectiveness, and rapidly replace less potent ads with better ones.

PROFILING IMPRESSIONS

The profile of each **impression** is determined by **data brokers** (or aggregators) through the following means.

web crawlers

Programs that capture content across the internet and transmit it to the data broker's servers.

predictive analytics

Measures designed to predict consumers' future purchases on the basis of past buying information and other data, and also evaluate the impact of personalized promotions stemming from these predictions.

behavioral biometrics

Chart unique patterns in the way people perform various activities, such as swiping the screen or even the way they walk while holding smartphones.

1. Collecting web-based data through **web crawlers**—programs that capture content across the internet and transmit it to the data broker's servers. The programs record websites that consumers visit; consumers' levels of engagement (i.e., which pages they look at, the length of their visits, and how often they return); and visitors' lifestyles and personalities (derived from the contents of consumers' blogs, tweets, and Facebook profiles). They also keep track of consumers' purchases, items left unpurchased in shopping carts, and returns and exchanges.
2. Gathering secondary data (see Chapter 16) by buying it from commercial services and collecting information from local and government records.
3. Updating the data collected in real time, daily, weekly, monthly, quarterly, biannually, annually.
4. Creating data segments—for example, “**Soccer Moms**” might include all women between the ages of 21 and 45, with children, who have purchased sporting goods within the last 2 years.

Predictive analytics are measures that foresee consumers' future purchases on the bases of past buying information and other data, as well as evaluate the impact of personalized promotions created from these predictions. Here are some questions addressed by these tools:

1. When leaving a given page, which 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. Which factors make visitors click on specific ads?

Predictive analytics often focuses on **noticing** significant changes in consumers' buying behavior because such variations alert marketers of significant personal events such as the arrival of a new baby, an 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 patterns to identify their pregnancies early on. Figure 2.6 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 indicated that Susan was expecting a baby. Using the data and a lot of additional information, Target started sending Susan applicable promotional offers and also took steps to conceal its spying on her.³⁰

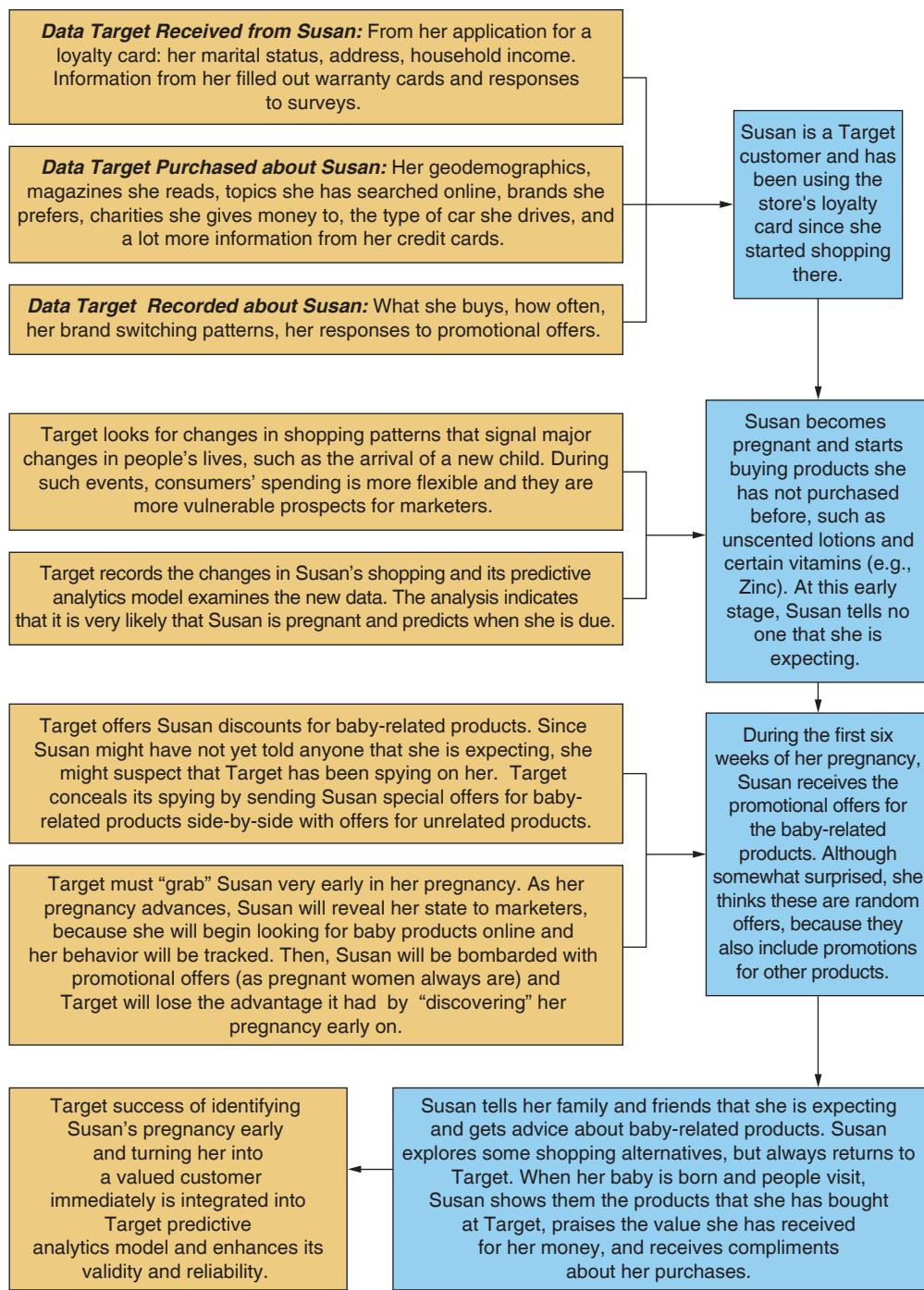
As another example, Google noted that no one is into string bikinis anymore, and skinny jeans are on their way out. Palazzo pants and tulle skirts are starting to be the focus of more shoppers' searches, suggesting they are the next big things. Google offers insights into which trends suggest sustained growth (e.g., tulle skirts, jogger pants), which ones are temporary fads (e.g., emoji shirts), which ones exhibit seasonal growth each year (e.g., white jumpsuits), and which fashions are just plain done (e.g., peplum jackets, scarf vests). Break down the trends by geographical region. Google showed that searches for white jumpsuits increased in the area around Jackson, Mississippi, in May, soon after a local stylist had held a big fashion show touting the items as functional alternatives to dresses. Not only can Google sell its services to interested companies but it can also promote itself as a premier advertising channel.³¹

Behavioral biometrics—originally called designed identity verification—chart unique patterns in the way people perform various activities, such as swiping the screen or even the way they walk while holding smartphones. Security experts maintain that how people perform

FIGURE 2.6

Predictive Analytics

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



these functions is very difficult to copy, especially when several metrics are combined. Marketers can use this to verify that customers interacting with their ads and apps are indeed those whom they had intended to reach.³²

THE REAL-TIME BIDDING OPERATION

The **application programming interface** is the *pipe* that announces each impression individually as it becomes available for purchase. When you go online you become an available impression in the inventory. The **brain** is the real-time bidding (RTB) that connects to one or more pipes, evaluates every impression that's announced when targeted eyeballs

appear online, and makes the best inventory acquisition decisions possible on behalf of advertisers. Thus, every time the *pipe* announces an impression, the *brain* evaluates it.

There are four groups of sites that collect information for real-time bidding:

1. **Advertising:** services like DoubleClick that invisibly collect personal information and display ads.
2. **Analytics:** companies like Scorecard Research that invisibly collect personal information and build profiles of consumers as they browse the web. These profiles can be connected with persons' names.
3. **Social:** companies like Facebook Like or Tweet use widgets that connect back to the social networking service when the widgets load on the page. These widgets allow the social networks to track consumers' browsing activities even when consumers are not on the social network's website.
4. **Unblocked content:** companies like YouTube or Buzzfeed deliver useful content online, but may also invisibly collect personal information.

cookie

Also called web cookie, internet cookie, browser cookie is a software code sent from a website and stored on the user's computer web browser while the user is online.

A **cookie** (also called web cookie, internet cookie, browser cookie) is a software code sent from a website and stored on the user's computer web browser while the user is online. Cookies enable websites to remember information—such as items placed in an online shopping cart—and record the user's browsing activity (including clicking particular buttons, logging in, or recording which pages were visited in the past). Cookies also remember information that the user previously entered into form fields such as names, addresses, passwords, and credit card numbers.

For example, when you search for first-class flights to Paris in September on cheapair.com, your search is captured by a cookie that cheapair.com has sold through 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 such prospects. Hilton logs in to 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, that is, how many impressions become available. Hilton bids on the price, competing against other advertisers wishing to buy the same cookies.³³ 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.

ad exchange

A big pool of ad impressions—websites—paste their ad impressions into the pool, hoping someone will buy them. Buyers then bid on the impressions they wish to purchase and the outcomes are determined in milliseconds.

The inventories become available for bidding in ad exchanges such as eXelate, BlueKai, Google, and DoubleClick. An **ad exchange** is a big pool of ad impressions. Publishers—that is, websites—paste their ad impressions into the pool, hoping someone will buy them. Buyers then bid on the impressions they wish to purchase and the outcomes are determined in milliseconds.

The bidding starts when a client asks a data broker to find consumers with particular characteristics. Data brokers have stock data segments already created based on anticipated client demand, and they can rapidly construct segments based on the client's request. For example, the broker can help a clothing retailer advertise its new luxury fashion line to consumers online by targeting new or existing customers. When a retailer provides the data broker with its customer list or the characteristics of the kind of customers it seeks, the data broker compares its stock segments, such as **Persons Interested in High-End Clothing** to the retailer's existing list of customers and predicts which of the retailer's customers are likely to be interested in the new fashion line.

If the data broker does not have a stock segment that fits the retailer's needs, it creates custom segments based on the retailer's criteria. Let's say that the retailer wants to target its line to its current existing female customers residing in zip code 12345. Suppose the data broker comes up with 100,000 consumers meeting the criteria of the clothing retailer, including Jane Doe, who resides in zip code 12345. Suppose further that the data broker has bought Social Media X's list of registered users. If the data broker finds that Jane Doe is a registered

user of Social Media X, it has found a match. The data broker can thereafter associate Jane Doe with the data elements and segments requested by the client—the retailer—such as females residing in zip code 12345 and who are also *Sophisticated Shoppers*.

DATA BROKERS

Companies such as Acxiom are virtually unknown to the public but their databases *know nearly everything* (including name and address) 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. The companies collect such 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.³⁴

ADVANTAGES OF REAL-TIME BIDDING

When marketers wish to reach large consumer groups—segmented along demographics, psychographics and geodemographics—they buy media space *directly*, in bulk, and pay based on the medium's profile and the ads' *reach* (whom and how many are reached) and *frequency* (number of times a consumer saw an ad). With RTB, advertisers can still target potential customers at demographic, psychographic, and behavioral levels, but the reach of RTB enables them to do so across a wide array of sites, rather than on just one, making it possible to target audiences at scale.

With *direct buys* of advertising space and time from traditional media (e.g., TV, magazines, newspapers), the advertiser purchases a pile of ad inventory at a fixed *cost per thousand (CPM)* rate that the publisher will deliver in the future. These purchases are almost always priced in fixed CPM rates, where the inventory is sold in bulk and all impressions are essentially priced the same (e.g., \$10 CPM, or \$10 per thousand ad views).^{*} Here, the inventory is *guaranteed* (or *reserved*) for the buyer, and barring any external issues, the advertiser will receive the impressions it agreed to purchase at the outset. This works well for advertisers and agencies that have specific exposure goals and require a high level of certainty that campaigns will deliver. In exchange for paying a higher rate to publishers, advertisers are guaranteed of reaching volumes of consumers and avoiding the naturally competitive aspect of RTB.

With RTB, an advertiser competes in an auction with a multitude of other advertisers, all bidding at different rates for each impression, in real time. In this dynamic environment, the ad inventory is *nonguaranteed* because the marketplace is unpredictable. When an advertiser does not know others' bids, it has no guarantee that it will win the impression bided on.

Another way of thinking about how these two pricing models differ is by using a simple analogy. Buying ad inventory directly from publishers is like buying giant bushels of apples. You pay a fixed price for each batch and receive various levels of quality within the bunch. But with RTB, you are essentially bidding for each apple (impression) based on its individual characteristics. This means that you still end up with 1,000 apples at the end of the day, but the overall cost for the batch will be a dynamic value derived from all the individual prices you paid for each and provide a superior CPM.

In traditional media buying, advertisers prepay for the space and do not get money back regardless of whether any consumer who had seen their ads ends up buying the product or even became more interested and aware of their brands. Such misspent expenditures reflect the opinion of John Wanamaker, one of the first proponents of advertising, who, over a century ago, said, “Half the money I spend on advertising is wasted; the trouble is, I don't know *which* half.”

^{*}Cost per thousand (CPM) is a marketing term used to denote the price of 1,000 advertisement impressions on one webpage. If a website publisher charges \$2.00 CPM, that means an advertiser must pay \$2.00 for every 1,000 impressions of its ad. The “M” in CPM represents the Roman numeral for 1,000.

In direct buying of advertising space, most media require large minimums from the advertisers, which can be impractical for small companies—many with innovative offerings—trying to generate customers. With RTB, small innovative startups with limited funds.

A direct buy is a manual process requiring hours of human effort in planning and implementation. It requires reaching out and making initial contact with the publisher's sales team, negotiating and planning the ads' insertion order (outlined in the ad campaign's contract), sending ads back and forth. This asynchronous process is prone to miscommunication and human error. In contrast, RTB is a programmed process driven by user interfaces and algorithms rather than phone calls, emails and contracts.

Real-time bidding enables advertisers to optimize their expenditures by increasing the level of certainty that an ad campaign will reach a reasonable volume of the type of customers that marketers wish to reach. In contrast, ***many*** consumers reached via direct buys are unlikely to become customers because the groups reached by TV, magazines, and newspapers are broadly defined. With RTB, rather than buying a large inventory, marketers pay premium prices to secure inventories of the right customers, reach them where they are, and advertise their products to the most promising prospects.

RTB also enables ***cross-channel campaigns*** where marketers can direct identical audiences through various media. For example, a pet store may want to run a campaign to sell a new dog shampoo to dog owners simultaneously via direct mail, email, and internet advertisements. Through bidding, the marketer can reach and identify its best customers, pitch its products online, and follow with sending them the direct mail and email brochures, as well as reaching them with banner ads.

cross-channel campaigns

Where marketers can direct identical audiences through various media.

Summary

Learning Objective 2.1: To understand how to segment markets along demographics, lifestyles, product benefits and usage, and media exposure.

Market segmentation is 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. After dividing the market into distinct groups, the company must select segments that are profitable and reachable, and feasibly targetable within its objectives and resources.

Demographic segmentation divides consumers according to age, gender, ethnicity, income and wealth, occupation, marital status, household type and size, and geographical location. Two other segmentation factors are based on demographics. Family life cycle details the phases that most families go through, each stage representing a viable target segment to marketers of many products. Social class is the division of members of a society into a hierarchy of distinct status classes—most often based on income, education, and occupation—so that members of each class have relatively the same status and members of all other classes have either higher or lower status. Because they are so versatile, psychographics are widely used, mostly together with demographics, providing marketers with richly descriptive profiles of target markets.

Geodemographics are 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 the adage states, “Birds of a feather flock together.” The most popular combination of demographics and geographic locations is called PRIZM—grouping American households into 66 segments based on socioeconomic ranking, consumer behavior, and media exposure patterns.

Benefit segmentation is based on the benefits that consumers seek from products and services. These benefits represent unfulfilled needs, whereas buyers' perceptions that a given brand delivers a unique and prominent benefit result in loyalty to that brand.

Media exposure patterns can be used to segment markets. As more and more forms of media emerge, marketers must study the benefits that specific consumer segments seek from adopting these communication tools, so that they can advertise in these media effectively.

Usage-rate segmentation reflects the differences among heavy, medium, and light users, and nonusers of a specific product, service, or brand. 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. A related factor is product involvement, which reflects the degree of personal relevance that the product holds for the consumer. Usage-occasion segmentation recognizes that consumers purchase some products for specific occasions. Marketing studies have shown that consumers are increasingly skeptical about assigning foods to specific times of the day or places. Marketers have been responding by, for example, trying to convince consumers to snack on Greek-style yogurt and candy while watching the Super Bowl.

Learning Objective 2.2: To understand how to identify, select, and reach target markets.

All consumers are not alike. 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. Not every company is interested in or has the means to reach every market

segment. In addition to being identifiable, the segment(s) chosen must be profitable and accessible.

To be a viable market, a segment must consist of enough consumers to target it profitably, as well as be stable and growing. Additionally, the number of segments targeted and their profiles must be congruent with the company's objectives and resources. Marketers 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.

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 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.

Marketers can also target customers on their mobile devices. For example, 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 are near or enter the store.

Learning Objective 2.3: To understand real-time bidding as compared with market segmentation.

Real-time bidding (RTB) takes place when advertisers buy inventories of customers—termed impressions or eyeballs—on

a per-impression basis, via programed instantaneous auction. An impression is a term for a customer that becomes available for real-time bidding online. Detailed profiles for the impressions are compiled from online navigation, demographics, geographic locations, and possessions and purchases.

Predictive analytics 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 created from these predictions. These measures are also designed to notice significant changes in consumers' buying behavior because such variations provide marketers with targeting prospects.

The inventories become available for bidding in ad exchanges such as eXelate, BlueKai, Google, and DoubleClick. An ad exchange is a big pool of ad impressions. Publishers—that is, websites—paste their ad impressions into the pool, hoping someone will buy them. Buyers then bid on the impressions they wish to purchase and the outcomes are determined in milliseconds.

In traditional media buying, advertisers prepay for the space and do not get money back regardless of whether any consumer who had seen their ads ends up buying the product or at least became more interested and aware of their brands. With RTB, an advertiser competes in an auction with a multitude of other advertisers, all bidding at different rates for each impression, in real time.

Real-time bidding enables advertisers to optimize their expenditures by increasing the level of certainty that an ad campaign will reach a reasonable volume of the type of customers that marketers wish to reach. In contrast, many consumers reached via direct buys are unlikely to become customers because the groups reached by TV, magazines, and newspapers are broadly defined. With RTB, rather than buying a large inventory, marketers pay premium prices to secure inventories of the right customers, reach them where they are, and advertise their products to the most promising prospects.

Review and Discussion Questions

- 2.1. For each of the following products, identify the segmentation base that you consider the best for targeting consumers: (a) biscuits, (b) shampoo, (c) wireless broadband, and (d) holidays. Explain your choices.
- 2.2. 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.
- 2.3. Discuss the advantages and disadvantages of using demographics as a basis for segmentation. Can demographics and psychographics be used together? Illustrate your answer with a specific example.
- 2.4. Does your lifestyle differ significantly from your parents' lifestyle? If so, how are the two lifestyles different? What factors cause these differences?
- 2.5. Combine at least two segmentation bases for targeting each of the following products. Explain your choices.
 - a. Men's sneakers
 - b. Women's cocktail dresses
 - c. hybrid cars
 - d. e-readers
- 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. Which VALS™ segment(s) should a company producing environmentally friendly clothes from recycled fabric target? Explain your reasons for choosing the target group(s) you selected. How can these target markets be reached by marketers?
- 2.8. 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.
- 2.9. Using the VALS™ segment descriptions, list one product for each of the segments that you think is primarily aimed at that segment. Explain your reasons for allocating these products to those segments.
 - a. SUVs
 - b. financial retirement plans
 - c. a new smartphone model
- 2.10. Explain the differences between segmentation and real-time bidding.

- 2.11.** Explain how marketers can employ each of the following data in predictive analytics.
- The website's consumers visit.
 - Consumers' levels of engagement with visited websites (i.e., the pages viewed, length of visits, frequency of return to the site).
 - Consumers' interests, lifestyles, and personalities (e.g., from the contents of their blogs, tweets, and Facebook profiles).
 - Consumers' purchases, almost purchases, abandoned carts, and product returns and exchanges.
- 2.12.** How would you segment the market of consumers who would like to order Oakley sunglasses online? Explain your answer.

Hands-on Assignments

- 2.13.** Thinking of your family and friends who own cars, list the reasons why they do. What needs do they have? Which benefits are they seeking? Try to build up several different "car owner" profiles this way. Then visit the website of a car brand of your choice and check whether all the needs you discovered are offered as benefits in a model among the product range.
- 2.14.** Analyze one of your social media accounts or a randomly chosen (public) one with respect to the data it holds for marketers regarding segmentation. Look through the entries that have been shared via the account. Which segmentation criteria could you deduce from this data on the chosen social media account?
- 2.15.** The owners of a local health-food restaurant have asked you to prepare a psychographic profile of families living in the community surrounding the restaurant's location. Construct a 10-item psychographic questionnaire that measures a family's dining out preferences.
- 2.16.** Find three print advertisements directed at three different clusters, each one belonging to one of the three frameworks: PRIZM, P\$YCLE, and ConneXions. Explain your choices.

Key Terms

- Ad exchange 73
- Application programming interface (API) 72
- Behavioral biometrics 71
- Benefit segmentation 63
- ConneXions 63
- Cookie 73
- Cross-channel campaigns 75
- Demographic segmentation 58
- Family life cycle 59
- Geodemographics 62
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3

Consumer Motivation and Personality

Learning Objectives

- 3.1 To understand how motives, needs, and goals shape consumer behavior.
- 3.2 To understand the systems of classifying needs.
- 3.3 To understand the impact of hidden motives on consumer behavior.
- 3.4 To understand why and how consumers use technology.
- 3.5 To understand personality development.
- 3.6 To understand how personality traits shape consumer behavior
- 3.7 To understand brand personification.
- 3.8 To understand the impact of self-image on consumer behavior.

MOTIVATION is the driving force that impels people to act and reflects the reason or reasons one has for acting or behaving in a particular way.

Needs are circumstances in which something is necessary or requires some course of action.

In consumer behavior, unfulfilled needs form motivational desires that impel consumers to purchase goods and services. Desired outcomes create tensions which consumers strive to relieve, both consciously and subconsciously, by forming purchase-related goals and subsequent behavior that they anticipate will fulfill their needs. Personality characteristics guide the goals that people set and the courses of action they take to attain these goals. Figure 3.1 diagrams how unfulfilled needs create psychological tension and drives that impel people to act.

Personality represents 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 that marketers have differentiated from others by giving them **"personalities."** **Brand personification** is assigning a brand human attributes and creating sentiments for it among consumers.

Brand personification, a form of **anthropomorphism**, means attributing human characteristics to something that is not human. For example, Figure 3.2 features Mr. Clean—one of America's most beloved and instantly recognized "persons." The brand and mascot are owned by Procter & Gamble and used for positioning and marketing cleaning items. The mascot, introduced in the 1950s, quickly became a best seller, and "his" product line now includes bathroom cleaners, a magic

FIGURE 3.1**The Motivation Process****motivation**

The driving force within individuals that impels them to act.

needs

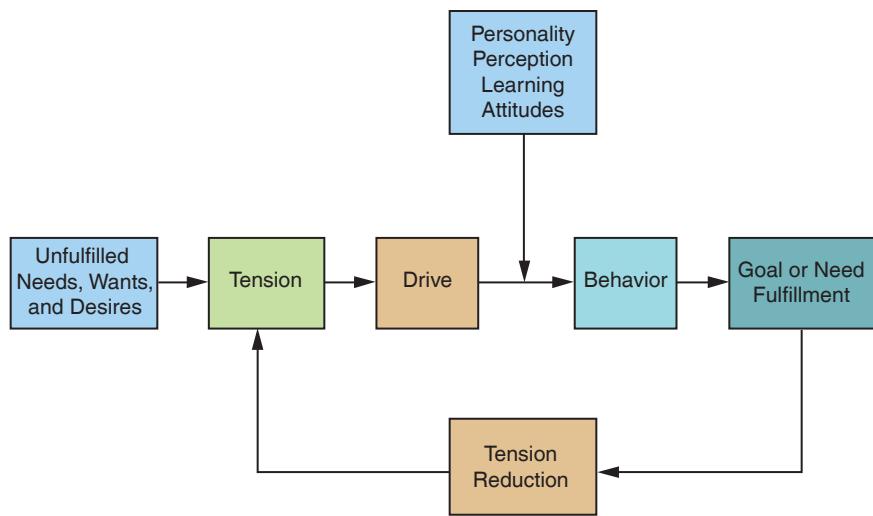
Circumstances or things that are wanted or required, and therefore direct the motivational forces.

personality

The inner psychological characteristics that both determine and reflect how we think and act.

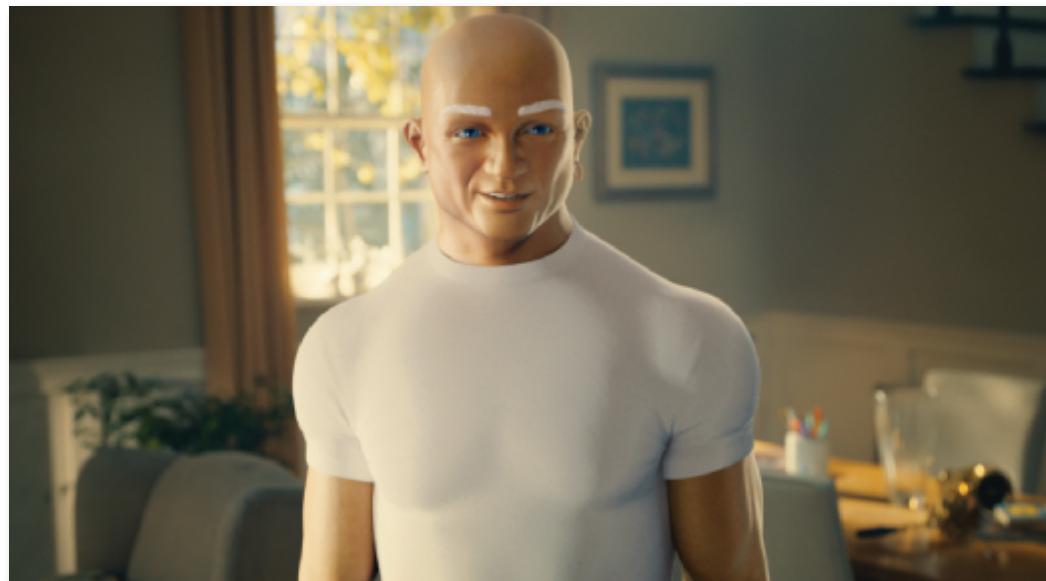
brand personification

Communicating human features of a brand in advertising.



eraser, cleaning liquids and sprays, and items for heavy and outdoor cleaning. Procter & 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. In his recent incarnation shown during a Super Bowl, he appeared strong and somewhat sexier than when he was first introduced.

FIGURE 3.2**Brand Personification**

Source: Procter & Gamble Co.

The Dynamics of Motivation

Learning Objective

- 3.1** To understand how motives, needs, and goals shape consumer behavior.

The foundation of marketing is identifying and satisfying needs. Marketers do not create needs, although in many instances they make consumers more keenly aware of unfelt or dormant needs. Therefore, marketers must focus on the needs their products satisfy rather than on the products they produce and sell. Consumers' needs do not change over time although the **manners** of how they satisfy needs, including the products they buy, change over time, sometimes frequently as new and better products that satisfy their needs are launched. Thus, developing products that will satisfy consumers' needs ensures that the company stays in the forefront of the search for new

and effective solutions to consumers' desires. In contrast, companies that define themselves in terms of the products they make may lose revenues, or even go out of business, when their products are replaced by competitive offerings that satisfy consumers' needs better.

For example, Procter & Gamble provides, "**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 personal and caring service in an uplifting ambience and anticipating and fulfilling guests' needs and wants.

NEEDS

biogenic needs

Biogenic needs sustain physical existence, e.g., food, water, air, protection of the body, and sex.

psychogenic needs

Motivational forces that are learned from our parents, social environment, and interactions with others.

There are two types of human needs: **Biogenic needs**—also termed **physiological**—and **innate needs**, which sustain physical existence: needs for food, water, air, protection of the body from the outside environment (i.e., clothing and shelter), and sex. **Psychogenic 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.

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. In **physiological arousal**—a drop of blood's sugar level or stomach contractions triggers feeling hungry. 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**—thoughts can lead to a cognitive awareness of a need and action that would fulfill it. For instance, when Facebook reminds users of friends' birthdays and prompts to post birthday greetings, buy presents, and even send cards in addition to the postings. Many promotional messages are cues designed to arouse consumer needs, because without these cues, consumers' needs may remain dormant. 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. The ad in Figure 3.3 reminds consumers that a steak without ketchup is "missing something"—that is, Heinz Ketchup.

GOALS

goals

Sought after outcomes of motivated behavior.

Goals are the sought-after results of motivated behavior. In the context of consumer behavior, buyers' actions are driven by two sets of goals:

1. **Generic goals** are outcomes that consumers seek in order to satisfy physiological and psychological needs.
2. **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.

FIGURE 3.3
Cognitive Arousal



Source: The Kraft Heinz Company

Usually, consumers set purchase-related goals that satisfy more than one need. We buy clothing for protection and for a certain degree of modesty, but our clothes also fulfill 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 appropriate goals. The goals that people select depend on personal experiences and knowledge, physical capacity, prevailing cultural norms and values, and the goal's accessibility. 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 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**, and 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.

approach objects

Positive outcomes that people seek.

avoidance objects

Negative outcomes that people want to prevent.

Another person knows that her parents would criticize her if she does not go to college, so she goes to college to avoid being criticized. Both individuals pursue an identical goal—college education—but 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 seek out friends on Snapchat and watch Snapchat stories daily as a way to feel socially connected. 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.¹ Another study identified several factors that motivate people to go shopping:²

1. ***Seeking Specific Goods:*** Going to 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:*** Includes such motivations as sensory stimulation, gift shopping, and bargain hunting.
4. ***Demand-Specific Shopping:*** Consumers are motivated by such factors as service convenience, store atmosphere, unique and exciting assortment.

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.

Higher-order needs emerge as lower-order needs are fulfilled.³ 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.

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 promise only 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 man who has stopped drinking whole milk because he is dieting may actually begin to prefer skim milk. A woman who cannot afford a BMW may convince herself that a new, sporty, and less expensive Japanese car has an image she prefers.

FRUSTRATION AND DEFENSE MECHANISMS

frustration

The feeling that results from failure to achieve a goal.

defense mechanisms

Cognitive and behavioral ways of handling frustration in order to protect one's self esteem.

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.

The primary defenses that people use to cope with frustration are:

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. In marketing, consumer boycotts of companies or stores exemplify aggressive behavior.

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 people who are not promoted in an organization may decide they are likely to succeed in other fields and quit their jobs.

Projection: An individual may redefine a frustrating situation by projecting blame for his or her own failures and inabilities on other objects or persons. Thus, the golfer who misses a stroke may blame his golf clubs or his caddy.

Daydreaming: 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.

No list can possibly discuss all the ways to cope with frustration because individuals develop their own personal ways of redefining frustrating situations to protect their self-esteem from the anxieties that result from experiencing failure. Marketers can depict frustrating situations in their ads and demonstrate how their products relieve them.

The ad in Figure 3.4 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.

FIGURE 3.4

An Appeal to Daydreaming



Source: Rami Hanafi, Viewmasters/Ving

Systems of Needs

Learning Objective

- 3.2** To understand the systems of classifying needs.

While physiological needs are straightforward, there are distinctly different approaches to defining and categorizing psychological (or psychogenic) needs. Over the years, several psychologists have developed lists of nonphysical needs, but there is no single and uniformed enumeration.

MURRAY'S PSYCHOGENIC NEEDS

In 1938, the pioneering psychologist Henry Murray prepared an extensive list of psychogenic needs, which represented the first systematic approach to understanding non-biological human needs. Murray believed that although each need is important in and of itself, needs can be inter-related, 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 manifested in behavior. For instance, people with a high need for achievement tend to select more challenging tasks, while people with high needs for affiliation join social groups, spend most of their time with others, and dislike being alone. Most likely, promotional messages showing people enjoying themselves in large groups (e.g., vacations, shopping situations) would appeal to consumers with heightened affiliation needs.

Table 3.1 lists some of the needs that Murray has pointed out and examples of promotional messages built around psychogenic needs.

Figure 3.5 illustrates the desire for order. It is a Facebook post from The Container Store. Notice that the visual shows neat and organized shelves with various sized containers. The products in The Container Store appeal to consumers with a high need for order.

TABLE 3.1 Strategic Applications of Murray's List

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 different activities, 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).

Source: Data based on the works of Henry Murray

FIGURE 3.5

Container Store Appeals to the Need for Order


The Container Store
 March 1 • *

For the first time EVER, everything Kitchen and Pantry is on SALE! Shop over 1,300 products that organize everything from baking necessities to snack storage to ultimate fridge order.



EVERYTHING kitchen & pantry 15% OFF

Kitchen & Pantry Sale

Our collection of kitchen and pantry products is second to none. From food prep to entertaining to cleanup, our kitchen collection helps you save time and get organized in the kitchen.

CONTAINERSTORE.COM

Source: Photo courtesy of The Container Store

MASLOW'S HIERARCHY OF NEEDS

Maslow's hierarchy of needs

A theoretical framework consisting of five levels of human needs, which rank in order of importance from lower-level (biogenic) needs to higher-level (psychogenic) needs. The theory states that individuals seek to satisfy lower-level needs before higher-level needs.

Psychologist Abraham Maslow formulated a theory of human motivation based on the notion that there is a hierarchy of human needs.⁴ **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.

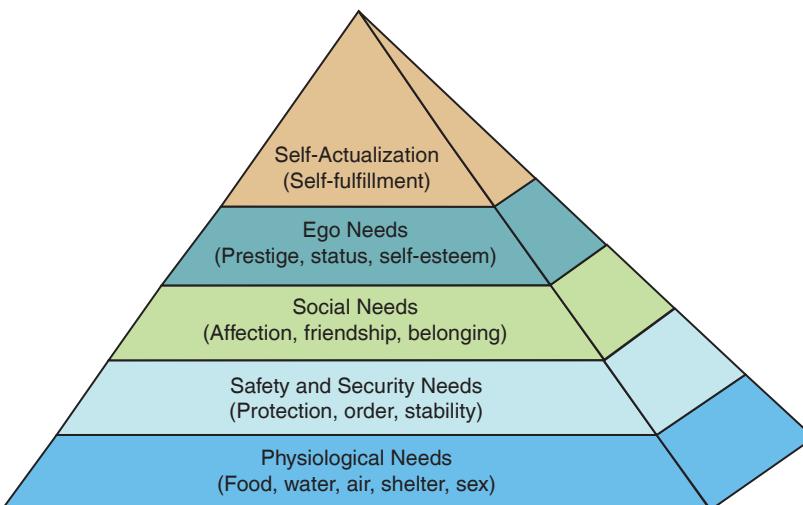
Maslow maintained that **physiological needs** are the first and most basic level of human needs. These primary needs, which are required to sustain biological life, include food, water, air, shelter, clothing, and sex—all biogenic needs. According to Maslow, physiological needs are dominant when they are chronically unsatisfied: "For the man who is extremely hungry, no other interest exists but food. He dreams food, he remembers food, he thinks about food, he emotes only about food, he perceives only food, and he wants only food."⁵

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

FIGURE 3.6

Maslow's Hierarchy of Needs

Source: Abraham H. Maslow, *Motivation and Personality* (New York: Harper & Row, 1954); Abraham H. Maslow, *Toward a Psychology of Being* (New York: Van Nostrand Reinhold, 1968): 189–215



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.

According to Maslow, when 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.

The Validity of Maslow's Theory

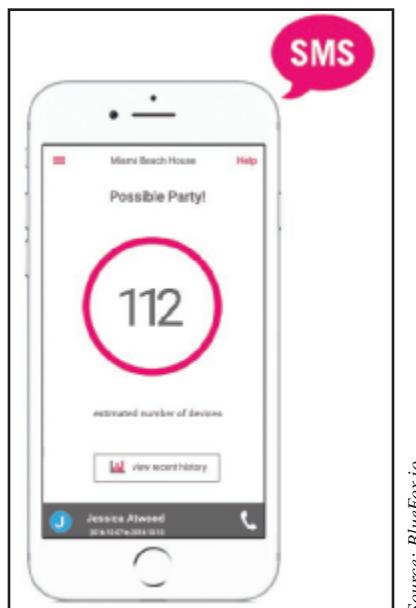
Maslow's theory states that higher-order needs become the driving force behind human behavior as lower-level needs are satisfied. The theory says, in effect, that dissatisfaction, not satisfaction, motivates behavior. The need hierarchy has received wide acceptance in many social disciplines because it appears to reflect the assumed or inferred motivations of many people in U.S. 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 closely resembles Western culture and in other societies the needs specified by Maslow are ranked differently. Indeed, research indicated that in some countries.⁶

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. In the ad for Party Squashers presented in Figure 3.7 parents are provided with the feeling of safety and

FIGURE 3.7

Party Squashers Appeals to Safety Needs



Source: BlueFox.io

security. They download the app and are told when the number of cell phones in one location (e.g., their home) rises. This way, parents know when their teenagers are having a party! This ad was served on the Facebook page of a mother with teenagers.

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 can use needs to differentiate their products, 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*.⁷” The slogans that most respondents disliked were, “I Want You” and “Join the People Who’ve Joined the Army.”⁷ Clearly, egoistic and self-actualization needs are the prime motivators behind joining the armed forces.

Hidden Motives

Learning Objective

- 3.3 To understand the impact of hidden motives on consumer behavior.

motivational research

A “term of art” that refers to qualitative studies conducted by Dr. Ernest Dichter in the 1950s and 1960, which were designed to uncover consumers’ subconscious or hidden motivations in the context of buying and consumption.

Motivational research is a “term of art” that refers to qualitative studies conducted by Dr. Ernest Dichter in the 1950s and 1960s designed to uncover consumers’ **subconscious** or hidden motivations. Following Freud’s premise that unconscious needs or drives—especially biological and sexual drives—propel human behavior, motivational research attempted to discover underlying feelings, attitudes, and emotions concerning product, service, or brand use.

When Dr. Dichter, who was trained as a clinical psychoanalyst in Vienna, arrived in the United States in the late 1930s, he joined a major New York advertising agency rather than establish a clinical practice. 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. Following are the results of several motivational research studies.

A car allows consumers to convert their subconscious fear of death and their urges to destroy—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 When Mattel introduced Barbie in 1959, the company hired Dichter as a consultant. His research indicated that young girls liked the doll, but 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 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, he recommended that ice cream packaging should be round, with illustrations that run around the box panel, suggesting unlimited quantity.

Motivational researchers have used qualitative research (see Chapter 16)—focus group sessions and in-depth interviews—to gain deeper insights into the *whys* of consumer behavior. Motivational research often reveals unsuspected consumer motivations concerning product or brand usage and is often used to develop ideas for promotional campaigns. Qualitative research also enables marketers to explore consumer reactions to product ideas and advertising copy at an early stage, and avoid the costly errors resulting from using ineffective and untested ads.

Motivational research findings provide consumer researchers with insights that can be examined further by using **quantitative research** (see Chapter 16), which employs larger and more representative consumer samples than qualitative studies.

A primary qualitative research tool is the use of **projective techniques**, which require respondents to interpret stimuli that do not have clear meanings, with the assumption that the subjects will “reveal” or “project” their subconscious, hidden motives into (or onto) the ambiguous stimuli. The results of studies that employed projective techniques are described next.

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.

Role-playing is a form of story-telling. Respondents are placed within a purchase situation and are asked to act out assigned roles.

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 an opening phrase (e.g., “People who drive convertibles are . . . ”).

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.

In **picture drawing**, respondents are 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.

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 were 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.**”

projective techniques

A research tool requiring respondents to interpret stimuli that do not have clear meanings, with the assumption that the subjects will “reveal” or “project” their subconscious, hidden motives into (or onto) the ambiguous stimuli.

Motives and Technology

Learning Objective

- 3.4** To understand why and how consumers use technology.

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, product reviews, and comments focus on products and consumption, because these online writers have a tremendous influence on consumers' choices. Furthermore, understanding the motivations of the writers often enables marketers to influence what is being written. It has been suggested that consumers write product reviews in order to be helpful to other consumers (e.g., Henry Murray's Sharing Information Need); gain prestige, such as being awarded as a top reviewer on Amazon.com (e.g., Murray's Achievement Need); create content for their own blog, YouTube channel, or other social media (e.g., Murray's Creation Need); and/or obtain swag and other incentives (Murray's Acquiring Need). Recently, Amazon changed its policy and no longer allows companies to give incentives in exchange for product reviews. This change was enacted to keep the reviewers honest.

Researchers have found many reasons why consumers interact with brands online. One reason is to obtain information, buy, or personalize the brand. For example, Coca Cola provided consumers a way to personalize their coke bottles with their own names.

Knowing why consumers interact with brands online allows marketers to increase engagement that ultimately leads to sales. Several studies investigated the motivations of consumers to interact with brands on the internet.⁸

1. Interested in buying and comparing products' features online
2. Find personalizing products fun
3. Receiving good customer service
4. Winning prizes and receiving free product samples

Additionally, technology (e.g., wearable technology) can be a motivating factor for consumers. For example, consumers buy the Samsung Gear Fit as an external exercise motivator. This fitness band reminds the wearer to keep moving throughout the day. Furthermore, wearable technology connects consumers to their social networks who push them to exercise even more.

Personality Development

Learning Objective

3.5 To understand personality development.

Personality represents 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. Personalities affect the way consumers respond to marketers' promotional efforts, and when, where, and how they consume most 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.

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. Generally, researchers agree on these issues:

1. Personality reflects individual differences
2. Personality is generally consistent and enduring
3. Although it is enduring, personality can change (e.g., life circumstances and getting older)

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 consumers who like to buy novel and advanced products.

PERSONALITY CAN CHANGE

Although personality is generally enduring, under certain circumstances, it might change under such life events as marriage, the birth of a child, the death of a parent, or a change of job and profession. One’s personality also changes as one matures; “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.

Researchers have identified three approaches to understanding the impact of personality on consumer behavior:

1. *Freudian concepts*
2. *Neo-Freudian premises*
3. *Measuring distinct traits*

FREUDIAN THEORY

Freudian theory

A theory maintaining that unconscious needs or drives, especially biological and sexual ones, are at the heart of human motivation and personality.

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 one’s 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, superego, and ego.

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.

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 is a cognitive monitor that balances the impulsive demands of the id and the sociocultural constraints of the superego. In a classic ad for Mac computers, PC (dressed in a suit) is given an iPhoto book from MAC (dressed in jeans) and is tempted (by his id), represented by PC dressed in red (the devil) to rip it up. However, he is prodded by his superego, PC dressed in white (an angel) to compliment MAC. PC says the book is nice, a moderate or controlled position by the ego.

Freud maintained that personalities form as infants progress and develop in the course of five stages: *oral*, *anal*, *phallic*, *latent*, and *genital*. An adult's personality is determined by how well people deal with the crises they experience during each stage. For instance, if a child's need for food is not adequately satisfied at the first stage of development, the child may become "fixated" at this stage, and, as an adult, his or her 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

Neo-Freudian theory posits that, in addition to Freud's concepts, social relationships are crucial factors in the development of personality.

Neo-Freudian theory maintains that, in addition to Freud's concepts, social relationships are crucial factors in the development of personality. The neo-Freudians believed that the patterns of social relationships impact the 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—a neo-Freudian—studied the impact of child-parent relationships on the individual's desire to reduce anxiety, and proposed that there are three groups of people:⁹

1. **Compliant individuals** are those who move *toward* others and wish to be loved, wanted, and appreciated.
2. **Aggressive individuals** are those who move *against* others and desire to excel and win admiration.
3. **Detached individuals** are those who move *away* from others and seek independence, self-reliance, self-sufficiency, and life without obligations.

CAD scale

The CAD scale measures the extent to which individuals are Compliant, Aggressive, and Detached.

Researchers developed a personality test based on Horney's theory—the **CAD scale**—that measures whether a person is primarily compliant, aggressive, or detached. Researchers used the scale to discover relationships between college students' types and their product usage and brand preferences. 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).¹⁰

Marketers can 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.

Personality Traits

Learning Objective

- 3.6 To understand how personality traits shape consumer behavior.

personality traits

Personality traits are inner psychological characteristics that distinguish one individual from other individuals.

Personality traits are characteristics that set people apart from one another, and are measured through self-administered questionnaires to pinpoint individual differences in terms of "high" versus "low" scores on specific traits. Consumer behavior researchers developed tests that assess personality traits, and often incorporated items from scales designed to measure clinical, psychological issues into their own research tools.

Researchers have discovered that personality traits are reflected in consumers' shopping patterns, but rarely influenced brands' selections. 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.

Next, we 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. Afterward, we examine the personality traits that are closely related to this dimension, which are dogmatism, social character, and the need for uniqueness. Note that these traits apply to the behavior of all consumers, whether or not they are among the first to purchase newly introduced products. Last, we describe other consumption-related personality traits.

INNOVATORS VERSUS LAGGARDS

innovators

Consumers who are open to new ideas and are among the first to try new products, services, or practices.

Innovators are the first to try new products, product line extensions, and services because they are open to new ideas and practices. Their responses to newly introduced products are 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.¹¹ Conversely, **laggards** are the very last consumers to adopt a new product. More about innovators and laggards will be discussed in Chapter 14. Table 3.2 illustrates some opinions of high-tech innovators.

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 innovation¹²

Whereas most researchers view innovativeness as a single personality trait, one study identified three levels of innovativeness:¹³

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 3.2 Technology Innovators

- 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 who 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.¹⁴ Another study found that although 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.¹⁵ Researchers have also discovered that consumer innovativeness strongly affects the likelihood of consumers to purchase brand extensions, and therefore firms introducing such products must target innovative consumers.¹⁶ 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.¹⁷

OPEN- VERSUS CLOSED-MINDED

dogmatism

A personality trait representing one's degree of cognitive rigidity—the opposite of being open-minded—toward information and opinions contradictory to one's own.

Dogmatism is one's degree of rigidity—the opposite of being open-minded—toward information and opinions contradictory to one's beliefs and views (i.e., closed-mindedness).¹⁸ 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, and being venturesome and also outgoing) responded favorably to emotional messages, and were likely to purchase and become loyal to the brand advertised.¹⁹

CONFORMITY VERSUS INDIVIDUALITY

inner-directed

Consumers who rely on their own inner values and standards in evaluating new products, and are also likely to be consumer innovators.

other-directed

Consumers who look up to others for guidance as to what is appropriate or inappropriate and are unlikely to be consumer innovators.

need for uniqueness

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.

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. Other-directed consumers are likely to rely on what other people say about a product—for example, consumer reviews such as the ones posted on Amazon.

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. Consumers with a high need for uniqueness like to stand out in a crowd.

Understanding this personality trait is highly pertinent to the fashion industry because clothing trends and styles are forever 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 3.3. The tagline for Duralee Fabrics in Figure 3.8 is, “Your Vision . . . Design It,” allowing customers to feel that they have a unique product designed just for them (Duralee.com).

TABLE 3.3 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.

FIGURE 3.8

Duralee Fabrics Appeal to the Need for Uniqueness



Source: Duralee Fabrics, LTD.

NOVEL AND COMPLEX OR SIMPLE AND SAFE EXPERIENCES

optimum stimulation level (OSL)

A personality trait that reflects the degree to which a person likes novel, complex, and unusual experiences (i.e., high OSL), or prefers simple, uncluttered, and calm existence (i.e., low OSL).

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). Researchers have 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.²⁰ A study of college students' tendencies to purchase "mass customized" clothes (e.g., a pair of jeans that are specially measured, cut, and sewn so they offer a better fit or appearance) discovered that people with high OSL wanted to: (1) "experiment with personal appearance" (e.g., "I try on some of the newest clothes each season to see how I look in the styles") and (2) "enhance their individuality" (e.g., "I try to buy clothes that are very unusual").²¹

Studies showed that consumers' OSL levels impact their choices of products or services and how they manage and spend their time. For example, a person who feels bored is likely to choose a vacation that includes a lot of activity and excitement. In contrast, a person who feels overwhelmed would seek a quiet, isolated, relaxing, and rejuvenating vacation.

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.²²

Another trait similar to OSL is variety or novelty seeking. In consumer behavior, **novelty seeking** consists of:²³

1. **Exploratory purchase behavior:** Switching brands to experience new, different, and possibly better alternatives
2. **Vicarious exploration:** Gathering information about new and different product alternatives and contemplating buying them
3. **Innovativeness:** Using an already adopted product in a new or novel way

novelty seeking

Novelty seeking is a personality trait that leads consumers to prefer variety, that includes exploration of new brands and novel ways of doing things.

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.

PREFERENCE FOR THINKING

need for cognition (NFC)

A personality trait that reflects a person's craving for or enjoyment of thinking.

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.²⁴ 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.²⁵

Need for cognition also plays a role in consumers' use of the internet. Studies have shown that high-NFC persons were more likely than others to seek product information, current events, and educational resources online.²⁶ 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.²⁷

PREFERENCE FOR WRITTEN OR VISUAL

verbalizers

People who respond favorably to verbal messages and pay less attention to visual and pictorial messages.

visualizers

People who respond favorably to visual and pictorial messages and pay less attention to verbal messages.

Researchers have discovered 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:** Those who encode and process images as a single perceptual unit
2. **Spatial Visualizers:** Those 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.²⁸

Although most ads consist of both verbal and pictorial information, some ads and some mediums are significantly more visual than others. Consumers on social media are increasingly attracted to and engage in more visual content (e.g. visual instructions, memes, and infographics).

IMPORTANCE OF POSSESSIONS

materialism

A personality trait that gauges the extent to which an individual is preoccupied with the purchase and display of non-essential and often conspicuous luxury goods.

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 (ages 18 to 35) from China and their U.S. counterparts discovered that the Chinese were more materialistic than the Americans.²⁹ 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.³⁰

TABLE 3.4 Materialistic Consumers

Beliefs	Pleasure	Identity
<ul style="list-style-type: none"> • Purchasing things is important • “He who dies with the most toys wins” • They believe they are better off than those who have fewer possessions 	<ul style="list-style-type: none"> • Enjoy seeking out things that give them pleasure • Enjoy treating themselves to new possessions 	<ul style="list-style-type: none"> • Define themselves by what they own • Feel important when shopping for new things

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 feel discomfort about paying for their purchases. In contrast, “spendthrifts” feel no discomfort about paying and typically spend more than they intended to.³¹ 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.³² Table 3.4 profiles materialistic consumers.

COMPULSIONS AND FIXATIONS

Compulsive consumers are addictive and out-of-control buyers who often cause 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.³³ Compulsive shoppers purchase items they do not need and often do not end up using. Many require psychological intervention in order to eliminate or even control severe compulsive shopping. Research suggests that easy availability of credit cards contributes to compulsive consumption behavior, especially among college students.³⁴ Marketers must ensure that their promotional messages do not encourage irresponsible consumption. Table 3.5 lists several characteristics of compulsive consumers.

In the context of consumer behavior, **fixated consumers** are collectors and hobbyists who tend to accumulate items that are related to their interests and show them off to friends and others who have 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, to 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. A willingness to invest a lot of effort in adding to their collections
3. A willingness to spend a lot of time and discretionary (or other) income searching and buying more items for their collections
4. An aggressive competitiveness at auctions

TABLE 3.5 Compulsive Consumers

Uncontrollable Shopping Urges	Negative Outcomes	Peer Judgements
<ul style="list-style-type: none"> • Keep buying even when they cannot afford it. 	<ul style="list-style-type: none"> • Bouncing Checks • Unable to pay bills at the end of the month. 	<ul style="list-style-type: none"> • Feel others would be horrified if they knew shopping habits.

CONSUMER ETHNOCENTRISM

ethnocentrism

A personality trait representing one's tendency toward buying or not buying foreign-made products.

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 non-ethnocentric 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.³⁵ 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—although preferring to purchase slacks, shirts, undergarments, and belts that are locally manufactured—want to buy imported sunglasses and watches.³⁶ 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.³⁷

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 made 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.³⁸

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 U.K. 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.³⁹ Furthermore, one research study found that consumers with little knowledge about the product were more strongly influenced by country-of-origin perceptions than consumers who knew a lot about the product.⁴⁰ 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.⁴¹

PERSONALITY AND COLOR

Not only do consumers ascribe personality traits to products and services, but some also associate personality characteristics and genders with specific colors. For instance, consumers associate Coca-Cola with red, which connotes excitement. The color blue is linked to communication; maybe that is why Facebook uses it in its logo. Green and brown connote ruggedness, and black is indicative of 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. More colors and lighter tones are associated with femininity, whereas darker tones and fewer colors are considered masculine. Many fast-food restaurants use combinations of bright colors—such as red, yellow, and blue—for their roadside signs and interior designs because researchers 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.⁴²

Anthropomorphism

Learning Objective

- 3.7** To understand brand personification.

anthropomorphism

Assigning human characteristics to an object.

brand personification

Communicating human features of a brand in advertising.

Product and brand personifications are forms of **anthropomorphism**—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.⁴³

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.

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 others (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.⁴⁴

Consumers personify brands because marketers have given their offerings human characteristics through repetitive and effective advertising. For example, the M&M “person” 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*.⁴⁵” 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 task-masters” and “high-energy people.” In another study, French young adults (ages 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.⁴⁵

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:⁴⁶

Excitement Modern, imaginative, innovative

Sophistication Associated with social status and trendy

Affection Likeable and personable

Popularity Sought after, in demand

Competence Reliable, proficient, credible

Some consumers become “brand zealots” and develop a relationship with brands beyond the functions of these products. An example of this behavior is Volkswagen 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.

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 that are given 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, Wal-Mart 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.”⁴⁷

PRODUCT PERSONALITY AND GEOGRAPHY

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

Self-Perception

Learning Objective

- 3.8** To understand the impact of self-image on consumer behavior.

self-image

Self-image is defined as how people perceive themselves.

Self-image is how people perceive themselves. Self-perceptions of oneself are often related to purchases of products and services because consumers often select products that are consistent with their self-images and/or to enhance one’s self-image. In fact, consumers have multiple “selves” because people act differently in various 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.⁴⁸

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.
4. **Ideal social self-image** is how consumers would like others to see them.

A special case of the ideal social self is the social media self-image. People curate their lives on social media in order for others to see them in a way that they create. The “Social Media Self” is the way that the self is curated on social media. What is posted on social media is often carefully chosen and edited to create the image of oneself for the social media world to see. We may want others to view us as helpful by posting pictures of ourselves doing charity work, or as having lots of friends by posting pictures of ourselves with other people.

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 the product’s or brand’s reflection of self-image) and then develop and market an offering that meets both criteria.

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:⁴⁹

1. **Actually**, by allowing oneself 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 oneself 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). Snapchat is one messaging app and media platform that allows consumers to alter their selves digitally. Users of Snapchat can snap photos and videos of themselves and then applying filters, such as geofilters, face swapping, and emojis.

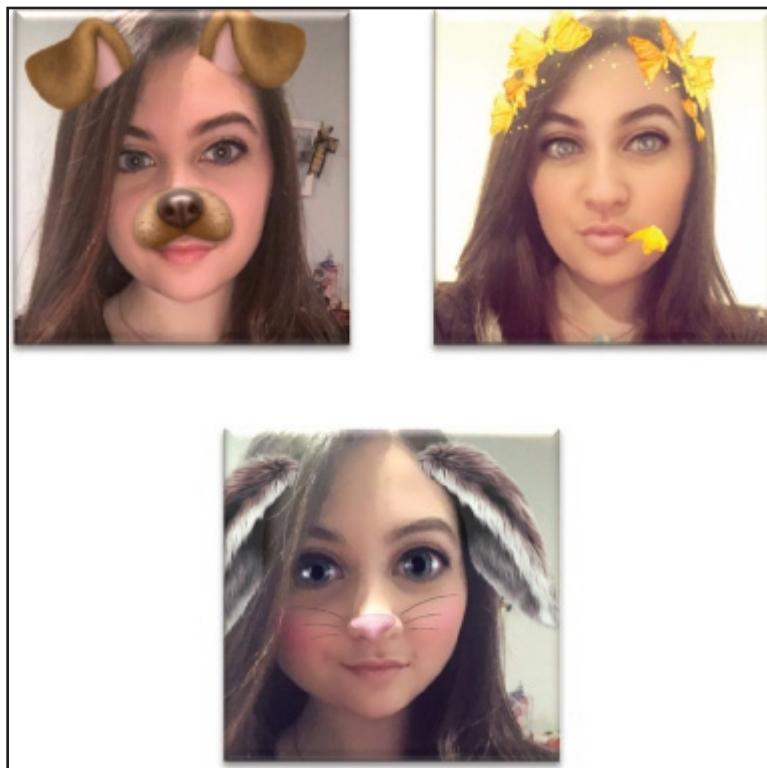
Figure 3.9 consists of Snapchat pictures with filters.

Vanity reflects one’s self-image, and often originates in acting self-important, being self-centered, and admiring one’s own appearance and achievements. Researchers discovered two types of vanity:

1. **Physical vanity**, which is an excessive concern with or an inflated view of one’s physical appearance.

FIGURE 3.9

Altering the Self by Applying Snapchat Filters



- 2. Achievement vanity**, which is an excessive concern with or an inflated view of one's personal achievements.

The researchers found that both vanity types correlated with a high level of materialism, high use of cosmetics, concern with clothing, and importance of belonging to prestigious country clubs.⁵⁰

Table 3.6 lists several characteristics of vain people. From a marketing viewpoint, these features indicate that vain consumers are a lucrative market for personal care and beauty products, welcome promotional messages showing that they attract others' attention, and are receptive to promotional messages featuring personal achievement.

TABLE 3.6 Vain Persons

Appearance	Achievements
<ul style="list-style-type: none"> Always want to look their best Believe others envy their appearance 	<ul style="list-style-type: none"> Believe they are a good example of success Obsessed with personal achievements

Summary

Learning Objective 3.1: To understand how motives, needs, and goals shape 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. 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. Biogenic needs (also termed physiological and innate needs) sustain physical existence. They include the need for food, water, air, protection of the body

from the outside environment (i.e., clothing and shelter), and sex. Psychogenic 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.

Goals are the sought-after results of motivated behavior, and all human behavior is goal oriented. Most of an individual's needs are dormant much of the time. The arousal of any need at a specific moment may be caused by biological stimuli, emotional or cognitive processes, or stimuli in the outside environment. 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.

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; and (3) people who achieve their goals set new and higher goals for themselves.

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. Positive outcomes that we seek are called approach objects, and negative outcomes that we want to prevent are called avoidance objects.

Frustration is the feeling that results from failure to achieve a goal, and defense mechanisms are cognitive and behavioral ways to handle frustration.

Learning Objective 3.2: To understand the systems of classifying needs.

Human beings share the same biogenic and similar psychogenic needs. However, different people assign different priorities to psychogenic needs.

Henry Murray prepared an extensive list of psychogenic needs that 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.

Maslow's hierarchy-of-needs theory proposes five levels of human needs: physiological needs, safety needs, social needs, egoistic needs, and self-actualization needs. 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 U.S. society. The five levels of needs are sufficiently generic to encompass most individual needs.

Learning Objective 3.3: To understand the impact of hidden motives on consumer behavior.

Motivational research—a “term of art” for a consumer behavior research approach conceived by Ernest Dichter—uses mostly projective techniques. This method is commonly used in qualitative research to delve below the consumer's level of conscious awareness to identify underlying needs and motives.

Learning Objective 3.4: To understand why and how consumers use technology.

Marketers are interested in how technology influences motivations. For example, marketers are learning about consumer motivation to post product and service reviews online in order to influence these

decisions. In addition, wearable technology, such as fitness bracelets, motivate consumers to increase their exercise.

Learning Objective 3.5: To understand personality 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 3.6: To understand how personality traits shape consumer behavior.

The premise researching the impact of personality traits on consumer behavior is that people have varying degrees that can be measured. Several personality traits are strongly correlated with innovativeness: dogmatism, inner- versus other-directedness, and the need for uniqueness. These personality traits, as well as others—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—greatly impact consumption behavior and marketers must understand and use them to develop effective persuasive strategies.

Learning Objective 3.7: To understand brand personification.

Brand personification takes place when consumers assign 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 3.8: To understand the impact of self-image on consumer behavior.

People have several forms of perceived self-image expressing their 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 any product or service. Now list the ways in which it could be marketed to target consumers as both an approach object and an avoidance object. Cite appropriate examples.
- 3.4. Why are consumers’ needs and goals constantly changing? What factors influence the formation of new goals? Apply the concepts of needs and goals to the introduction of a new program by your college or university.
- 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. 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.
- 3.8. a. What are some of the techniques researchers can use to measure motives?
b. Is quantitative research applicable to gain insights to storytelling?
c. List some strengths and weaknesses of qualitative 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. “Wearing crazy bright hair colors makes me unique and an inspiration in a crowd.” How can a hair stylist use this illustrative opinion of a college student with a high need for uniqueness to promote the technicolor hair coloring services of the hair salon?
- 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 U.S.-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 3.1) and discuss their effectiveness.
- 3.17. Find three advertisements that illustrate the needs for order, achievement, and affection and discuss their effectiveness. (Each advertisement should depict one of these needs.)
- 3.18. Find two examples of ads that are designed to arouse consumer needs and discuss their effectiveness.
- 3.19. Interview three friends about their favorite leisure-time activities. Do your leisure-time preferences differ from those

of your friends? Which personality traits might explain why your preferences are different from or the same as those of your friends, and how so?

- 3.20. Find three print advertisements that illustrate concepts from Freudian personality theory and discuss how they do so.
- 3.21. Discuss how you curate your own social media self-image. What are your rules for posting or viewing on social media?

Key Terms

- Aggression 83
- Anthropomorphism 78, 99
- Approach objects 81
- Avoidance objects 81
- Biogenic needs 80
- Brand personification 78, 99
- CAD scale 92
- Compulsive consumers 97
- Daydreaming 83

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Consumer Perception and Positioning

Learning Objectives

- 4.1 To understand how perception shapes sensory input and subsequent consumer behavior.
- 4.2 To understand the distinction between the sensory absolute and differential thresholds.
- 4.3 To understand why consumers notice some stimuli but not others.
- 4.4 To understand how people organize stimuli.
- 4.5 To understand how consumers use integral and external factors to evaluate products.
- 4.6 To understand the elements of consumer imagery.
- 4.7 To understand consumers' perceived risks and how to lower them.
- 4.8 To understand the process of positioning and repositioning.

PERCEPTION is the process by which individuals select, organize, and interpret stimuli into a meaningful and coherent picture of the world, that is, "**how we see the world around us.**" Two individuals who receive 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. Think 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.

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 4.1 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

FIGURE 4.1

Updating a Package Without Losing Consumer Recognition

perception

The process by which individuals select, organize, and interpret stimuli into a meaningful and coherent picture of the world. It can be described as “how we see the world around us.”

repositioning

The process by which a company strategically changes the distinct image and identity of its products, services, and brands.



Source: The Kraft Heinz Company

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 company modernized its packages without diluting its identity and consumers instantly recognized the bottle in spite of the label update.

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. Sometimes, changing a brand image, or **repositioning**, is necessary.

Sensory Information

Learning Objective

- 4.1** To understand how perception shapes sensory input and subsequent consumer behavior.

Perception is all about consumers' **subjective** understandings rather than **objective** realities. Altering subjective “wisdom” is difficult, or even impossible. For instance, for decades, Hill’s 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, Hill’s Science Diet’s claim of engineered nutrition became a liability and its sales sharply declined. The brand’s marketer responded with Hill’s 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 Hill’s Science Diet as an artificial and unnatural product.¹

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 highly 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*.

sensation

The immediate and direct response of the sensory organs to stimuli.

stimulus

Any input to any of the senses.

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

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 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 it also protects us from damaging, disruptive, or irrelevant bombardment when the input level is high. 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.² The types of sensory input are described in the following sections.

SIGHT

Sensory input from our eyes is reflected in brand colors, store layouts, website design, and more. Retailers place products in stores so that consumers will see them. What we see in a retail outlet or how a website is designed has an effect on the brands we choose and the brands we use. For example, the packaging of a food product provides consumers with perceptual clues about its freshness and taste. Companies put food in transparent packages because consumers perceive these products to be fresher, more natural, and made with wholesome ingredients. Marketers need to be extra careful with the design of products inside clear packages. For example, fruit pieces in yogurt need to be large and intact, and tortilla chips have to stay whole.³

SCENT

Most marketing communications appeal to sight and sound. Nevertheless, 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 they 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 such as Abercrombie & Fitch use strong fragrances throughout their facilities. Consumers tend to linger in stores that have pleasant and congruent smells. Some retailers use discreet misters that diffuse the pleasant odors of tea, wood, and other scents. The smell needs to be strong enough to lure in customers yet not offend neighboring businesses. Cinnabon places baking ovens near the front of their stores so that the enticing smell of warm cinnamon rolls will waft out and entice consumers. Panera Bread reassigned the baking staff from night to day shifts so that the stores smell like a bakery when customers are in the stores.⁵ In addition, some companies are trademarking the scents of their products. FLOTEK produces a hydraulic-fracturing fluid used to extract oil and gas from deep in the ground. The product smells like oranges. Customers and employees love the unique orange smell and therefore they are seeking to register the scent as a trademark. Similarly, a U.S. ukulele company won trademark protection for piña colada aroma that lends its little stringed instruments a distinctive scent. One company even won a trademark for the smell of the beach.⁶

TOUCH

Several studies indicated that touching a product influences persuasion and that touching could be used as a persuasive tool.⁷ Retailers are keenly aware that most purchase decisions are made at the point of purchase. The choice between shopping online and shopping in stores is often made around the ability to touch products in stores. Think about going to the Apple Store and being allowed to play with all the products on display. Apple knows that touching and using the products in the store leads to more purchases. Researchers have also studied whether being touched by a salesperson (e.g., a handshake or a light touch to the arm or shoulder) leads to greater sales. As it turns out, the effect of interpersonal touch depends on personal preference for being touched. In addition, in some cultures, consumers will buy more if they are touched by a salesperson; in other cultures, it has the opposite effect.⁸ There are additional negatives associated with being touched in the retail environment. For

example, Paco Underhill, a retail anthropologist, noted that women, more than men, do not like being touched from behind. In crowded retail environments, women will often leave a store if touched from behind, either by another person or by bumping into a display.⁹ Therefore, when consumers touch products, they are more likely to buy them; being touched by a salesperson can increase or decrease sales; and being touched from behind will certainly decrease sales.

SOUND

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. In contrast, the absence of sound is becoming a popular advertising tool. Most users on social media (e.g., Facebook, Instagram) scroll through their newsfeeds on their mobile devices with the sound off. Therefore, advertisers aim to capture consumer attention without sound, in three seconds. The music that plays in hotels sets the mood for the guests. Hotels have different playlists for different spaces (e.g., lobby, bar, fitness center, business center) and particular times of day. For example, a hotel restaurant might have a specific playlist for breakfast and a different lunch playlist of various types and tempos of music. Hotels find it advantageous to play mellow music for breakfast, and high-energy music during the cocktail hour. The atmosphere in the spa is conducive to soft music. In many hotel lobbies the volume and tempo is increased during prime check-in and check-out times. Shopping to music prompts release of dopamine, which can create a sense of pleasure for shoppers and puts people in a generous mood, which is good for retailers. Retailers create store playlists so that the music communicates the brand message and encourages spending. In addition, retail stores will play music that will match the demographics and lifestyles of the consumers who shop in their stores. The right music will keep consumers in the stores longer which leads to more purchases.¹⁰

TASTE

There are five known fundamental tastes in the human palate: salty, sweet, sour, bitter, and umami. Umami is the full-bodied taste of chicken soup, or cured meat, or fish stock, or seaweed, or cooked tomato. The taste of Heinz’s ketchup begins at the tip of the tongue, where

TABLE 4.1 Sensory Audio Input and Product Perceptions

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.

the receptors for sweet and salty first appear, and then move along the sides, where sour tastes are the strongest, then hit the back of the tongue, for umami and bitter, thus hitting all five taste buds. That's quite an accomplishment for ketchup!

Marketers can influence the perception of taste with sights and sounds. Smokers perceived the taste of their cigarettes to be “off” when the Australian government imposed tough laws for tobacco warning labels that included graphic images of mouth ulcers, cancerous lungs, and gangrenous limbs. Smokers complained about the flavor immediately following the new packages. Of course, there was no reformulation of the product. People confronted with ugly packaging made the psychological leap to a disgusting taste.¹¹

Furthermore, there is a connection between music and the perception of wine. Shoppers who heard French music while shopping for wine bought more French wine as compared to German wine. In reverse, when German music was playing, German wines sold well. Music has an impact on the impression of the wine as well. When lively music plays, shoppers overwhelmingly found wine to be lively, and with powerful music, the wine was perceived as powerful, and so on. Knowing how music influences our other senses can provide marketers with tools for influencing perceptions of their products.¹²

SENSORY INPUT AND CULTURE

Research evidence suggests that sensory perception is culturally specific. We are trained by our culture how to interpret our sensory perceptions. For example, English speakers find it easy to identify the common color in milk and jasmine flowers (“white”) but not the common scent in, say, bat droppings and the leaf of ginger root. When presented with familiar scents such as cinnamon, turpentine, and lemons, Americans said, “I don’t know how to say that, sweet . . . it’s like that gum smell, like something like Big Red.” Speakers of Persian, Turkish, and Zapotec used metaphors different from those used by English and Dutch speakers to describe pitch, or frequency. For example, sounds are thin or thick rather than high or low. Marketers need to be aware of how a culture influences the interpretation sensory perceptions in order to be able to provide products and services that meet the needs of consumers in that culture.

The Absolute and Differential Thresholds

Learning Objective

- 4.2** To understand the distinction between the sensory absolute and differential thresholds.

absolute threshold

The lowest level at which an individual experiences a sensation. The point at which a person can detect a difference between “something” and “nothing.”

sensory adaptation

Getting used to high levels of sensory input and therefore less able to notice a particular stimulus.

Sensation varies among individuals’ senses and the features and strength of the stimuli they notice and “take in.”

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. We experience **sensory adaptation**—getting used to certain sensations; that is, becoming accommodated to a certain level of stimulation and becoming less able to notice a particular stimulus. 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 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. In other words, 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.¹³

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.¹⁴

THE DIFFERENTIAL THRESHOLD

differential threshold

The minimal difference that can be detected between two similar stimuli.

just noticeable difference (JND)

The minimal difference that can be detected between two similar stimuli.

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 rather 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.

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.¹⁵ Nevertheless, consumers tend to notice when products become smaller more so than when they become bigger. And when their favorite products become smaller, they will complain on social media and/or Change.org. For example, when Mondelez, the owner of the Toblerone brand of chocolate, reduced package sizes, five different Change.org petitions were started in order to request that the brand return to its original size.¹⁶ This example shows that package size changes of consumers’ favorite brands are above the level of JND.

Product Pricing and Improvements

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

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

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. Recall the careful update of the Heinz label that was well *within* the range of the JND in order to preserve the label's instant recognition. As opposed to this successful strategy, one year, for the holidays, Coca-Cola packaged regular Coke in snow-white cans, which *exceeded* the JND. Consumers became confused because the holiday cans were confusingly similar to Diet Coke's silver cans. The company brought back the familiar red can immediately.

Figure 4.2 illustrates how Instagram updated its company's logo. This update was above the JND level, in that consumers quickly saw the change. Whereas the old logo invoked a feeling of nostalgia for old-time cameras, and the app provided picture filters representing old-time photography, the new logo represents the brand's new current characterization of features and filters that address up-to-date filters and photography. Furthermore, Instagram did not move away from the previous logo shape so that consumers readily recognize the brand.

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 a change in The Gap's visual identity.
2. On its 40th 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 50th and 60th anniversaries. In spite of initial complaints from consumers, the company did not bring the old logo back. Apparently, although the change was clearly above the JND, Starbucks' management believed that, as time passed, consumers would accept it.
3. For decades, Tropicana's brand symbol for its premium juice packaging had been an orange with a straw in it. When a new logo, depicting a large glass of orange juice, was introduced, 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.¹⁷

FIGURE 4.2

Changing a Logo Above the JND



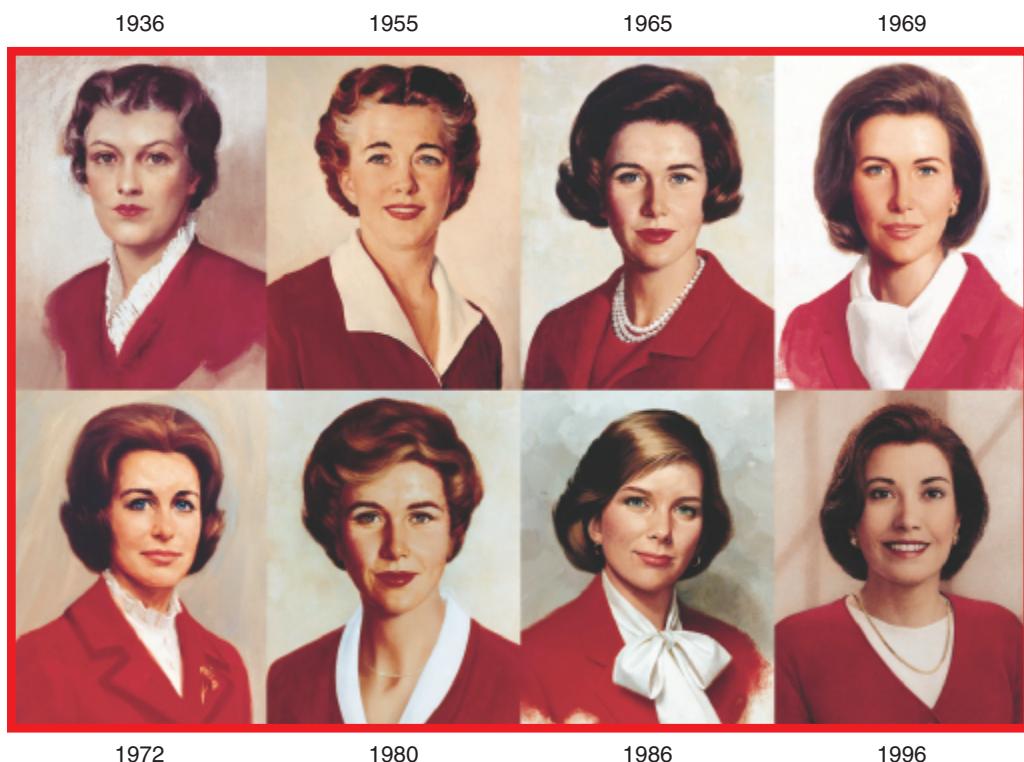
Source: Rose Carson/Shutterstock

As another example of changing iconic symbols without losing consumer recognition, as illustrated in Figure 4.3, Betty Crocker, the General Mills symbol, has been updated several times across many years. But, the basic elements of the symbol changed only minimally from one update to the next, in order to maintain continuous consumer recognition.

Figure 4.4 illustrates how Xerox, during its over 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 logo that consumers readily recognized.

FIGURE 4.3

Betty Crocker's Updates



Source: The Advertising Archives/Alamy Stock Photo

FIGURE 4.4

Changes in the Xerox Logo



Source: Xerox Corporation

SUBLIMINAL PERCEPTION

subliminal perception

A situation that occurs when the sensory receptors receive stimuli that are beneath the person's conscious awareness (i.e., the absolute threshold).

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, although 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 6-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.¹⁸ A study done in a laboratory setting supports this conclusion. The 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. Those who were 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.¹⁹ Some interpret these results to mean that a brand can make you perform better. For example, if you wear a swimsuit worn and endorsed by a champion swimmer, you will swim faster. Others argue that the results of the experiment simply mean that a subliminal stimulus may trigger certain associations and motivations, but not necessarily lead to different behavior. However, there is tangential indication that subliminal advertising may reduce antisocial behavior, such as that subliminal anti-shoplifting messages broadcasted in malls may lower shoplifting rates. However, there is no credible evidence that such advertising can get consumers to engage in shopping—a voluntary and pleasant behavior.

Over the years, there have been sporadic reports of marketers using subliminal messages to try 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 sub-audible voice) and *The Lion King* (where the letters "S-E-X" are allegedly formed in a cloud of dust). Furthermore, a search on Amazon.com reveals the many products that promise results (e.g., weight loss, smoking cessation, increased confidence, empowerment, goal achievement, cessation of laziness, and cancer remission) that accrue from listening to CD music recordings with subliminal messages in the background. In their messages, these products promise that you will change if you listen while you are sleeping. 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 embedded sexual messages, 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

- 4.3** To understand why consumers notice some stimuli but not others.

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.

STIMULI'S FEATURES

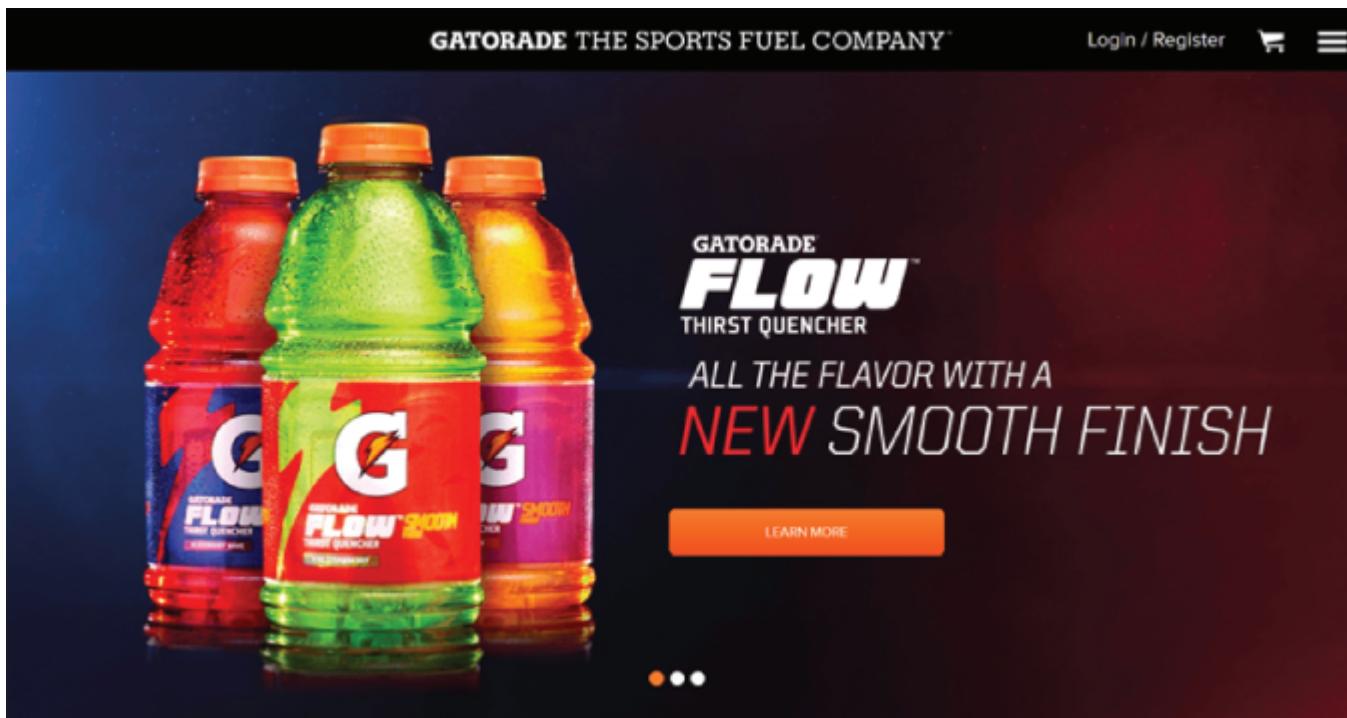
Physical stimuli that affect consumers' perceptions of products and evoke attention include the product itself, its attributes, package design, brand name, advertisements, commercials (including copy claims, choice and sex of model, positioning of model, size of ad, and typography), and placement of promotional messages within the advertising space. Ads that contrast with the buyers' environments are very likely to be noticed. The use of a dramatic image of the product against a black or 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 attention of consumers.

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." For example, the opening page of the Gatorade website in Figure 4.5 illustrates a good use of contrast. It evokes contrast because it shows the brightly colored product against a darker background, allowing the brand to stand out. The drink is visibly prominent and draws attention to itself. Other forms of contrast are unexpected and unrealistic images.

Shocking and unrealistic images also provoke attention. For example, a Brazilian ad for the energy drink TNT, created by Y&R for Brazil, depicted a Rhinocerus walking down the street with earbuds listening to music—a strange sight that undoubtedly captured attention.²⁰

PERSONAL 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.²¹ These results have implications for



Source: Stokely-Van Camp, Inc.

FIGURE 4.5

Color Contrast: Gatorade—
The Sports Fuel Company

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 will 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).

CONSUMER MOTIVATION

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

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

PERCEPTUAL SELECTIVITY

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.

selective attention

Consumers' heightened awareness of stimuli that meet their needs and interests and minimal awareness of stimuli irrelevant to their needs.

perceptual defense

A cognitive activity occurring when consumers subconsciously screen out stimuli that they find psychologically threatening, even though exposure has already taken place.

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.

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. This may be the reason that the Australian government changed their package laws, as discussed earlier in this chapter.

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 DVRs, and services such as Netflix, which enable viewers to avoid 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

- 4.4 To understand how people organize stimuli.

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

An element of perception that describes the interrelationship between the stimulus itself (i.e., figure) and the environment or context within which it appears (i.e., ground).

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), the only thing 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. A well-known Absolut Vodka campaign ran print ads in which the figure (the shape of the Absolut bottle) was poorly delineated against its ground, challenging readers to search for the bottle; the resulting audience “participation” produced more intense ads and greater consumer attention.

The picture of the woman in Figure 4.6 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 20's or her late 70's. Marketers must test their advertisements in order to ensure that they do not confuse consumers by not making a clear indication of which is figure and which is ground.

FIGURE 4.6

Figure and Ground Reversal



Source: Boring, E. (1930). A New Ambiguous Figure. The American Journal of Psychology, 42(3), 444-445. doi:10.2307/1415447. From *American Journal of Psychology*. Copyright 1930 by the Board of Trustees of the University of Illinois. Used with permission of the University of Illinois Press.

product placement

A form of promotion where marketers “disguise” promotional cues by integrating products (i.e., “figures”) into TV shows, films or other entertainment content (i.e., “grounds”), or building entertainment content around products.

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:²²

1. Dell monitors are used by the cast of the Netflix series *Orange Is the New Black*. Samsung products appeared in the BBC series *Sherlock*.
2. Eggo Waffles have been integrated into the Netflix series *Stranger Things* which the character—named Eleven—loves. In addition, Coke is seen in the series when Eleven is able to crush a can of Coke using her mind.
3. In an episode of the CBS series *The Big Bang Theory*, two characters groomed together with a unique Avon product. However, the name Avon was not spoken or shown during the broadcast. Later, Avon salespeople posted on Facebook that they have the product available for sale, along with a picture of the characters using the product and a picture of the Avon advertisement, integrating the product seamlessly into social media.

Advertisers must be extremely careful in using product placements. 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.²³

Increasingly and deliberately, consumers avoid watching TV commercials by using time-shifting devices such as DVRs programmed to delay a live broadcast by, say, 15 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). In 2001, BMW created BMW Films and showcased them on BMWfilms.com (before YouTube). In 2016, BMW returned with new films and uploaded them to YouTube. The films are psychological thrillers that draw the audience in with an exciting showcase of the brand. The audience self-selects to watch the film and pays attention to the brand without interruption. 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 titled *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.²⁴ 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. 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 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.²⁵ 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

The instinct to organize pieces of sensory input into a complete image or feeling. Individuals need closure, which means that if they perceive that a stimulus is incomplete, they are compelled to figure out its complete meaning.

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; 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 achieve closure. Examples of ads that induce closure include:

1. Asking consumers to unscramble words
2. Showing pictures and asking consumers to name the activities or items shown
3. Including sentences with missing words and asking consumers to fill in the blanks
4. Asking consumers to match, for instance, occupations with people shown wearing different styles of clothes
5. Showing incomplete pictures so that consumers imagine the complete picture

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.

Interpretation: Cues

Learning Objective

- 4.5** To understand how consumers use integral and external factors to evaluate products.

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 purchase. Consumers explicate marketers’ offerings using two types of their features.

INTEGRAL INDICATORS

intrinsic cues

Physical characteristics of the product itself, such as size, color, flavor, or aroma.

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.²⁶

Procter & Gamble—the world's largest marketer of consumer goods and advertiser—provided “luxury treatment” to paper towels and dishwasher soap and launched pricier versions of these common household items. Bounty DuraTowels were packaged in thicker plastic embossed with an image of a dishcloth and cost 20 percent more than the regular version. Cascade Platinum dishwasher soap claimed not only to deliver spotless glasses but also to “Keep the dishwasher sparkling,” costing 12 percent more per wash. TAMPAX radiant came in “designer packaging and wrappers,” at a cost of 59 percent more per unit.²⁷

EXTERNAL INDICATORS

extrinsic cues

Characteristics that are not physically inherent in the product, such as packaging, price, and promotions.

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 consumers' ability to identify the flavor correctly. For example, consumers are likely to view purple or grape-colored drinks as “tart” in flavor, and the orange-colored version as “flavorful, sweet, and refreshing.”

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. Recently, because of negative perceptions, Smirnoff is dissociating itself from Russia and hired Ted Danson to advertise the brand and let consumers know that the brand is NOT Russian. 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.²⁸ Wine connoisseurs and most consumers perceive wine bottles with corks as higher quality wine than wine bottles with screw caps. Many low-cost wines are closed with screw caps which is where the stigma originated. However, screw caps are actually a superior way to seal a wine bottle. Marketers will have a hard time convincing consumers of this little-known fact.

Stimuli are often highly ambiguous. Some stimuli are weak because of such factors as poor visibility, brief exposure, high noise level, and 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.

Marketing and label innovation are crucial in highly competitive markets. For example, in the beer industry, the product's package must stand out because over half purchase decisions are made at the shelf. A study found that consumers engaged most with illustrations and logos, and less with package copy. Also, the two beers that were clearly differentiated did not feature hops—the flowers used to flavor beer. Figure 4.7 depicts the relative importance of six extrinsic factors and two intrinsic ones—percentage of alcohol and information about where the product was made—in consumers' beer purchases.²⁹

stereotypes

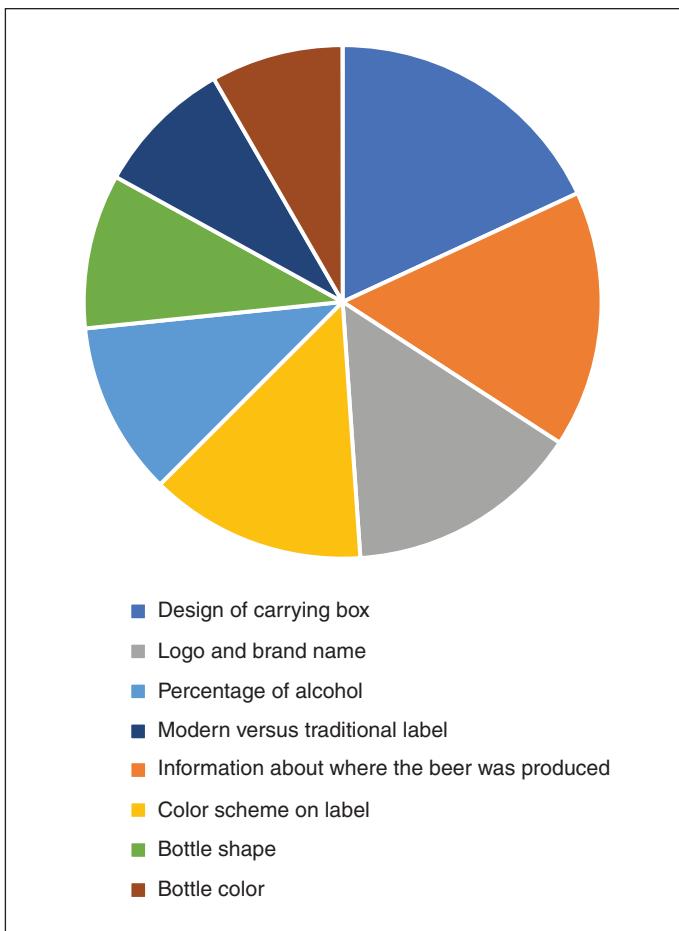
Biased notions that people carry in their minds about the meanings of various stimuli. When presented with these stimuli, people “add” these biases to what they see or hear and form mostly distorted impressions.

STEREOTYPING

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.

FIGURE 4.7

Internal and External Cues in Judging Beer



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.

There are many reasons behind stereotyping. Generally, people stereotype because it makes the processing of sensory input quicker and easier. Stereotypes are a visual shorthand to present an idea. For example, an advertisement that shows a woman at home is a visual shortcut for a homemaker. Alternatively, a woman could be shown wearing a suit and this is shorthand for her career orientation. Similarly, 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).

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.³⁰ 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.³¹

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 4.8 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.³²

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.³³

FIGURE 4.8

MADD: Dispelling a Negative Stereotype Caused by Descriptive Terms



Source: Mothers Against Drunk Driving (MADD), USA

First Impressions

First impressions tend to be lasting, as illustrated by the saying, “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.³⁴

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,

halo effect

An evaluation of an object based on one or several positive dimensions. Linguistically, the definition of “halo” signifies light, honor, and glory. Thus, in marketing, the term refers to a prestigious image of a product “rubbing on” other products marketed under the same brand name.

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.³⁵ In contrast, Kentucky Fried Chicken became KFC to disassociate from themselves from fried foods, which are perceived as being unhealthy.

Interpretation: Consumer Imagery

Learning Objective

- 4.6 To understand the elements of consumer imagery.

Consumer imagery refers to consumers’ perceptions of all the components of products, services, and brands, as well as 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.

consumer imagery

A term referring to consumers’ perceptions of all the components of products, services, and brands, and to how consumers evaluate the quality of marketers’ offerings.

PERCEIVED VALUE

Customers’ views of the value that they receive for their money is relative. 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.³⁶

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.³⁷ Another study showed that reference pricing coupled with limited-time availability (e.g., regularly \$599, now \$359 and on sale, 3 days only) produced more favorable price and store perceptions than each technique used alone.³⁸ 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 \$18.³⁹ Another study demonstrated that price discounts immediately increased buying intentions and lowered consumers’ future reference prices.⁴⁰ 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 \$60.⁴¹ 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 (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.

PERCEIVED QUALITY

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

We then examine other cues that consumers consider in evaluating quality, including the product's price, its manufacturer, and the store selling it.

PRICE–QUALITY RELATIONSHIP

price–quality relationship

A situation occurring when consumers rely on prices as indicators of product quality and view more expensive products as having higher quality and value.

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.⁴²

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.⁴³

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.⁴⁴

As another example, how much should a couch cost? For example, a sofa designed by a famous designer—Barbara Baker—started at around \$8,100, while the base price for the comparable store-brand sofa—West Elm—was around \$1,000. The high-end sofa came in more than 1,000 fabric options and custom sizes while the standard West Elm model came in only two colors. The frame of the Baker sofa was made of solid maple and had elaborate springs designed to ensure stability, while the frame of the West Elm model was plywood. Since the Baker sofa was greatly customizable, better constructed, and probably comfortable,

the West Elm version was very similar in design at a fraction of the cost. But, can one find a couch that offered a satisfying mix of the two? At Room & Board, a comparable size couch—under the brand Wells—sold for about \$2,400. There was also a sofa designed by Jean-Marie Massaud made by hand. It included feathers in the cushions, full-grain leather is the highest quality and dyed through, and costing around \$13,000.⁴⁵

Intrinsic cues often influence price-quality perceptions. Most wine drinkers pay great attention to its labels. For example, some consumers would not buy bottles with “snakes, frogs, or shoes” as part of the design, no matter how good the wine inside may be. Thus, an appealing wine label is a winery’s most important sales tool, and can even make consumers perceive good wine as even better and lesser wines as acceptable. Some wine makers believe that blue can be problematic because it is not a color normally found in foods. On the other hand, the orange of the Veuve Clicquot Champagne label attracts consumer attention. A simple design is best suited to an expensive wine, and other extrinsic cues—such as paper and printing—must be of noticeably better designs than with cheap wines. But, a simple, pleasant and not very memorable label of a wine bottle priced at \$8 signaled a drinkable wine at a very good price to consumers.⁴⁶

BRAND IMAGE

Products and brands have images and symbolic values for consumers based on the unique benefits that these products claim they provide. This section examines consumers’ perceived images of products, brands, packaging, services, prices, product quality, retail stores, manufacturers, and perceptual mapping.

positioning

The process by which a company creates a distinct image and identity for its products, services, and brands in consumers’ minds. The image differentiates the company’s offering from competition by communicating to the target audience that the product, service, or brand fulfills the target consumers’ needs better than alternatives.

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 smartphone brand was a highly successful brand and dominated the market, and was probably the first smartphone introduced. However, consumers perceived many newer smartphones as being more fun and exciting than the BlackBerry, which they perceived as mainly suitable for business, and not for personal use and multitasking. As of 2016, BlackBerry’s share of the market dropped to zero percent. They fell completely out of favor with consumers. Clearly, if it is to remain a viable competitor in the smartphone market, BlackBerry must broaden its appeal.⁴⁷

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.⁴⁸

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 4.9 show how Sweet’N Low uses pink—the color by which it is widely recognized—to convey a more playful and artistic image.⁴⁹

Periodically, in order to build up and strengthen their bonds with customers, brands “refresh” their images with slogans that convey care and happiness.⁵⁰

FIGURE 4.9

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



Source: Cumberland Packing Corp.

Dell Computers' “**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.

Quaker Oats' “**Go Humans Go**” reflected Americans' optimism and determination to explore new frontiers. It hailed the pursuit of dreams and aims at lifting consumers' spirits, and was articulated in commercials where the announcer proclaimed: “The power of Quaker is in everything we make.”

Lays Potato Chips' "***Happiness is Simple***" featured actual farmers who grow potatoes used to make the chips. They appeared genuine, simple, and plain-spoken. The idea was to get consumers to think of Lay's as a food rather than a snack, and the website featured a "Happiness Exhibit."

Mott's Apple Juice "***Words to Grow By***" was aimed at mothers of children aged 6 and younger and focused on bringing them together. The mothers are invited to share their thoughts on raising a family in a dedicated website.

Colonial Williamsburg's "***Be Part of the Story***" focused on "engagement interaction" and sought to establish an active role for visitors.

PACKAGE PERCEPTIONS/IMAGE

In addition to the product's name, appearance, and features, packaging also conveys the brand's image. For example, the Tide detergent version that predominantly promises stain removal comes in an orange plastic container with a large handle on its side and suggests 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.

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.⁵¹ A study that compared how consumers perceive store brands and national brands discovered that consumers used extrinsic cues as indicators of quality.⁵² An experimental study of how people judge the quality of two foods—shrimp and cheese—at two price levels and two consumption situations (i.e., elegant and less elegant surroundings) found out that perceived price had a positive impact on perceived quality among highly involved consumers. In addition, elegant surroundings positively affected the subjects' perceived quality of the foods and the pleasure felt when eating them.⁵³

The perception of scent and the associations made with different aromas vary greatly among individuals. For this reason, it is extremely difficult to convey an "image" of a fragrance. To buyers of perfumes, the only tangible evidence of the product's nature and quality is the packaging, the cost of which often accounts for up to 50% of the total cost of the perfume. A study identified several holistic (or Gestalt) designs of packages, each conveying a distinct, prominent brand impression. For each package type, the study also identified the brand personality features that consumers associate with it.⁵⁴ Lush USA sells bath bombs in different shapes and colors that each represent unique moods and personalities enhanced by color and theme. Figure 4.10 presents pictures of fragrant Lush bath bombs.⁵⁵ Each bath bomb has its own name, its own personality, its own shape, its own color, and its own fragrance. The fragrance is conveyed with descriptions provided by Lush USA. For example, the Intergalactic bath bomb is described as "Out-of-this-world." The full description is "Ever

FIGURE 4.10

The Shape of a Product's Influence on Perception of the Brand and Its Packaging: Lush Bath Bombs



wonder what bathing in deep space would be like? Invite the cosmos into your tub with this interstellar bomb. An awesome mix of refreshing peppermint and neon colors will send your mood rocketing, while popping candy takes you on a trip around the Milky Way. Before you leap too far, rogue layers of vetivert and cedarwood bring you back to earth.”

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, variable, perishable, and 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.⁵⁶ 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 that of 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 actual 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 it 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 a day 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.⁵⁷

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, then 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*.⁵⁸ 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 who have heard about the service, online consumer reviews, 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.⁵⁹ 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, such as the 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 services—its *outcomes*—are selling many types of products and brands. However, Amazon’s advantage over competition is exceeding customers’ expectations through superior *processes*, which consist of its instant 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.

RETAIL STORE PERCEPTIONS/IMAGE

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 (which 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.⁶⁰

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

SERVQUAL scale

Perceptual measure of the gap between customers’ expectations of services and their perceptions of the actual service delivered, based on five dimensions: reliability, responsiveness, assurance, empathy, and tangibility. These dimensions are divided into two groups: the “outcome dimension,” which focuses on the reliable delivery of the core service, and the “process dimension,” which focuses on how the core service is delivered (i.e., the employees’ responsiveness, assurance, and empathy in handling customers) and the service’s tangible aspects.

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 Foods' 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.⁶¹

Customers often use brand, store image, and price together as a product-quality indicator. 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.

COMPANY IMAGE

Company and brand perceptions extend beyond perceived price and store image. Manufacturers that 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.

Anheuser-Busch, the manufacturer of Budweiser beers, aired an advertisement to show support for the LGBT community with the aim of creating a positive perception of their brand. The ad does not focus on brand benefits. Instead, it highlights Bud Light's proud support for "everyone's right to marry whoever they want." The ad features Amy Schumer and Seth Rogen as wedding guests and it appeals to a diverse group of beer drinkers who can be seen at the party (e.g., Hispanics, gays, men and women, and millennials). Millennials tend to be more supportive of LGBT rights than baby boomers are, with more than 70% favoring same-sex marriage compared with 46% of baby boomers, according to the Pew Research Center.⁶²

institutional advertising

Advertising that promotes a company's overall image without referring to specific products.

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 instance, if residents of U.S. 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 toward 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 Wal-Mart 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, “Wal-Mart 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.⁶³ 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.⁶⁴

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.⁶⁵

Risk Perception

Learning Objective

- 4.7 To understand consumers’ perceived risks and how to lower them.

perceived risk

The uncertainty that consumers face when they cannot foresee the consequences of their purchase decisions. The types of perceived risk include functional, physical, financial, psychological, and time risks.

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.⁶⁶

THE COMPONENTS OF PERCEIVED RISK

In most situations, consumers’ perceived risk is a function of multiple factors. Consumers’ perceived risks are described in Table 4.2 with defines and illustrates the elements of perceived risk.

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

TABLE 4.2 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? Will the electric engine perform as promised?
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.) The electric car's breaks are excellent.
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? Will I save money on gas if I buy an electric car?
Psychological and social 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? If I buy an electric car, I will not be polluting the environment.
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? I will save time by not having to buy gas if I buy the electric car.

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.

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 perceive 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 Nintendo Switch because it is a very new and, so far, "unproven" product in terms of its superiority over older game consoles.

The degree of risk a consumer perceives is also affected by the shopping situation. At first, many consumers felt uncertain about buying products online. The market dominance that online merchants gained over the years indicates that, because of positive shopping experiences and word-of-mouth, consumers now perceive little risk in online shopping. Obviously, this lower level of perceived risk is due to better technologies that enable buyers to examine the 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.⁶⁷ Studies also found that higher levels of consumer trust reduced perceived risk regarding shopping online.⁶⁸ 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.⁶⁹ Consumers may be persuaded to take additional risks if they feel like they are experts in a risk category or if they remember previous similar risk-taking behavior.

narrow categorizers

High-risk perceivers who prefer to limit their choices to a few safe alternatives rather than face the consequences of a wrong decision.

broad categorizers

Low-risk perceivers who prefer to choose from a wide range of alternatives because they would rather face the consequences of a wrong decision than limit the number of alternatives from which they choose.

Consumers can be reminded of previous risks to encourage them to take the next risk. Marketers promote trying new products which may feel risky, or even switching brands—also a risky behavior by reminding consumers of previous experiences.⁷⁰

REDUCING PERCEIVED RISK

In order to reduce perceived risk, consumers seek additional information, remain brand loyal, or rely on price or the credibility and trustworthiness of the store that carries the brand.

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.

Brand Loyalty

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. 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.

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.

Price–Quality Relationship

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. Thus, consumers can reduce perceived risk by buying the most expensive models and brands.

Positioning and Repositioning

Learning Objective

- 4.8 To understand the process of positioning and repositioning.

Marketers aim to create brand perceptions that persuade prospective consumer 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**.⁷¹” The position, which is intangible and exists only in the consumer's mind, represents how marketers want consumers to *perceive* products and brands. 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.

Positioning strategy is developed as follows:

1. Define the market in which the product or brand competes, who the relevant buyers are, and the offering's competition.
2. Identify the product's key attributes and research consumers' perception regarding each of the relevant attributes.
3. Research how consumers perceive the competing offerings on the relevant attributes (e.g., by creating perceptual maps).

4. Determine the target market's preferred combination of attributes.
5. Develop a distinctive, differentiating, and value-based positioning concept that communicates the applicable attributes as benefits.
6. Create a position statement focused on the benefits and value that the product provides and use 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.

The positioning strategies used most often are *umbrella positioning*, *premier position, positioning against competition*, *key attribute*, and finding an “*unowned*” *perceptual position*. It must be noted that these strategies are not mutually exclusive and often overlap.

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. For example, Campbell's slogan, “*Soup is good food,*” promotes *all* soups without any reference to the Campbell's brands. The slogan has been very effective because the company dominates the soup market, and most consumers immediately think of Campbell's when they hear the word *soup*. Figure 4.11 features a Campbell's ad that promotes soup as a way to “*live a more colorful life,*” without mentioning any specific product attributes.

FIGURE 4.11

An Umbrella Positioning



Source: Campbell Soup Company

The slogans that McDonald's has used over the years represent umbrella positioning: “*You deserve a break today*” (1971), “*Nobody makes your day like McDonald's can*” (1981), “*Food, folks and fun*” (1990), “*Make every time a good time*” (2002), and “*I'm Lovin' It*” (2003).

Other examples are Nike's “*Just Do It*” (launched in 1998), DeBeers's “*A Diamond Is Forever*” (launched in the 1940s), a cup of Maxwell House coffee is “*good to the last drop*,” and a cup of Folgers is “*the best thing about waking up*.⁷⁰” Among airlines, American “*does what it's doing best*” and United is “*the friendly skies*.⁷¹”

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 instance, the marketer of Joy (a fragrance brand) positioned it as “the costliest perfume in the world.” For years, L'Oreal 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 sounded arrogant because it strongly implied that a woman's physical appearance counted more than her profession and knowledge. Thus, L'Oreal changed its positioning to “*Because We're Worth It*.⁷²” In addition to being a timelier tagline, the new slogan can also be readily translated into many languages.⁷³

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, as illustrated by the Gett Taxi ad in Figure 4.12. Gett Taxi, the newest entry into the ridesharing apps, is positioning itself directly against Uber, who was the market leader at one time.

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*,” 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*.⁷⁴”

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

FIGURE 4.12

Gett Positions Itself Against Uber



Source: Gett, Inc.

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.⁷³

THE 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. 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.⁷⁴ 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.***"⁷⁵ 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. The product failed because heavy beer drinkers—who account for more than 80% of all the beer sold—were not diet conscious. The Fage yogurt ad in Figure 4.13 for a "***ridiculously thick yogurt,***" stresses thickness as the product's primary benefit, and also distinguishes Fage from the "much thinner" American yogurts.

CHANGING PERCEPTIONS

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.⁷⁶

Another reason to reposition a product or service is to appeal to a new segment. For example, Barclaycard, a credit card once popular with baby boomers in London, repositioned its brand to appeal to millennials. Their new message was that their card allowed people to buy things they love. They were able to reach the millennial consumer by partnering with Buzzfeed to provide a music quiz, and gained access to music preferences among the target audience. In addition, they served ads on Snapchat to reach the desired audience.⁷⁷

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.⁷⁸ Interestingly, the Chevrolet brand name is not included in the new tagline.

FIGURE 4.13

Fage Yogurt's Thickness Occupies an Un-Owned Perceptual Position



Source: FAGE USA Dairy Industry, Inc. Trademarks are used with the permission of FAGE International S.A. All rights reserved

Hard Rock Café's “**You know who you are**” appealed to the inner rebel in young adults—the company's primary target audience—by referring to them as “rockers” and making them feel “young at heart.” A subsequent slogan, “**See the show,**” focused on getting customers to believe that there is always something fun happening at Hard Rock restaurants, hotels, and hotel-casino combinations.⁷⁹

New York Lottery's slogan, “**You got to be in it to win it,**” was updated to “**Be Ready**” tells players that they are likely to win immediately and experience instant gratification. The “**Good things happen in an instant**” phrase was used as a tagline.⁸⁰

The original slogans for Yellow Tail—a line of wines imported from Australia—were “**Open for everything**” and “**Tails, you win**” conveyed that the wine was an unpretentious choice for those who do not know much about vintages and pairings. A newer slogan—“**The go to**” reinforced the previous ones and also told consumers that the wine was for everyday consumption and suitable for most occasions.⁸¹

Before the financial crisis of 2008, New York City's condominiums used high-flying slogans that expressed glamour, such as “**Not just an address but also an attitude.**” But after the financial crisis, glitzy pitches and images were replaced by slogans such as “**Clean styling and attractive prices.**” Private roof cabanas were converted into a common roof deck.⁸²

At one point, Chili's restaurant chain's ads focused on the food itself and showed close-ups of food being prepared in slow motion. A more sophisticated campaign centered 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.**”⁸³

PERCEPTUAL MAPPING

perceptual mapping

Constructing a maplike diagram representing consumers' perceptions of competing brands along relevant product attributes. Perceptual maps show marketers: (1) how consumers perceive their brand in relation to competition; (2) determine the direction for altering undesirable consumers' perception of their brands; and (3) find gaps, in the form of "un-owned" perceptual positions that represent opportunities for developing new brands or products.

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

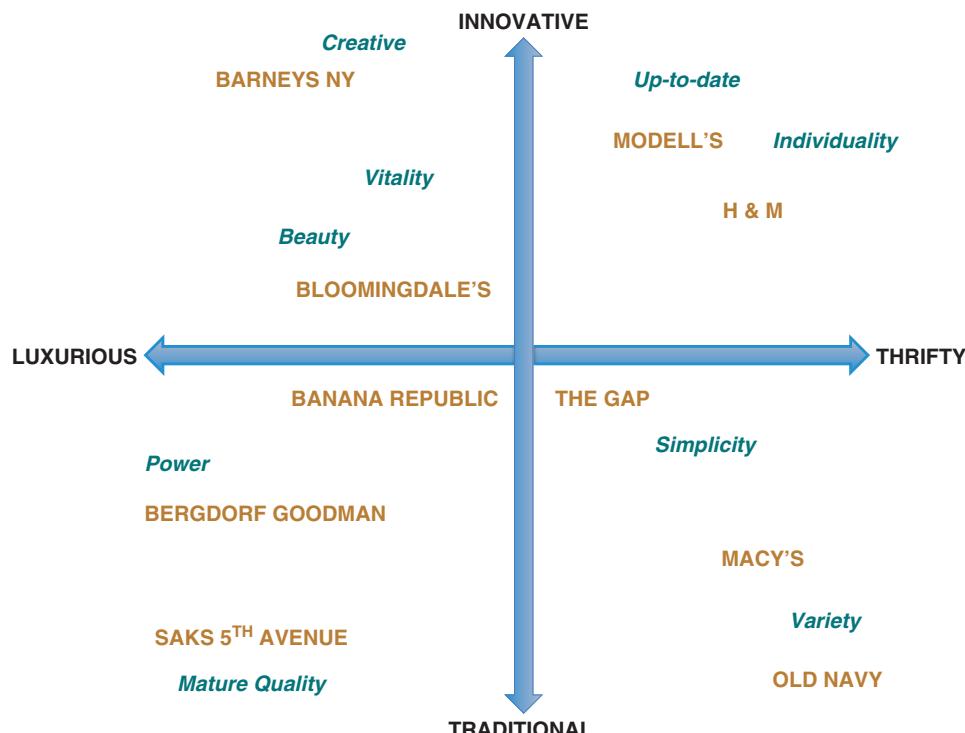
1. How consumers perceive their brands in relation to competition
2. How to determine the direction for altering undesirable consumer perception of their brands
3. Gaps, in the form of un-owned perceptual positions that represent opportunities for developing new brands or products

The aim of perceptual mapping is to develop repositioning strategies and fine-tune the images (i.e., consumers' perceptions) of products and services. Figure 4.14 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** versus **thrifty** (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 nondistinct 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 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 Fifth Avenue were perceived as high-end competitors, with Saks regarded as a more traditional store.

FIGURE 4.14

Perceptual Mapping of Renowned Retailers



Summary

Learning Objective 4.1: To understand how perception shapes sensory input and subsequent consumer behavior.

The term perception represents how people select, organize, and interpret stimuli into a meaningful and coherent picture of the world—that is, “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. It is an essential component of marketing because consumers make decisions based on what they perceive rather than on the basis of objective reality.

Perception stems from sensation—the reception and response external stimuli. A stimulus is any unit of input to any of the senses. Examples of stimuli—or sensory inputs—include products, packages, brand names, advertisements, and commercials. Sensory receptors are the human organs (the eyes, ears, nose, mouth, and skin) that receive sensory inputs. Their sensory functions are to see, hear, smell, taste, and touch.

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.

Learning Objective 4.2: To understand the distinction between the sensory absolute and differential thresholds.

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, which is called subliminal perception (i.e., subliminally). Research refutes the notion that subliminal stimuli influence consumers’ buying decisions.

Learning Objective 4.3: To understand why consumers notice some stimuli but not others.

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 4.4: To understand how people organize stimuli.

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. Figure is essence of the ad and ground is the context in which it 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 4.5: To understand how consumers use integral and external factors to evaluate products.

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. More often than not, however, consumers use extrinsic cues—that is, characteristics that are not inherent in the product—to judge quality.

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.

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 termed stereotypes. When presented with sensory stimuli, people “add” biases to form impressions. Stereotypes that distort objective interpretation stem from physical appearances, descriptive terms, first impressions, and the halo effect.

Learning Objective 4.6: To understand the elements of consumer 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 perceptions. The main elements of consumers’ perceptions of brands are packaging, services, prices, quality, retail outlet, and manufacturer.

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.

Consumers’ perceived quality of products and services is based on a variety of informational cues—intrinsic and extrinsic—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. 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 4.7: To understand consumers' perceived risks and how to lower them.

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.

Learning Objective 4.8: To understand the process of positioning and repositioning.

Positioning is the process by which a company creates a distinct image and identity for its products, services, and brands in consumers' minds. This unique identity is called a *position*. Positioning is more important to the success of a brand than its actual characteristics, although products that do not meet or exceed the expectations of consumers will not succeed on the basis of image alone. The result of effect positioning is a unique perception of the product in the minds of consumers. 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 too many competitors focusing on the same product attribute.

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. Sensory adaptation is a concern for many advertisers, which is the reason they change their advertising campaigns regularly. Describe how ambush and experiential marketing can be used by marketers to increase sensory input.
- 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? Why or why not?
- 4.6. One of the basic principles of perceptual organization is closure. What are some of the roles and implications for marketers using this principle in print and online ads?
- 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. Intrinsic and extrinsic cues are used by consumers to perceive the quality of products. Discuss these cues for products such as smartphones and services.
- 4.10. Describe the stages of the positioning process and apply them to positioning a product of your choice.
- 4.11. How is the understanding of consumers' perceptions of a product's attributes used to position a brand within that product category?
- 4.12. Why do marketers have to reposition their brands? Illustrate with examples.
- 4.13. What are perceptual maps, and how are they used in positioning brands within the same product category? Illustrate your answer with the chapter's discussion of eye drops and toothpaste.

Hands-on Assignments

- 4.14. 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.
- 4.15. Define selective perception, and relate one or two elements of this concept to your own attention patterns in viewing print advertisements and online commercials.
- 4.16. 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.
- 4.17. Apply the concepts that address consumers' perceptions of service quality to evaluate this course at this point.

Key Terms

- Absolute threshold *111*
- Broad categorizer *136*
- Closure *121*
- Consumer imagery *126*
- Differential threshold *112*
- Extrinsic cues *122*
- Figure and ground *118*
- Gestalt psychology *118*
- Grouping *120*
- Halo effect *125*
- Institutional advertising *134*
- Intrinsic cues *121*
- Just noticeable difference (JND) *112*
- Licensing *126*
- Narrow categorizer *136*
- Perceived risk *135*
- Perception *106*
- Perceptual defense *118*
- Perceptual mapping *142*
- Price–quality relationship *128*
- Positioning *129, 137*
- Product placement *120*
- Reference price *127*
- Repositioning *107, 140*
- Selective attention *118*
- Selective exposure *118*
- Sensation *108*
- Sensory adaptation *111*
- Sensory receptors *108*
- SERVQUAL scale *133*
- Stereotypes *122*
- Stimulus *108*
- Subliminal perception *115*
- Weber’s law *112*

Consumer Learning

Learning Objectives

- 5.1 To understand the elements of learning.
- 5.2 To understand behavioral learning, classical conditioning, and the roles of stimulus generalization and discrimination in marketing.
- 5.3 To understand instrumental conditioning and the objectives and methods of reinforcement.
- 5.4 To understand observational learning.
- 5.5 To understand how consumers process information.
- 5.6 To understand cognitive learning as a form of consumer decision-making.
- 5.7 To understand the impact of involvement and passive learning on purchase decisions.
- 5.8 To understand how to measure the outcomes of consumer learning.

EARNING is applying past knowledge and experience to present circumstances and behavior. For example, what comes into your mind when you see an ad for avocados? For consumers who are familiar with and love avocados, seeing an ad is followed by thoughts of a very tasty, creamy texture, yet fatty fruit. Like any successful brand, the advertiser—in this case, Avocados from Mexico, a brand made up of the Mexican Hass Avocado Importers Association (MHAIA) and The Association of Growers and Packers of Avocados from Mexico (APEAM)—is looking to educate consumers that avocados are a healthy choice. The ad for Avocados from Mexico in Figure 5.1 is teaching consumers that avocados have good fats, are nutritious, fresh, and have no cholesterol. In positioning avocados

as healthy, the Avocado from Mexico brand is relying on cognitive learning (discussed in this chapter) by providing information and predicting that consumers will process and store the information. Furthermore, the goal of the marketer is to have consumers retrieve the information that avocados are healthy when they are food shopping in places where avocados are sold. Still further, Avocados from Mexico created humorous ads that were aired during the Super Bowl. These ads help to create brand awareness and social media activity around the brand.

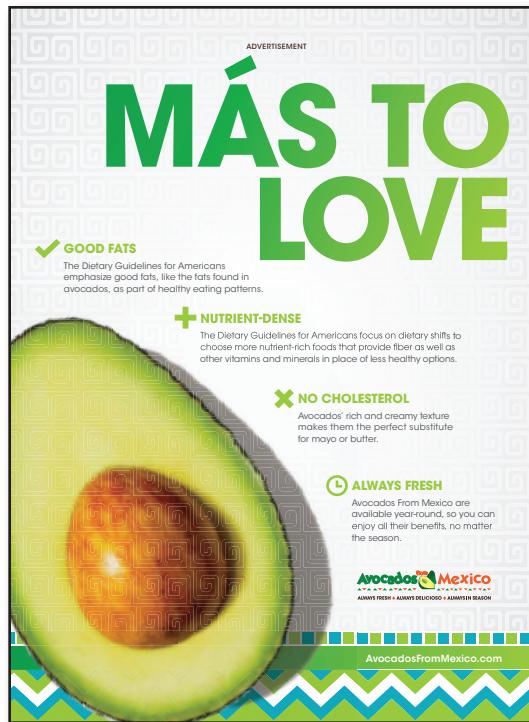
The elements of learning—drive, repeated cues, response and reinforcement—are illustrated through consumers' decisions and choices. In the case of Avocados from Mexico, this brand is perceived as trustworthy

FIGURE 5.1

Más to Love

learning

Applying one's past knowledge and experience to present circumstances and behavior.



Source: Avocados From Mexico, Mexican Hass Avocado Importers Association

and the maker of healthy products; these perceptions drive consumers to purchase the product. The cues that consumers receive from the marketer—repeated messages that are informative, fun, and attract attention—direct the drive and create the motivation to buy the brand advertised in Figure 5.1 rather than competing brands. Repetition means repeated promotions that differentiate the brand from competition in several forms—that is, different ads focused around the product's image—carried through various communication channels. Response means consumers' purchases of the product after being persuaded to do so by its

advertising. Reinforcement, which is the final element of learning, involves rewarding those who try the new product. For consumers, the reward is feeling the same or even greater pleasure when eating Avocados from Mexico than when eating either other brands of avocados or other fruits.

Next, we discuss the elements of learning and apply them to developing marketing strategies aimed at getting consumers to try and to 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

- 5.1** To understand the elements of learning.

consumer learning

The process through which consumers acquire knowledge from experiences with products and observations of others' consumption, and use that knowledge in subsequent buying.

Learning is the process by which individuals acquire the purchase and consumption knowledge and the 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. This 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. Although 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—by providing information like in the ad featured in Figure 5.1—without 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

motivation

The driving force within individuals that impels them to act.

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 they do. These consumers 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 each consumer’s level of motivation to search for information about a product or service and, potentially, engage in learning.

CUES

cues

Stimuli that direct motivated behavior.

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 might 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

response

Reaction to a drive or cue.

In the context of learning, **response** is an individual’s reaction to a drive or a 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

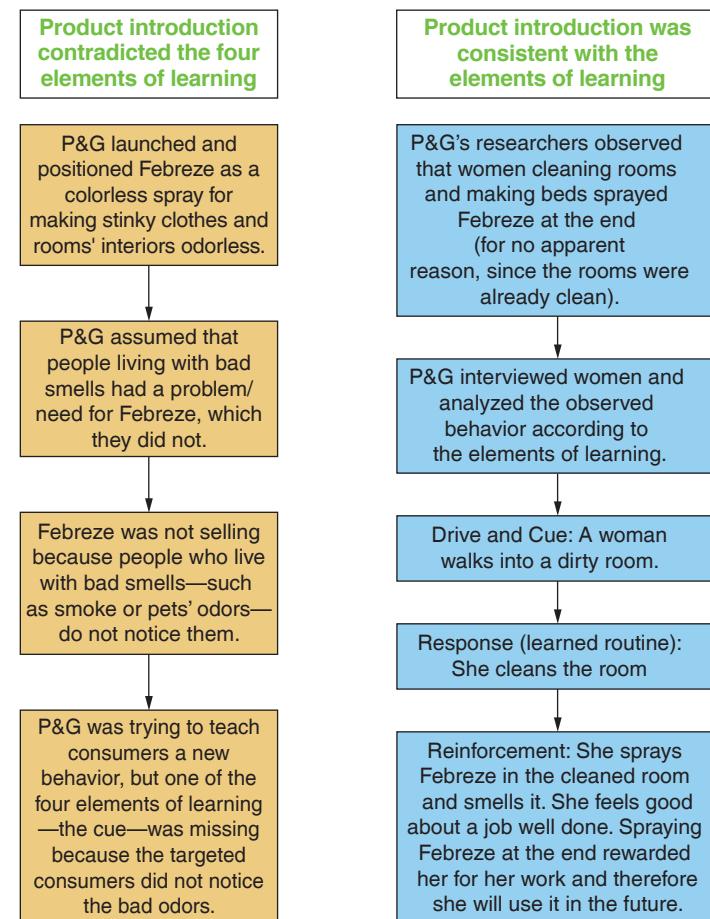
In learning, particularly in instrumental conditioning, it is a reward, in the form of pleasure, enjoyment, and other benefits, for a desired behavior. In consumer behavior, it is the benefits, enjoyment, and utilities that consumers receive from products purchased.

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

FIGURE 5.2

Procter & Gamble's Febreze

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



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 figure 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, as well as cognitive learning and how learning is measured.

Classical Conditioning

Learning Objective

- 5.2 To understand behavioral learning, classical conditioning, and the roles of stimulus generalization and discrimination in marketing.

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. Instrumental (or operant) conditioning and observational (or modeling) learning will be discussed later in this chapter.

behavioral learning (stimulus-response learning)

The premise that observable responses to specific external stimuli signal that learning has taken place.

classical conditioning

A form of behavioral learning stating that animal and human alike, can be taught behaviors and associations among stimuli through repetition. Some describe it as a “knee jerk” (or automatic) response to a drive that builds up through repeated exposure to a stimulus.

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 an actor he likes in a movie wearing Prada sneakers, 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 binge watched your favorite shows—which begins with the show’s musical theme—with your best friend every night at 9:00 p.m. Then you and your best friend went to different colleges. After you settled down in your new dorm, at 9:00 p.m. you turned on your computer to watch your favorite show 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 show 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 show 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 this show 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.

ASSOCIATIVE LEARNING

Contemporary behavioral scientists view classical conditioning as learning the 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.

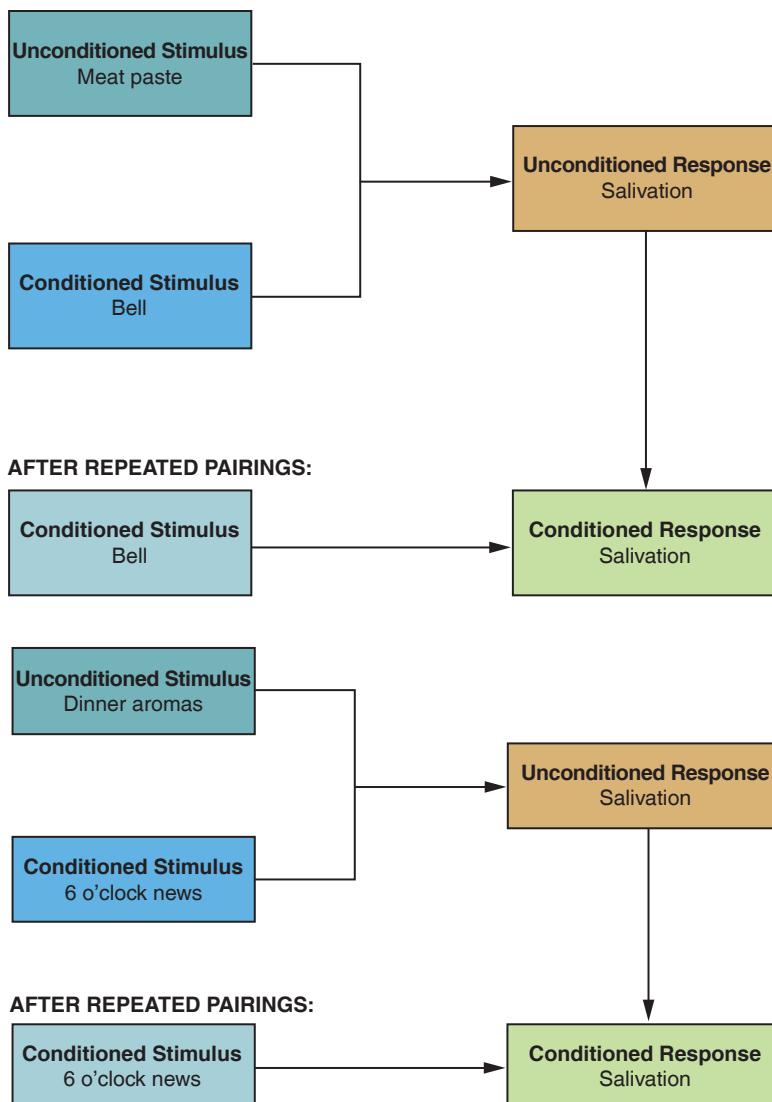
REPETITION FORMS ASSOCIATION

In advertising, **message 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, when 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.

message repetition

When consumers hear the brand name and brand message over and over within a period of time.

FIGURE 5.3
Classical Conditioning



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.

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 Recent research has concluded that up to 10 exposures will maximize advertising effects on attitudes, whereas more exposures are needed to maximize effects on brand recall.³

STIMULUS GENERALIZATION AND BRANDS' EXTENSIONS

stimulus generalization

Responding the same way to slightly different stimuli.

According to classical conditioning theorists, learning depends not only on repetition but also on individuals' ability to "generalize." Pavlov, for example, found 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.

A court battle between two famous designers of women's shoes centered around stimulus generalization. Louboutin's red sole shoes—with a shade named "China Red"—have been popular with the rich and famous and are very expensive. Yves Saint Laurent ("YSL")—another high-end maker of women's shoes—also produced four models of all red shoes with red soles. Louboutin sued YSL saying that no one should be able to use the color red on the sole of the shoe even if the entire shoe is red. In other words, Louboutin was concerned that consumers will "generalize" upon seeing the red soles and assume that YSL's shoes were made by Louboutin. It claimed that the red soles are an iconic trademark that only it could use in order to avoid confusion among the two brands. Following extensive litigation, YSL discontinued making shoes with red soles.⁴

There are four strategic applications of stimulus generalization to branding and managing product lines: product line extensions, product form extensions, family branding, and licensing.⁵

product line extensions

Additions of related items to an established brand because they are likely to be adopted, since they come under a known and trusted brand name, which is a marketing application of stimulus generalization.

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.⁶ For example, what comes to mind when you see the Tide Laundry detergent symbol? The most likely answer is the color orange, clean clothes, and the distinctive container sold in supermarkets. Most consumers associate Tide with clean clothes. However, most consumers think of Tide as a product that is used at home or in laundromats for washing clothes in washing machines. So, although most consumers associate Tide with washing clothes in a washing machine, they do not associate Tide with dry cleaning. Why did Procter & Gamble (who owns Tide) "interfere" with consumers' long-established cognitions by introducing Tide Dry Cleaners? Each time consumers go to a Tide Dry Cleaner, they are "rewarded" with clean clothes and superior service. When the new Tide Dry Cleaners are advertised carrying the Tide brand name, consumers are likely to associate them with the many, prior rewarding experiences of using Tide laundry detergent. In learning terms, consumers will apply what they already know about Tide detergent to its new service and probably try the new service. The extension of the Tide line to services is also a form of family branding, which consists of marketing different products under the same brand name. Furthermore, dry cleaners in the U.S. market are one of the few industries that is still dominated by mom and pop stores. It is an industry that is ready for a trusted name brand to change the market.

The two Mr. Clean products shown in Figure 5.4 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 3.1).

FIGURE 5.4

Mr. Clean's Product Line Extensions



Source: Procter & Gamble Co.

product form extension

Offering the same product in a different form but under the same brand, which is a marketing application of stimulus generalization.

family branding

Marketing a whole line of products under the same brand name, which is a marketing application of stimulus generalization.

licensing

An application of stimulus generalization that contractually allows affixing a brand name to the products of another manufacturer.

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. 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 ago. Building on the brand's universal recognition as a quality product, the company introduced Bleach Gel.

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.

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.⁷ For example, the Italian automobile brand, Ferrari, continues to expand with licensing agreements with theme parks (e.g., mega-rollercoaster in Abu Dhabi); Oakley (sunglasses); Puma (clothing and sport accessories); Cobra (golf equipment); Microsoft, Sony Polyphony, and EA (video games); Movado (watches); and LEGO. Licensing is big business. Companies that license their brand names are able to grow their brand awareness with licensing deals. Companies that make products are able to enter into a market with a well-known brand name (e.g., Ferrari) without having to build brand recognition. Figure 5.5. presents the top five companies that license their brand names, along with sales from licensing and examples of branded licensed products.

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

FIGURE 5.5

Top Five Licensing Companies, 2016

Adapted from "The Top 150 Global Licensors," April 1, 2017, by License Global. <http://www.licensemag.com/licensing-global/top-150-global-licensors-3>



"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.⁸

STIMULUS DISCRIMINATION AND BRAND DIFFERENTIATION

stimulus discrimination

The strategy that is the opposite of stimulus generalization aimed at getting consumers to select a specific stimulus from among similar stimuli, whose objective is to position products and services in such a way that differentiates them effectively from competitive offerings.

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 4) 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, which is termed **brand differentiation**. 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** ("**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 after 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’ tagline was **“Think Different,”** and they brilliantly conveyed this notion by featuring famous geniuses, such as Albert Einstein and Jim Henson, who thought “outside the box” and came up with ideas that changed the world.

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

Instrumental Conditioning

Learning Objective

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

instrumental conditioning (operant conditioning)

A form of behavioral learning based on the notion that learning occurs through a trial-and-error process, with habits formed as a result of rewards received for certain responses or behaviors.

Instrumental conditioning (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. When 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 certain keys—he rewarded them with food pellets. Skinner and his many adherents have done amazing things with this learning model, including teaching pigeons to play ping-pong and even to dance. In a marketing context, the consumer who tries several brands and styles of jeans before finding a style that fits her figure (i.e., reinforcement) has engaged in instrumental learning. Presumably, the brand that fits best is the one she will continue to buy. This model of instrumental conditioning is presented in Figure 5.6.

positive reinforcement

Rewarding a particular behavior and strengthening the likelihood of a specific response during the same or similar situation in the future.

negative reinforcement

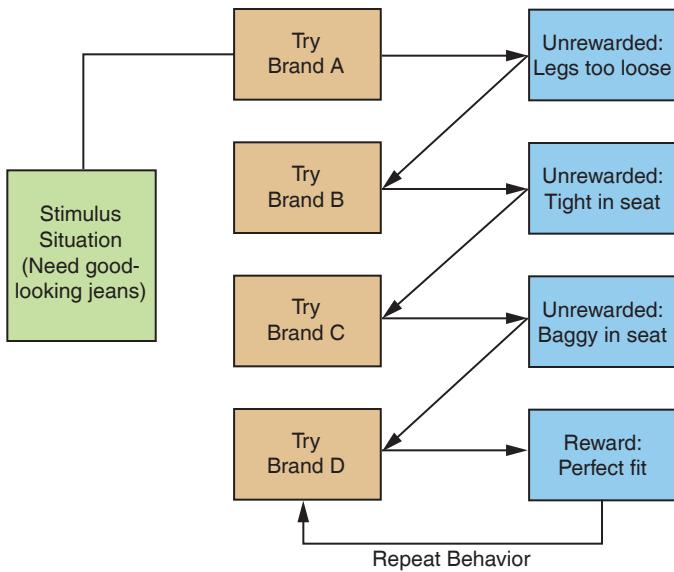
Removing an unpleasant stimulus.

REINFORCEMENT

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

FIGURE 5.6

Instrumental Conditioning



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). The 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; instead, 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 daycare 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.⁹ The “punishment” actually legitimized being late and ***encouraged*** the behavior it was designed to lessen.

A relatively new application of positive reinforcement is ***incentivized advertising***. In many instances, consumers look for ways to avoid watching advertising (e.g., internet ad blockers, recording TV programs and skipping ads) and marketers are looking for ways to increase viewership of their ads (e.g., product placement and incentivized ads). Incentivized advertising provides consumers with rewards for watching ads. For example, gamers can be rewarded with extra lives or game boosters for watching an ad.¹⁰

Product quality must be consistently high and satisfy customers every time they buy the product. Additional rewards do not have to be offered during every transaction however, primarily 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***. These are presented in Figure 5.7.

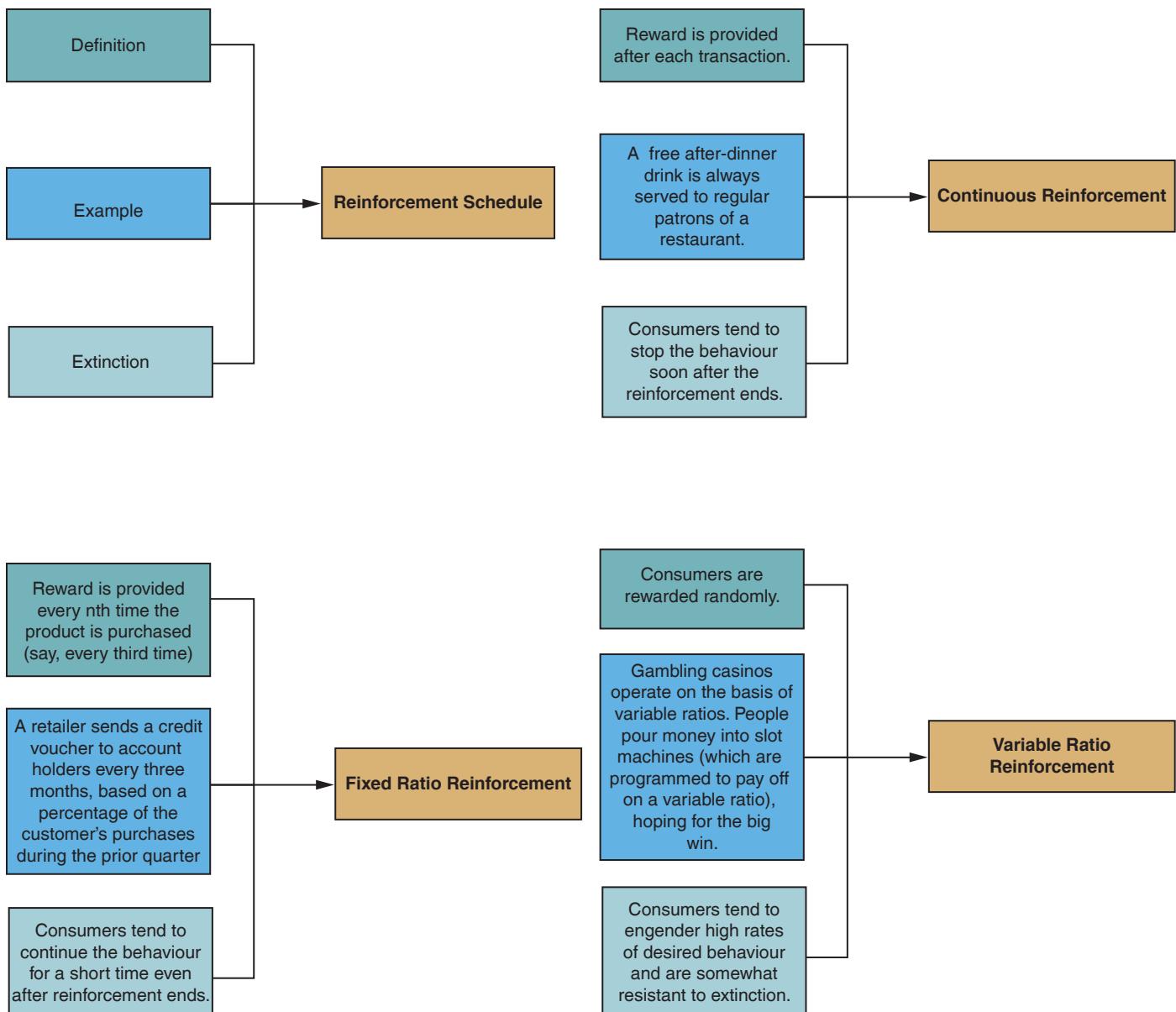


FIGURE 5.7
Reinforcement Schedules

extinction

A phenomenon that occurs when a learned response is no longer reinforced and the link between the stimulus and the expected reward is eliminated.

forgetting

A point at which the link between the stimulus and the expected reward ceases to exist because of lack of engagement in the applicable purchase situation for a lengthy period.

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, will elicit repeat patronage because these are the most effective reinforcements. 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.¹¹ However, several studies discovered that satisfied customers are often fickle and disloyal when a lot of competition exists.¹²

SHAPING

shaping

Reinforcement before the desired consumer behavior actually takes place, which increases the probability that the desired behavior will occur.

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, as well as present a rebate check upon placement of an order. They use a multistep shaping process to achieve the desired consumer learning.¹³

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

5.4 To understand observational learning.

Observational learning (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

observational learning (modeling)

Learning that occurs when people observe and later imitate observed behaviors.

he has 30 days to return it. Then, a conductor whom Joe knows and sees daily compliments him on the purchase and also asks questions about the device. Joe's purchase was the result of observational learning. Because the conductor's compliments reinforced his purchase (and also because he likes the device and it works well), Joe decides to keep the device.

Advertisers recognize the importance of observational learning in selecting the people 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. In addition, many companies post product use or assembly directions on YouTube in order for consumers to be able to see how to use or assemble a product.

Information Processing

Learning Objective

- 5.5** To understand how consumers process 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 5.8, 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 data**, **encoding data**, and **retrieving and retaining information**.

STORING DATA

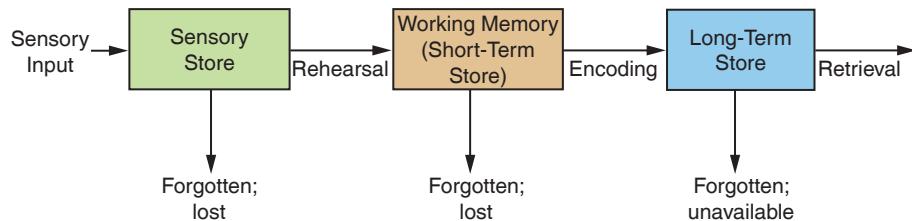
sensory store

A location in the brain where the sensory input lasts for just a second or two. If it is not processed immediately, it is lost.

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.

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

FIGURE 5.8
Information Processing



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

The **short-term store** is where information is processed and held for just a brief period. Anyone who has ever been told someone's name at a party and doesn't use it immediately knows how briefly information lasts in short-term storage. If information in the short-term store undergoes the process known as **data 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 a different person afterward.¹⁴

The **long-term store** is the mental "space" where information is retained for extended periods of time. This is 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.¹⁵

ENCODING DATA

The amount of information available for delivery from short-term storage to long-term storage depends on the **amount of rehearsal**. 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

data rehearsal

The process that information in the short-term store undergoes, in the form of silent, mental repetition of information, after which the information is transferred to the long-term store.

encoding

Assigning a word or visual image in order to represent an object during communications.

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.¹⁶

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.¹⁷

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. Consumers who are searching for information about products online can tap into a great deal of available information, such as online product reviews. Although it is expected that the availability of consumer reviews of online would lead to information overload, surprisingly, consumers are able to manage this vast amount of information without experiencing overload.¹⁸

RETRIEVING AND RETAINING DATA

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.¹⁹ 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.²⁰

A key component of retention is called **data chunking**, defined as the process during which consumers group information together into smaller more memorable chunks, or pieces of information. Marketers have studied the kinds and numbers of groupings (or "chunks") of information that consumers can handle. It is generally accepted that it is easier for consumers to remember five (plus or minus two) chunks of information. Marketers assist consumers by chunking their information into five (plus or minus two) bits. Figure 5.9 is a screen shot from an advertisement from the Swedish Tourist Association. In order to celebrate the 250th anniversary of the abolishment of censorship in Sweden, and to increase tourism in Sweden, the advertising agency, Ingo Stockholm—an agency owned by WPP, a large global communications services parent company—created the advertising campaign, "The Swedish Number." Anyone may call the number and random Swedes will answer and speak to the caller about Sweden. They may discuss whatever they want—no censorship! Notice that the phone number is chunked into groups of two and three for easier memory.²¹

information overload

A situation that occurs when consumers receive too much information and find it difficult to encode and store it.

data chunking

The process during which consumers recode what they have already encoded, which often results in recalling additional relevant information. "Chunks" are groupings of information.

FIGURE 5.9

Chunking Aids Memory



Source: Swedish Tourist Association

data retrieval

The process by which people recover information from the long-term store, that is frequently triggered by external cues.

Data retrieval is the process by which people recover information from the long-term store; it is frequently triggered by external cues. For example, when you see a product in the store or on TV, you automatically retrieve the applicable information your brain has stored. If the brand is distinctive and heavily advertised, or if you had a memorable experience using it, the retrieval will be quicker than that for less sought-after brands.

According to Jonah Berger, **environmental triggers** are cues in the environment that remind a person of something, and then she or he talks about it. For example, remember the song “Friday” by Rebecca Black? It is an awful song. But it is searched for, talked about, played and shared most often on Fridays. On Fridays, we remember this song. Marketers have a better chance of success when they include something in their advertising, in their product name, or on their packaging that has a trigger in environment to remind consumers of their brand.²²

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).²³

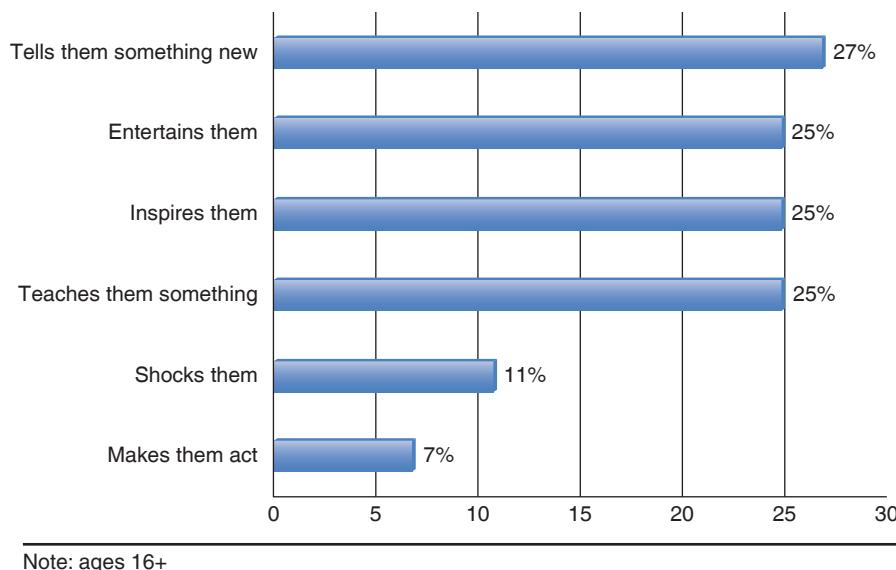
A greater number of competitive ads in a product category leads to lower recall of all brands’ advertising claims because consumers are confused by many competing ads and they find it hard to retrieve information. Under such conditions, ads can activate the retrieval of cues for competing brands. For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

Figure 5.10 indicates the top six reasons that consumers recall branded content on the internet.²⁴ Advertisers should keep these categories in mind when developing branded content that they want consumers to be able to recall.

FIGURE 5.10

Attributes That Help U.K.
Internet Users Remember
Branded Content, April 2017
(percentages of respondents)

*Source: Prezi, "The Science of Attention:
Creating Content That Captivates and
Converts," conducted by Censuswide,
April 25, 2017. www.Marketer.com*



Cognitive Learning

Learning Objective

- 5.6** To understand cognitive learning as a form of consumer decision-making.

cognitive learning

The premise that learning occurs in the form of sequential, mental processing of information when people face problems that they wish to resolve.

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 Barbara has had her teeth cleaned every six months—as recommended by dentists—and the tartar and plaque on her teeth has been removed regularly. But, as she grew older, her gums became sensitive and occasionally painful. During her regular cleaning, her dentist tells her that she has occasional gingivitis, which is an inflammation of the gums, and advises her to use toothpaste specifically designed to battle this condition. Previously, Barbara 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 an 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. Barbara 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.

FIGURE 5.11

Cognitive Learning: Crest Pro-Health

One toothpaste
protects all these areas
dentists check most:

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.
crestprohealth.com

Source: Crest, Procter & Gamble Co.

Researchers developed several models depicting sequential information processing and cognitive learning, which are featured in Figure 5.12. 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 figures top left column. The consumer journey models are not linear and take into consideration that consumers may backtrack, skip steps, reject or opt out at any stage of the process.²⁵

Consumer Involvement and Hemispheric Lateralization

Learning Objective

- 5.7 To understand the impact of involvement and passive learning on purchase decisions.

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

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

consumer involvement

The degree of personal relevance that the product or purchase holds for the consumer.

FIGURE 5.12

Representations of Cognitive Learning

Generic States of Cognitive Learning

- Knowledge
- Evaluation
- Behavior

Tri-Component Attitude Model

- Definition—All attitudes have three components
 - Cognitive
 - Affective
 - Conative

Aida

- Definition—Developed to explain how marketing and selling messages engage consumers
 - Attention
 - Interest and Desire
 - Action

Innovation Adoption

- Definition—Developed by Everett Rogers to explain how consumers adopt new products and services
 - Awareness
 - Interest and Evaluation
 - Trial and Adoption

Innovation Decision-Making

- Definition—Revised version of Everett Rogers' consumer adoption process
 - Knowledge
 - Persuasion
 - Decision, Implementation, and Confirmation

Consumer Decision-Making

- Definition—The stages consumers pass through when making logical decisions
 - Need Recognition
 - Search and Evaluation
 - Purchase and Post-Purchase Evaluation

Simple Consumer Journey

- Definition—The nonlinear circular consumer journey includes a post-purchase stage in which a consumer enters into a relationship with a brand that often plays out on social media
 - Consider
 - Evaluate
 - Buy and Post-Purchase Experience—Enjoy, Advocate, and Bond

Expanded Consumer Journey

- Definition—nonlinear consumer journey in which consumers backtrack, skip steps, reject, or opt out at any stage
 - Need/Want Recognition, Awareness/Knowledge, Consider/Examine
 - Search/Learn, Like/Trust, Sees Value/Willing to Pay, Commit/Plan
 - Consumer, Satisfaction/Dissatisfaction, Loyal/Repeat Buyer, Engage/Interact, Actively Advocate

high-involvement purchases: the automobile because of its high-perceived financial risk (to most people) and the shampoo because of high-perceived social risk (to some people). ***Low-involvement purchases*** are not very important, hold little relevance, have little perceived risk, and provoke limited information processing.

Measurements of Consumer Involvement

There is great variation in the conceptualization and measurement of consumer involvement. Throughout the marketing research literature, “involvement” has been defined in numerous ways, including product involvement, brand involvement, and advertising involvement. Because there is no universal definition of involvement, there is no single way to measure it. Some measures gauge cognitive factors, such as the importance of a purchase to a buyer and the risk perceived with the purchase; other measures focus on the behavioral aspects of involvement and appraise such factors as the search for and evaluation of product information. The most popular measurement tool is self-administered surveys that assess the consumer’s cognitions or behaviors regarding a particular product or product category, and measure involvement on a continuum (not as a dichotomy). For example, a scale measuring involvement with, say, e-books might require respondents to express their attitudes on five-point, bi-polar semantic differential scales on ranges between paired adjectives, such as important—unimportant, relevant—irrelevant, exciting—unexciting, priceless—worthless, and interesting—boring.

Strategic Applications of Consumer Involvement

Marketers aspire to create customers who are involved with the purchase and view the brand they buy as unique. Many studies have shown that high involvement with the product

category, and also perception of a given brand as superior, leads to brand loyalty. Although there is no generalized profile of a highly-involved consumer, many studies have investigated the personal characteristics related to involvement level. For example, researchers found a relationship between ethnicity and involvement; appeals portraying Hispanic identities were effective in advertising low-involvement items, but not high-involvement products.

Involvement and Context

Research indicates that the context in which the promotional message appears has an impact on involvement. One study discovered that consumers who were highly involved in the sports program they watched recalled commercials significantly better than those who were less involved with the program. Another study found that involvement with video games affected brand memory. Players who were initially unfamiliar with the game, but became highly involved with it while learning how to play, recalled many of the brands embedded in the game. When they became experienced players, they became less involved with the game and recalled fewer of the brands it featured. Many marketers now show avatars—animated, virtual-reality, people-like figures—in websites. Avatars have been effective, and studies have found that this is because they often engage consumers in learning about and becoming involved with products and services. One study discovered that attractive avatar sales agents were effective in selling to consumers with moderate product involvement, whereas expert avatars were more effective sales agent for products with high involvement levels. In addition to increasing product and brand involvement, marketers must also expand customer involvement with their ads; they can use sensory appeals, unusual stimuli, celebrity endorsers, and scores of innovative techniques online to increase the persuasiveness of their promotions.

Highly involved consumers engage in long-term relationships with products and brands, and increasing involvement levels enhances these bonds. The best strategy for increasing the 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)

A theory whose 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.

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.²⁶ Figure 5.13 shows a Mercedes-Benz ad literally depicting the split-brain theory. As you can see, the right brain depicted in the ad is colorful, creative, and artistic, whereas the left side of the brain is depicted as logical, analytical, and practical. This ad was created by the advertising agency Y&R Israel.

PASSIVE LEARNING

passive learning

A form of learning in which consumers receive information from repeated exposures which is fully processed after a product is purchased.

Herbert E. Krugman, a pioneer consumer researcher, applied hemispheric lateralization to watching TV and termed his theory **passive learning**. He theorized that when consumers watch advertising on TV, they **passively** process right brain, pictorial information.²⁷ 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. Krugman also maintained that TV is a low-involvement medium. The core of cognitive learning is that consumers who are deliberate about purchases will: (1) seek and evaluate applicable

FIGURE 5.13

Mercedes-Benz Advertisement Representing Left and Right Brain



Source: Mercedes-Benz USA, LLC

information, (2) form attitudes toward the purchase alternatives available, and (3) 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 Figure 5.12. In contrast, advertising that consists mostly of moving images and pictorial information is processed holistically by the right side of the viewer's brain, with minimum involvement.

The right brain's passive processing of information is consistent with classical conditioning. Through repetition, the product is paired with a visual image (e.g., a distinctive package) to produce the purchase of the advertised brand. Accordingly, during passive learning and exposure to low-involvement media, continuous repetition of advertisements is the key factor in producing purchase behavior. This line of thinking also suggests that television commercials are most effective when they are of short duration (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

- 5.8** To understand how to measure the outcomes 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 unfilled 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

aided recall

A recognition test, that measures the effectiveness of learning and communications, where consumers are shown ads and asked whether or not they remember seeing them and can recall any of their salient points.

unaided recall

A recall test, that measures the effectiveness of learning and communications, where consumers are asked whether or not they have read a particular magazine or have watched a particular TV show. Afterwards, they are asked whether they can recall any of the ads featured in these media and their salient points.

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 the likelihood of engaging in word-of-mouth discussion 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.²⁸

BRAND LOYALTY

brand loyalty

A measure of how often consumers buy a given brand, whether or not they switch brands and, if they do, how often, and the extent of their commitment to buying the brand regularly.

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. Figure 5.14 lists the key characteristics of brand-loyal consumers.²⁹ Furthermore, Figure 5.15 lists the retail expectations of brand-loyal millennial consumers.³⁰

FIGURE 5.14

Characteristics of Brand-Loyal Consumers

Source: Rebekah Bennett and Sharyn Rundle-Thiele, “A Comparison of Attitudinal Loyalty Measurement Approaches,” *Journal of Brand Management* (January 2002): 193–209.

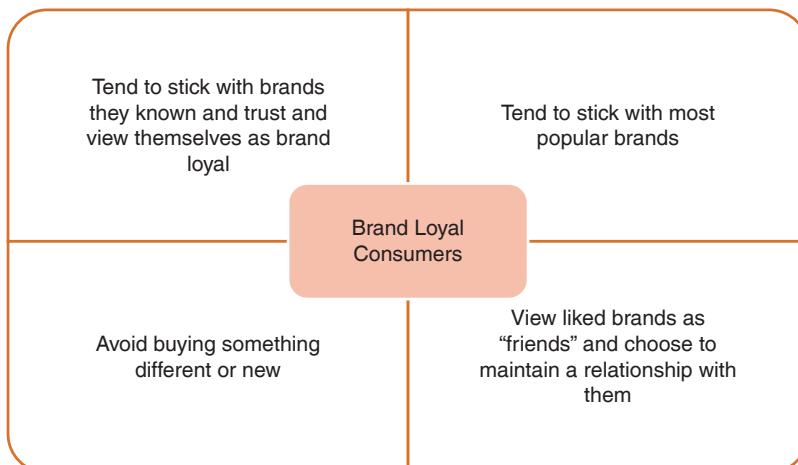
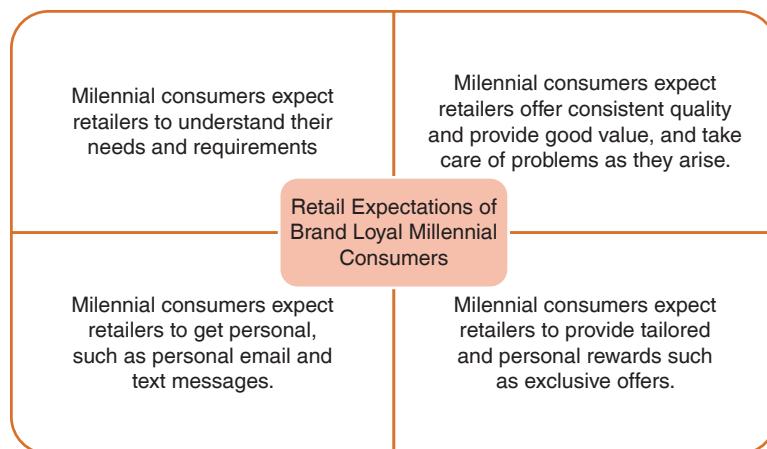


FIGURE 5.15

Retail Expectations of Brand-Loyal Millennials



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 those of the competition so that the products stand out and consumers become reluctant to view other brands as “acceptable.”

The degree of brand loyalty depends on three factors: (1) the consumer’s risk aversion or variety seeking; (2) the brand’s reputation and availability of substitute brands; and (3) social group influences and peers’ recommendations. There are three types of brand loyalty:

- 1. Covetous brand loyalty** includes no consistent purchase of a given brand, in spite of strong attachment to it.
- 2. Inertia brand loyalty** is purchasing the brand because of habit and convenience, but without any emotional attachment to it.
- 3. Premium brand loyalty** means high attachment to the brand and repeat purchase.³¹

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

brand equity

The intrinsic value of a brand name, which stems from consumers’ perception of the brand’s superiority, the social esteem that using it provides, and the customers’ trust and identification with the brand.

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 of the highest equity brands are: Google, Apple, Microsoft, AT&T, Facebook, Visa, Amazon.com, Verizon, and McDonalds.³²

Summary

Learning Objective 5.1: To understand the elements of learning.

Learning is the process by which individuals acquire the purchase and consumption knowledge and the 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. 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), repeated cues, responses, and reinforcement.

Learning Objective 5.2: To understand behavioral learning, classical conditioning, and the roles of stimulus generalization and discrimination in marketing.

Behavioral learning (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 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 5.3: To understand instrumental conditioning and the objectives and methods of reinforcement.

Some 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 reinforcement 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 5.4: To understand observational learning.

Observational learning (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 5.5: To understand how consumers process 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 5.6: To understand cognitive learning as a form of 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 5.7: To understand the impact of involvement and passive learning on purchase decisions.

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 5.8: To understand how to measure the outcomes 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. Most advertisers use repetition to teach consumers. How much repetition should Nestlé's MAGGI consider sufficient for introducing a new range of instant rice porridge?
- 5.4. Which form of learning—classical conditioning, instrumental conditioning, observational learning, or cognitive learning—best explains the following consumption behaviors: (a) buying a four-pack Lucozade, (b) preferring to buy lipstick at a Sephora store, (c) buying a superbike for the first time, (d) buying a new house, and (e) switching from one telephone company provider 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 her or his 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.

Key Terms

- Advertising wear-out *151*
- Aided recall *168*
- Behavioral learning (stimulus-response learning) *149*
- Brand equity *169*
- Brand loyalty *168*
- Classical conditioning *150*
- Cognitive associative learning *150*
- Cognitive learning *159, 163*
- Conditioned response *150*
- Conditioned stimulus *150*
- Consumer involvement *164*
- Consumer learning *147*
- Cues *148*
- Data chunking *161*
- Data rehearsal *160*
- Data retrieval *162*
- Distributed learning *158*
- Encoding *160*
- Environmental triggers *162*
- Extinction *157*
- Family branding *153*
- Forgetting *157*
- Hemispheric lateralization (split-brain theory) *166*
- Incentivized advertising *156*
- Information overload *161*
- Instrumental conditioning (operant conditioning) *155*
- Learning *146*
- Licensing *153*
- Massed learning *158*
- Message repetition *150*
- Motivation *148*
- Negative reinforcement *155*
- Observational learning (modeling) *158*
- Passive learning *166*
- Positioning *154*
- Positive reinforcement *155*
- Product form extension *153*
- Product line extensions *152*
- Reinforcement *148*
- Response *148*
- Sensory store *159*
- Shaping *158*
- Starch Readership Ad Study *168*
- Stimulus discrimination *154*
- Stimulus generalization *152*
- Three-hit theory *151*
- Unaided recall *168*
- Unconditioned stimulus *150*

Consumer Attitude Formation and Change

Learning Objectives

- 6.1 To understand how consumers' attitudes influence their decision-making.
- 6.2 To understand the tri-component attitude model.
- 6.3 To understand how to apply multiattribute models to change consumers' attitudes.
- 6.4 To understand how to alter consumers' attitudes by making particular needs prominent.
- 6.5 To understand cognitive elaboration and the two routes to persuasion.
- 6.6 To understand cognitive dissonance and resolving cognitive conflicts.
- 6.7 To understand how people assign causality to events.

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 other dimensions of consumer behavior.

Consumers learn attitudes 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 motivate consumers either to buy or not buy particular products or brands. Consumers buy products toward which they have positive and favorable feelings, and marketers must ensure that consumers maintain these attitudes following

the purchase so that they keep buying their products repeatedly.

Marketers who introduce new items strive to form favorable consumer attitudes toward the new products in order to get consumers to try them, like them, and continue to buy them. Doing so is difficult because people are often unreceptive to the unfamiliar, at least initially. One way to establish positive attitudes toward new products is to capitalize on well-established brand names. For example, Wrangler Traveler Jeans—a new product featured in Figure 6.1—is targeted primarily to millennials. Sales of jeans to millennials have slowed as they dress in more comfortable clothing such as leggings and sweatpants. This ad tells consumers that the traveler jeans are comfortable, like sweat pants, and carry the well-known brand name of Wrangler, so that consumers can expect a certain level of quality.

FIGURE 6.1

Changing Attitudes

attitude

A learned predisposition to behave in a consistently favorable or unfavorable way toward a given object.



Source: Wrangler, a VF Company

Attitude Formation

Learning Objective

- 6.1** To understand how consumers' attitudes influence their decision-making.

All consumers 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., Oreo cookies), a service (e.g., Marriott Hotels), a particular retailer (e.g., Target), 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 can determine whether consumers will adopt their new products. Marketers develop promotional strategies and refine their segmentation and targeting tools based on what they know about consumer attitudes towards their products and services. To illustrate, Nike and Reebok frequently study consumers' attitudes toward the functional and aesthetic designs 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 researchers survey students and discover that they had purchased Lady Gaga songs from iTunes and listen to them often, researchers can *infer* that the students like Lady Gaga and have positive attitude toward her and also toward iTunes.

Attitudes are directed at objects, such as products, product categories, brands, services, promotional messages, websites, media, retailers, and other entities. 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.

LEARNING ATTITUDES

As a result of promotional messages, consumers form new attitudes as well as change existing ones. Often, they form positive attitudes toward new items under the same brand that they have been buying repeatedly and with which they have been satisfied. Nevertheless, consumers often try new products, product models, and different brands. If such trial purchases meet or exceed their expectations, they would 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. Therefore, advertisements should be focused on the key points that differentiate products from those of competitors.

How do consumers form their initial attitudes toward products, brands, services, and so on? 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 Wal-Mart, Sears, Saks Fifth Avenue, or Nordstrom? How do family members and friends, admired celebrities, mass-media advertisements, and even cultural memberships influence young adults' attitudes about buying apparel? Why do some attitudes persist for a long time while others change often?

Next, we discuss the sources and factors that play a role in determining consumers' attitudes toward marketing objects.

PERSONAL SOURCES AND EXPERIENCES

Personal experiences, family and friends, media, and 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 offer consumers incentives to try new products—coupons, free samples, and other inducements. If consumers try and like the new products, they will form positive attitudes and buy them repeatedly. 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. 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).

Marketers increasingly use online advertising to shape attitudes because this channel enables them to customize advertising messages and some products. Online, marketers can target consumers on the basis of their demographic, psychographic, or geodemographic profiles with personalized product offerings (e.g., watches or sets of golf clubs for left-handed people), and messages that reflect individuals' specific desires. Targeted online marketing can shape attitudes more effectively than other media because the promotional messages address consumers' needs precisely, whereas messages carried by traditional media generally reach diverse and large segments, as well as many consumers who have neither the need for nor interest in the product.

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, celebrities, or other peripheral cues about the product. A person's level on innovativeness and related personality traits deeply impact attitudes towards new products (see Chapter 3).

CONSISTENCY WITH BEHAVIOR

Similar attitudes consistently lead to the same behaviors. However, despite their consistency, attitudes can change either seldomly or frequently. Normally, we expect consumers' behavior to correspond with their attitudes. For example, if a study showed that Mexican consumers prefer Japanese cars over Korean automobiles, we would expect that they would purchase Japanese cars. However, circumstances often disrupt the consistency between attitudes and behavior. For example, Mexican consumers might be unable to afford the cars they prefer and buy Korean cars instead. In this case, affordability is a "situational" factor.

TABLE 6.1 Situations Affecting 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.”
<i>The Wall Street Journal</i>	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.”

SITUATIONAL FACTORS

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 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 sedan, 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 that his co-worker’s car is 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 situations surrounding the attitudes, such as the ones listed in Table 6.1.

The Tri-Component Attitude Model

Learning Objective

- 6.2 To understand the tri-component attitude model.

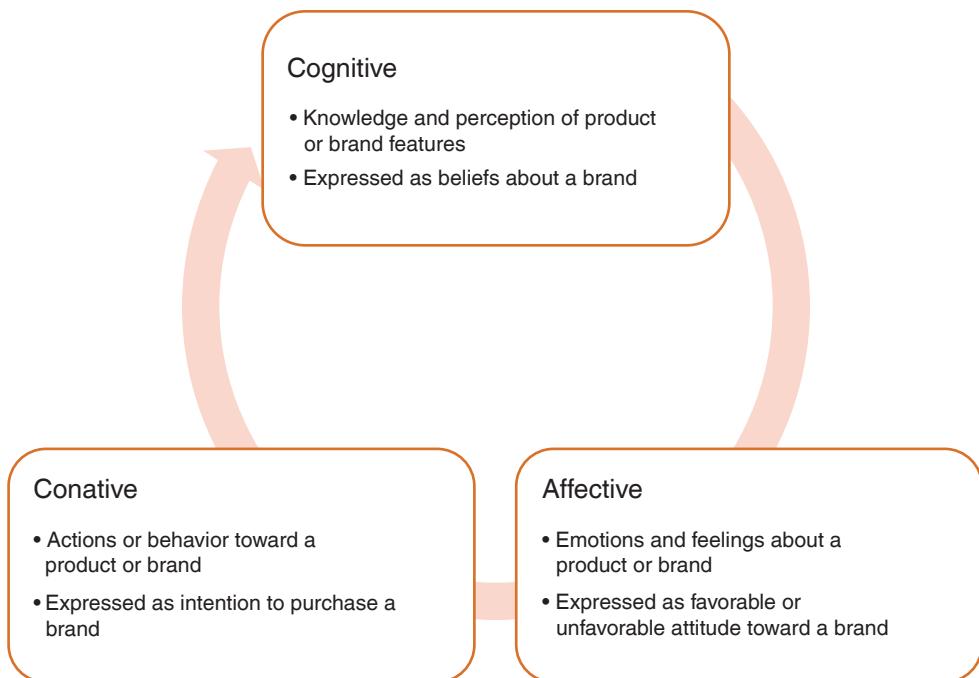
tri-component attitude model

A model describing the structure of attitudes, it maintains that an attitude consists of three components.

Researchers constructed several models that explain how attitudes affect behavior. First, we examine the tri-component model, and then describe multiattribute 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

The Tri-Component Attitude Model



cognitive component

The first component of the Tri-Component Model of attitudes. It represents the person's *knowledge* and *perceptions* of the features of the attitude object, which, collectively, are the *beliefs* that the object possesses or does not possess specific attributes.

affective component

The second component of the Tri-Component Model of attitudes. It represents the person's *emotions* and *feelings* regarding the attitude object, which are considered *evaluations* because they capture the person's overall assessment of the attitude object (i.e., the extent to which the individual rates the attitude object as "favorable" or "unfavorable," "good" or "bad").

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*. In other words, 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 smart speakers (Google Home and Amazon Echo) that respond to voice commands, play music, and control a smart home.¹

THE AFFECTIVE COMPONENT

The **affective component** represents the consumer's *emotions* and *feelings* regarding the attitude object. These are considered evaluations because they capture the consumer's 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").

TABLE 6.2 Beliefs about Two Smart Speakers

Product Attribute	Google Home	Amazon Echo
Responds to Voice Commands	Yes	Yes
Prompt Word	"OK Google" or "Hey Google"	"Alexa," "Echo," "Amazon," or "Computer"
Works with my Smart Home (Ecobee)	No	Yes
Customizable Appearance	Yes	No
Personal Assistant	Search Google, daily briefing, check traffic, calendar, flights, make shopping list, track packages	Add items to calendar, make shopping and to-do lists, check flights, track a package
Works with my Music Streaming Preference (YouTube Music)	Yes	No

FIGURE 6.3

Feelings and Emotions about Dapper Dan Aftershave Balm Measured by a Likert Scale

For the past 30 days, you have been using Dapper Dan Aftershave Balm. Please tell us how your skin felt after using the product. Please indicate your level of agreement or disagreement with each of the statements listed here.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Dapper Dan Balm refreshed my skin.	[1]	[2]	[3]	[4]	[5]
Dapper Dan Balm tightened my skin.	[1]	[2]	[3]	[4]	[5]
Dapper Dan Balm smoothed my skin.	[1]	[2]	[3]	[4]	[5]
Dapper Dan Balm suppled my skin.	[1]	[2]	[3]	[4]	[5]
Dapper Dan Balm revived my skin.	[1]	[2]	[3]	[4]	[5]

Likert scale

The most popular form of attitude scale, where consumers are asked to check numbers corresponding to their level of “agreement” or “disagreement” with a series of statements about the studied object. The scale consists of an equal number of agreement/disagreement choices on either side of a neutral choice.

semantic differential scale

A measure consisting of a series of bipolar adjectives (such as “good/bad,” “hot/cold,” “like/dislike,” or “expensive/inexpensive”) anchored at the ends of an odd-numbered (e.g., five- or seven-point) continuum.

conative component

The third component of the Tri-Component Model of attitudes. It represents the likelihood that an individual will behave in a particular way with regard to the attitude object. In consumer behavior, the conative component is treated as an expression of the consumer’s intention to buy.

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. Figure 6.3 illustrates the measurement of consumers’ feelings and emotions toward a product by using a **Likert scale**, which measures respondents’ levels of agreement or disagreement with a series of statements about the object.

Another measure of a person’s emotions toward an object, shown in Figure 6.4, is a **semantic differential scale**, which is a type of rating scale consisting of a series of bipolar 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 and 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. Figure 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.

FIGURE 6.4

Semantic Differential Scales Measuring Consumers’ Attitudes toward Lipgloss

For the past 30 days, you have been using HI Lipgloss. Please tell us how your lips felt after using the product. For each of the adjectives listed here, please mark an “X” in the box corresponding to how your lips felt after using HI Lipgloss.

Refreshed	[1]	[2]	[3]	[4]	[5]	Not refreshed
Tight	[1]	[2]	[3]	[4]	[5]	Not tight
Smooth	[1]	[2]	[3]	[4]	[5]	Not smooth
Supple	[1]	[2]	[3]	[4]	[5]	Not supple
Revived	[1]	[2]	[3]	[4]	[5]	Not revived

FIGURE 6.5

Intention to Buy

Which of the following statements best describes the chance that you would buy Dapper Dan Aftershave Balm the next time you purchase an aftershave product?

- 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 Dapper Dan Aftershave Balm during the next three months?

- Very likely
- Likely
- Uncertain
- Unlikely
- Very unlikely

CHANGING CONSUMERS' ATTITUDES

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.² There are two primary strategies for changing consumers' attitudes: changing an offering's overall image and referring to specific product attributes. Next, we discuss the first strategy. In the following section, which explains multiattribute models of attitudes, we address the second approach.

Changing Beliefs about Products

The strategy of changing beliefs in order to change attitudes concentrates on changing beliefs or perceptions about the brand itself. This is by far the most common form of advertising appeal. Advertisers constantly are reminding us that their products have "more" or are "better" or "best" in terms of some important product attribute. For example, an ad for Kraft's Miracle Whip claims that using this product makes a tastier turkey sandwich than mayonnaise does. To support this claim, the ad points out that Miracle Whip has "more flavor and half the fat" of mayonnaise.

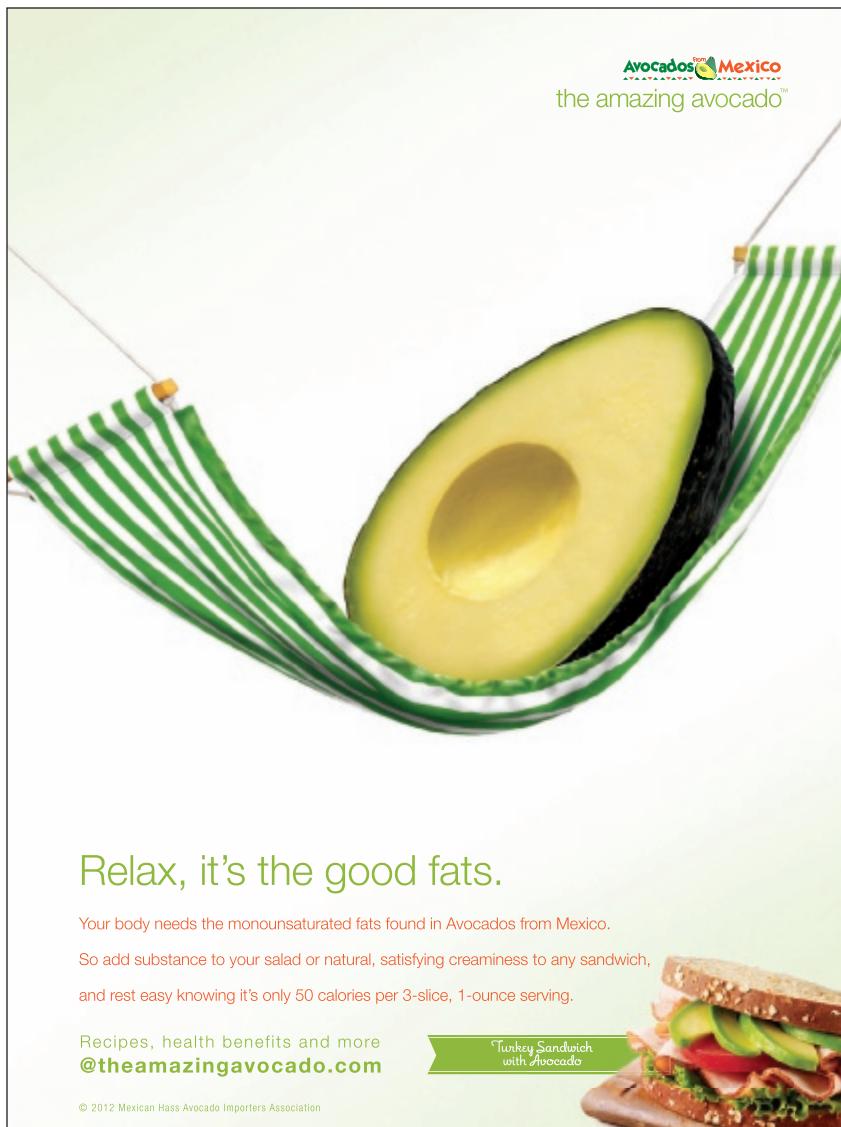
Information aimed at changing an attitude must be compelling and repeated many times if it is to overcome people's natural resistance to abandoning established attitudes. For example, people believe that avocados contain too much fat. The ad shown in Figure 6.6 focuses on changing these beliefs about Avocado—in general not perceived as a stand-alone food—by stating that the product can satisfy cravings in a healthy way.

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 those of the competition. Examples of such statements include, "This is the largest-selling brand" or "This is 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 and to increase consumers' confidence in technology, with taglines such as "It's what you do with what we do."³ 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. The ad for Kraft Macaroni and Cheese in Figure 6.7 is designed to maintain brand image. The ad advises consumers that the brand remains the same although it looks somewhat different.

FIGURE 6.6

Changing Beliefs
about Avocados



Source: Avocados From Mexico, Mexican Hass Avocado Importers Association

FIGURE 6.7

Changing the Brand Image of
Kraft Macaroni and Cheese



Source: The Kraft Heinz Company

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." Companies that sell organic food often compare their products to regular food and try to establish an unfavorable attitude toward produce that is grown with pesticides. Similarly, the ad for Lysol Sanitizing Wipes in Figure 6.12 (later in the chapter) 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. Ads that compare organic food to nonorganic food are an example of **comparative advertising** and the Lysol ad depicts a **two-sided message** (see Chapter 7).

comparative advertising

An advertising appeal where marketers proclaim that their products are better than competing brands named in the ads.

Attitude-Behavior Gap

It is commonly accepted that there is a consistency between the components of an attitude and actual behavior. However, there are instances in which there is a disconnect between these components and actual behavior. For example, when asked, consumers tend to have a favorable attitude toward hybrid cars, but the marketers selling hybrid cars are not seeing great increases in sales. Although a consumer may think, "Hybrid cars are great and they are helping to solve the pollution problem," they aren't buying these cars in great numbers.⁴

Multiatribute Models

Learning Objective

- 6.3** To understand how to apply multiatribute models to change consumers' attitudes.

multiatribute attitude models

Models that portray consumers' attitudes as functions of their assessments of the objects' prominent attributes.

attitude-toward-object model

A model stating that a consumer's attitude toward a product or brand is a function of the presence of certain attributes and the consumer's evaluation of those attributes.

FIGURE 6.8

Similarities and Differences of the Multiatribute Models

Multiatribute 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 attributes in changing consumers' attitudes and developing new products. Next, we examine the attitude-toward-behavior model, the theory of reasoned action, the theory of trying to consume, the attitude-toward-ad model, and the attitude-toward-social-media posts. Figure 6.8 highlights the similarities and differences between each of the multiatribute models.

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, and unfavorable attitudes toward those brands that they feel do not meet these criteria.⁵

Attitude Toward the Object

- Does a brand have the needed attribute?
- What is the importance of that attribute?

Theory of Trying to Consume

- Attitude toward the behavior
- Personal impediments
- Environmental impediments

Attitude Toward Behavior

- Attitude toward the brand
- How do I feel about buying this brand?

Attitude Toward the Ad

- Attitudes toward brands are formed based on how consumers feel about the advertisements for these brands.

Theory of Reasoned Action

- Tri-component attitude model
- Normative beliefs
- Motivation to comply with norms

Attitude-Toward-Social-Media Posts

- Attitudes toward brands are formed based on how consumers feel about what they see on social media about the brands.

The following example illustrates how this model was used to measure attitudes toward two smartphones: *iPhone* and *Galaxy*. Figure 6.9A displays the scale administered to measure the importance of 10 attributes to two groups of students: *economics* majors and *marketing* majors, and the results are listed in Figure 6.9B.

1. How unimportant or important is it for a smartphone to be light and thin?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
2. How unimportant or important is for a smartphone to have a carrier that does not require a long-term service contract?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
3. How unimportant or important is it for a smartphone to have a high-definition screen?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
4. How unimportant or important is it for a smartphone to have a carrier that provides unlimited data transmission?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
5. How unimportant or important is it for a smartphone to look “totally cool”?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
6. How unimportant or important is it for a smartphone to have a carrier that provides unlimited iCloud storage?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
7. How unimportant or important is it for a smartphone to have a high-definition camera?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
8. How unimportant or important is it for a smartphone to have a carrier that notifies you when you are about to exceed your text messages’ allowance?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
9. How unimportant or important is it for a smartphone to have a thin “juice pack” that is also the phone’s protection cover?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important
10. How unimportant or important is it for a smartphone to offer a low-price option to repair a shattered screen?
Not important at all -3 -2 -1 0 +1 +2 +3 Very important

FIGURE 6.9A Importance of Product Attributes

Attribute	Economics Majors	Marketing Majors
1 <i>Light and thin</i>	+1	+3
2 <i>Carrier does not require long-term service contract</i>	+3	0
3 <i>High-definition screen</i>	0	+2
4 <i>Carrier provides unlimited data transmission</i>	+2	0
5 <i>Looks “totally cool”</i>	+1	+3
6 <i>Carrier provides unlimited iCloud storage</i>	+3	-2
7 <i>High-definition camera</i>	0	+2
8 <i>Carrier notifies when text messages’ allowance is to be exceeded</i>	+3	+1
9 <i>The “juice pack” is also the protection cover</i>	-3	+3
10 <i>Carrier offers a low-price option to repair a shattered screen</i>	+3	+2

FIGURE 6.9B Attributes’ Importance Rankings

In Figure 6.9B, the items in **blue** represent **hedonic** attributes (the odd numbers), whereas the ones in **green** (the even numbers) represent **budgetary** attributes. Overall, **marketing** majors marked the **hedonic** attributes as the most important, whereas **economics** majors believed that the **budgetary** attributes were more important than the hedonic.

Apparently, we had identified two distinct segments, each looking for different benefits in smartphones. Let's call the **economics majors** the **PRUDENT** and the **marketing majors** the **EXTRAVAGANT**.

Next, all the students were asked to indicate their **beliefs** about each of the two brands by indicating the **likelihood that the brand has the attributes** (listed in Figure 6.9B) by filling out the scale in Figure 6.10.

Then, the attributes' importance scores were multiplied by the likelihoods' scores and overall scores for each phone were computed. Tables 6.3A and 6.3B display the scores for the economics and marketing majors.

As indicated earlier, **economics majors**—the **PRUDENT** segment—rated the **budgetary** attributes as the most important. Subsequently, in Table 6.3A, they gave the **Galaxy** a much higher score than the iPhone because the product scored high on the attributes they had considered were the most desirable **budgetary** attributes. On the other hand, Table 6.3B

FIGURE 6.10

Beliefs Whether or Not the Brands Have the Attributes

Please note that the respondents will be asked to fill the same scale twice—one for the iPhone and the other for Galaxy.

1. How unlikely or likely is it that the iPhone is very light and thin?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

2. How unlikely or likely is it that the iPhone's carrier does not require a long-term service contract?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

3. How unlikely or likely is it that the iPhone has a high-definition screen?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

4. How unlikely or likely is it that the iPhone's carrier provides unlimited data transmission?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

5. How unlikely or likely is it that the iPhone looks "totally cool"?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

6. How unlikely or likely is it that the iPhone's carrier provides unlimited iCloud storage?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

7. How unlikely or likely is it that the iPhone has a high-definition camera?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

8. How unlikely or likely is it that the iPhone's carrier notifies you when you are about to exceed your text messages' allowance?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

9. How unlikely or likely is it that the iPhone has a thin "juice pack" as the phone's back cover?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

10. How unlikely or likely is it that the iPhone offers a low-price option to repair a shattered screen?

Extremely unlikely 1 2 3 4 5 6 7 8 9 10 Extremely likely

TABLE 6.3A The Economics Majors' Beliefs

Attribute	Attribute's importance	<i>iPhone</i> attribute's likelihood	<i>iPhone</i> likelihood × importance	Galaxy attribute's likelihood	Galaxy likelihood × importance
Light and thin	+1	10	10	6	6
<i>Carrier does not require long-term service contract</i>	+3	5	15	8	24
High-definition screen	0	8	0	6	0
<i>Carrier provides unlimited data transmission</i>	+2	1	2	7	14
Looks "totally cool"	+1	10	10	5	5
<i>Carrier provides unlimited iCloud storage</i>	+3	5	15	8	24
High-definition camera	0	8	0	4	0
<i>Carrier notifies when text message allowance is to be exceeded</i>	+3	6	18	9	27
The "juice pack" is also the protection cover	-3	6	-18	1	-3
<i>Carrier offers a low-price option to repair a shattered screen</i>	+3	5	15	8	24
TOTAL SCORES			67		121

TABLE 6.3B The Marketing Majors' Beliefs

Attribute	Attribute's importance	<i>iPhone</i> attribute's likelihood	<i>iPhone</i> likelihood × importance	Galaxy attribute's likelihood	Galaxy likelihood × importance
<i>Light and thin</i>	+3	10	30	5	15
Carrier does not require long-term service contract	0	7	0	6	0
<i>High-definition screen</i>	+2	8	16	4	8
Carrier provides unlimited data transmission	0	6	0	6	0
<i>Looks "totally cool"</i>	+3	10	30	3	9
Carrier provides unlimited iCloud storage	-2	5	-10	5	-10
<i>High-definition camera</i>	+2	8	16	3	6
Carrier notifies when text message allowance is to be exceeded	+1	7	7	8	8
<i>The "juice pack" is also the protection cover</i>	+3	7	21	1	3
Carrier offers a low-price option to repair a shattered screen	+2	6	12	5	10
TOTAL SCORES			122		49

shows that the **marketing majors**—the **EXTRAVAGANT** segment—who rated the **hedonic** attributes as the most significant, preferred the *iPhone* over the Galaxy.

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. Nevertheless, adding an attribute requires additional promotions in order to convey the innovation to the consumers.

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. 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 (see 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. Therefore, Dole differentiates its product by making consumers aware that Dole fruit is packaged in 100% fruit juice.

Developing New Products

Marketers often use the attitude-toward-object model during the development of new products. Consider the following hypothetical example: the TruOJ 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*. TruOJ then conducted a three-stage study:

1. Researchers asked consumers who drank orange juice regularly to describe their *ideal* juice, along the four attributes.
2. Realistically, TruOJ could not produce the *ideal* juice because it could not offer it at a competitive price. Therefore, they asked respondents to rate a *concept* juice representing a product that TruOJ could sell. The *concept* juice was similar to the *ideal* one but not identical.
3. TruOJ made an *actual* new orange juice, which consumers tasted and rated.

In this scenario, 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 TruOJ 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 TruOJ must change the *actual* product so that it matches consumers' preferences, by making it less sweet and adding pulp.

attitude-toward-behavior model

A model stating that a consumer's attitude toward a specific behavior is a function of how strongly he or she believes that the action will lead to a specific outcome (either favorable or unfavorable).

ATTITUDE-TOWARD-BEHAVIOR MODEL

The **attitude-toward-behavior model** captures the individual's attitude toward *behaving* or *acting* with respect to an object, rather than merely the person's attitude toward the object itself. Using the attitude-toward-behavior model to understand consumers may sometimes be more useful than using the attitude-toward-object model. For instance, a consumer looking for a new car might like Lexus cars (i.e., *positive* attitude toward the *object*), but not be ready or willing to buy an expensive Lexus (i.e., a *negative* attitude toward the *behavior* associated with the object).

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. For example, if a student wanted to get a tattoo but first considered whether her parents or boyfriend would approve or disapprove, her consideration is her subjective norm.

Two factors underlie subjective norms:

1. **Normative beliefs** that the individual attributes to relevant others
2. **Motivation to comply** with the preferences of the relevant others⁶

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 Figure 6.11):

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.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 toward the brands advertised.

Researchers among Asian Indian U.S. immigrants explored attitudes toward 12 advertisements and purchased 6 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 (members of the European Union) found that consumers in those

attitude-toward-the-ad model
A model maintaining that a consumer forms various feelings (affects) and judgments (cognitions) as the result of exposure to an advertisement, which, in turn, affects the consumer's attitude toward the ad and beliefs and attitudes toward the brand advertised.

FIGURE 6.11

Potential Impediments to Trying to Consume

Personal Impediments Within My Control	Environmental Impediments Outside of My Control
<ul style="list-style-type: none"> • I tried to go to the concert, but I missed the bus. • I tried to use a new software package, but it was too complicated for me. • I tried to refill the ink cartridge and the ink spilled all over my table. 	<ul style="list-style-type: none"> • I tried to get a game day cap, but only the first 500 fans at the baseball game received a free cap. • I tried to buy the newest smartphone, but the product I want is out of stock. • I tried to get a reservation at the best restaurant in town, but it was all booked for the night I wanted to go.

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

ATTITUDE-TOWARD-SOCIAL-MEDIA-POSTS MODEL

Today's consumers spend a great deal of time using social media, which allows consumers to interact with each other about brands as well as interact with companies about their brands. Similar to the attitude-toward-the-ad model, consumers form **attitudes-toward-social-media posts** and interactions. Furthermore, the attitude that is formed about the post influences the attitude toward the brand.¹⁰

Attitudes' Motivational Functions

Learning Objective

- 6.4** 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, marketing practices, or industry. Frequently, the negative attitudes are not the result of bad products or promotion, but rather 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.¹¹

functional approach

An approach to changing attitudes by appealing to the reasons (or motivations) behind people's attitudes. These reasons are called “functions.”

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**.¹² 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** reflects the utilities that brands provide. When a product 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 6.12 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. Advertising that reassures consumers that they are making the right choice and can feel secure when they purchase their brand are relying on the ego-defensive function to sell their products. For example, an ad for dentures that tells consumers that they can feel secure, smile, and eat because their brand of denture cream will not let their dentures fall out.

FIGURE 6.12

An Appeal Based
on the Utilitarian Function:
Paper Towels Spread Germs
but Lysol Wipes Kill Them



Source: LYSOL is a registered trademark of Reckitt Benckiser LLC.

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. An ad that refutes that belief by humorously stating that these salads can be fattening because of extra calories from the salad dressing and added ingredients challenges the consumer's belief.

THE KNOWLEDGE FUNCTION

The **knowledge function** holds that peoples' attitudes reflect strong needs to understand the characters of the people, events, and objects they encounter. Therefore, many firms use ads centered on 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.

ASSOCIATING BRANDS WITH WORTHY OBJECTS OR CAUSES

Another way to influence attitudes is to relate them to social, cultural, or worthy causes. 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.¹³ 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.¹⁴ 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.

Furthermore, since so many companies aim to gain awareness and market share by associating with a worthy cause, consumers are often warned to examine how much is being given to the charity. For example, some companies associate with breast cancer by making pink products during the month of October and giving 15% of sales to breast cancer research; others give only 5% to research.¹⁵

The Elaboration Likelihood Model

Learning Objective

- 6.5 To understand cognitive elaboration and the two routes to persuasion.

elaboration likelihood model (ELM)

The proposition that attitudes can be changed by either one of two different routes to persuasion—a central route or a peripheral route—and that the cognitive elaboration related to the processing of information received via each route is different.

central route to persuasion

A promotional approach maintaining that highly involved consumers are best reached and persuaded through ads focused on the product's attributes.

peripheral route to persuasion

A promotional approach maintaining that uninvolved consumers can be best persuaded by the ad's visual aspects rather than its informative copy (i.e., the product's attributes).

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 problem solving** as well as **limited problem solving** (see Chapter 14) and also correspond with **high-involvement purchases** 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 highly 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, known as **hedonic** products. For hedonic products, the correlation between subjective knowledge and product involvement was higher than for utilitarian products.¹⁶ 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.¹⁷

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.¹⁸

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.¹⁹ However, the central inducement had the greater “staying power”; that is, over time it was more persistent than the secondary one. In general, consumers with limited product knowledge prefer ads with factual data—the central route—than ads with secondary cues.

Cognitive Dissonance and Conflict Resolution

Learning Objective

- 6.6 To understand cognitive dissonance and resolving cognitive conflicts.

cognitive dissonance

The mental discomfort that people experience when facing conflicting information about an attitude object.

post-purchase dissonance

Cognitive dissonance that occurs after a purchase.

So far, our discussion has maintained the traditional (and rational) view that consumers develop their attitudes *before* taking action (e.g., “Know what you are doing before you do it”). However, there are theories that refute the “attitude precedes behavior” perspective. Specifically, cognitive dissonance theory and attribution theory provide different explanations as to why and how behavior sometimes *precedes* attitude formation.

Cognitive dissonance occurs when a consumer holds conflicting thoughts about a belief or an attitude object. For instance, after consumers have made a commitment to buy an important and pricy object—for example, made a down payment on a new house or an expensive car—they often begin to feel cognitive dissonance when they think of the unique, positive qualities of the alternatives not selected (“left behind”). When cognitive dissonance occurs after a 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.²⁰

Most often, **behavior** is the **outcome** of **attitudes**. During post-purchase dissonance, however, **attitude change** is the **outcome** of **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.²¹ 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.²² 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.²³

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 election, 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 he 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 so 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.

Causality and Attribution

Learning Objective

- 6.7** To understand how people assign causality to events.

attribution theory

A theory focused on how people assign causality to events and form or alter their attitudes after assessing their own or other people’s behavior.

self-perception attribution

A mental interpretation that reflects the way people see themselves when they form causalities about prior events, which consists of internal and external attributions.

Attribution theory explains how people **assign causality** (e.g., blame or credit) to events, on the basis of either their own behavior or the behavior of others.²⁴ 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 iPhone, rather than a Galaxy, 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 will 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.²⁵

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 Anna has just used video-editing software for the first time and her video of her South American vacation was well liked by the members of her photography club. After receiving the compliments, if Anna had thought, “I’m really a natural at editing my digital videos,” her statement would reflect an internal attribution, because she had given herself credit for the outcome (e.g., her ability, her skill, or her effort). In contrast, if Anna concluded that his work was due to a user-friendly video-editing program, the assistance of another club member, or just “luck,” she would be making an external attribution. In the external attribution Anna might think, “My great video is beginner’s luck,” whereas in the internal attribution she might think, “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.²⁶

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.

FOOT-IN-THE-DOOR TECHNIQUE

The **foot-in-the-door technique** consists of getting people to agree to large requests after convincing them to agree to a small and modest request first. The rationale behind this method is that agreeing to a small request creates a bond between the requester and the requestee. After fulfilling a modest request, the requestee is likely to fulfill a larger request because of several reasons. First, the requestee does not want to disappoint the requestor, with whom he feels he has bonded. Second, 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 people 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 initially to donate \$100. The first request of \$25 was a *foot in the door*, and *paved the way* toward 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. Researchers 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 will 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.²⁷

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.²⁸

ATTRIBUTIONS TOWARD OTHERS

In addition to understanding why people develop causalities about their own behaviors, it is important to understand how they make attributions toward 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 Anna successfully edited a video of her vacation, she could attribute that success to the software (product attribution), to her own skill (self or internal attribution), to a fellow member in her photo club who helped her (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 of money 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 the donation and the purchase 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. Researchers have identified three factors that the persons are likely to consider when doing so: distinctiveness, consistency, and consensus. Table 6.4 explains these factors and describes the photographer and alumnus’s hypothetical deliberations.²⁹

TABLE 6.4 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 6.1: To understand how consumers' attitudes influence their decision-making.

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, the term *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 either to buy or not to 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 6.2: To understand the tri-component attitude model.

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 6.3: To understand how to apply multiattribute models to change consumers' attitudes.

Multiattribute attribute models portray consumers' attitudes as functions of their assessments of the objects' prominent features. These multiattribute 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-the-ad model. Multiattribute models can be used when adding product attributes, changing consumers' perceptions of attributes, and developing new products.

Learning Objective 6.4: 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 6.5: To understand cognitive elaboration and the two routes to persuasion.

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. The central 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 peripheral route, which requires relatively little thought and information processing, occurs during less important purchases.

Learning Objective 6.6: To understand cognitive dissonance and resolving cognitive conflicts.

In most cases, attitudes precede and guide behavior. Sometimes, consumers act first and only afterward do they develop attitudes

about actions already undertaken, which creates conflicting thoughts about the attitude object known as cognitive dissonance. 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 6.7: To understand how people assign causality to events.

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. By using the theory of reasoned action (TRA), explain what subjective norms are and the two factors underlying the concept. How can researchers measure the subjective norms of a consumer who plans to purchase a royal Terengganu *songket*?
- 6.5. Explain how 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.

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.

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?

Key Terms

- Affective component 176
- Attitude 172
- Attitude-toward-behavior model 184
- Attitude-toward-object model 180
- Attitude-toward-the-ad model 185
- Attitudes-toward-social-media posts 186
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Persuading Consumers

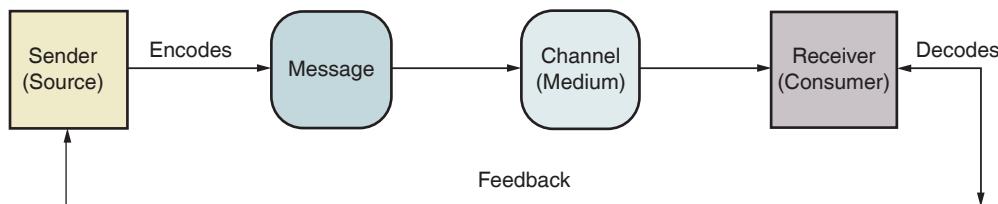
Learning Objectives

- 7.1** To understand the components of communications, source credibility, and barriers to effective transmissions.
- 7.2** To understand the distinctions between broadcasted and addressable messages.
- 7.3** To understand the elements of message structure.
- 7.4** To understand the effectiveness and limitations of prominent advertising appeals.
- 7.5** To understand how to measure the effectiveness of advertising messages.

COMMUNICATION is the transmission of a **message** (advertising) from a **sender** (marketer) to a **receiver** (consumer) via a **medium** of transmission (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 7.1).

We begin with a discussion of the elements of communication and overcoming barriers to effective communication. Next, we present two models of media communications: broadcasting and narrowcasting. Thereafter, we explain how to structure effective persuasive messages and discuss the advantages and limitations of the most popular advertising appeals. After transmitting their ads, marketers must measure the effectiveness of their messages, and they do so by employing the methods discussed in the last section of this chapter.

FIGURE 7.1
The Communication Model



The Elements of Communication

Learning Objective

- 7.1 To understand the components of communications, source credibility, and barriers to effective transmissions.

communication

The process of imparting or exchanging information. In the context of consumer behavior, it is the transmission of messages from senders (the sources) to receivers (the consumers) via media (the channels of transmission).

Communication 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—the extent to which the receiver trusts and believes the source sending the message. The influence of interpersonal sources can have a great effect on consumers' shopping patterns, and the perceived honesty and objectivity of the sender of the communication can have an enormous impact on how the communication is accepted by the receivers. (discussed further in Chapter 9).

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. 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 will appear on the next exam. 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 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 (newspapers, 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, indicating to marketers whether or not their persuasive efforts have been effective. Chapter 8 explores both forms of media.

Next, we discuss source credibility and persuasion, as well as barriers affecting consumers' message awareness and interpretation.

SOURCE CREDIBILITY AND PERSUASION

source credibility

A source's persuasive impact, stemming from its perceived expertise, trustworthiness, and believability.

The more credible the source, the more persuasive the message. And, the greater the degree of attempted persuasion, the greater the degree of **source credibility** required to make it effective. A source's credibility reflects its trustworthiness among the message's receivers and their perceptions of the source's expertise. For example, consumers consider personal sources—their reference groups (see Chapter 9)—as more trustworthy than promotional messages, although they recognize that their friends and neighbors, for the most part, are not experts. Many studies discovered that trustworthiness determined credibility more than expertise, and that personal sources influence consumption more than marketers' promotions. Also, consumers believed messages that were seemingly "unintentionally overheard" were highly credible, supporting using **slice of life** advertisements. For example, a classic

campaign—under the slogan, “*When E. F. Hutton talks, people listen*”—showed two investors discussing the advice of an E. F. Hutton representative while others were listening.

When two brands claim to deliver similar benefits and consumers cannot readily make a choice, they count on the source’s credibility more than when choosing between brands that promise distinctly different benefits. Additionally, source credibility is the most important factor when two brands present conflicting claims, such as one brand’s claim that it relieves a headache twice as fast as a competing brand. For low-involvement purchases and also when consumers have limited experience with the product, only a high degree of source credibility will persuade them to buy.

Websites can enhance sellers’ credibility. Wrangler set up a western lifestyle website—featuring rodeo and country music content as well as news—in order to engage consumers with the brand, but the site became a revenue source. Several major brands, who apparently felt that the perceived “coolness” of Wrangler would enhance their ads’ persuasiveness, paid for advertising on its site.¹

The degree of personal commitment is an important factor in persuasion. For example, a message designed to reduce texting while driving requires a greater commitment than, say, an ad trying to persuade buyers to switch brands. Thus, a message to stop texting while driving will succeed only if it comes from a highly credible source. If research indicated that a pop star was perceived as a more credible source than, say, the local police among the target audience (most likely, young adults), then the star should appear in ads designed to persuade young people to stop a potentially deadly practice.

TIME PASSAGE AND SOURCE CREDIBILITY

When information is transferred from the short-term memory to the cerebral cortex (where long-term memory is located), over time, it is separated from the context in which it was learned. For example, although you know that the nation’s capital is Washington, DC, you probably do not remember how you learned this piece of information. The disassociation of the message from its source over time—remembering only the message content but not its source—is called the **sleeper effect**. Although a high-credibility source is initially more influential than a low-credibility source, both positive and negative credibility effects tend to disappear after 6 weeks or so. Furthermore, the theory of **differential decay** suggests that the negative **memory of low-credibility sources** decays faster than the **content of the message**. However, reintroduction of the same or similar message by the source serves to jog the audience’s memory, and the original effect manifests itself; that is, high-credibility sources remain more persuasive than low-credibility sources. For marketers, the sleeper effect and differential decay imply that messages featuring high-credibility spokespersons must be repeated regularly if they are to maintain high levels of persuasiveness.

BARRIERS TO EFFECTIVE COMMUNICATIONS

The primary factors that drive consumers to ignore or misinterpret messages are cognitive selectivity and message clutter. Marketing experts have designed a method to overcome these barriers by “sneaking in” on consumers—placing promotional messages in places where consumers do not expect them—and creating promotions that encompass the physical environments within which the messages appear.

Psychological Selectivity

Selective exposure reflects differences in consumers’ levels of attention to advertising messages. Most consumers 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 when the ads are over. Viewers can also **time shift** by recording TV shows and viewing them at their leisure while skipping

sleeper effect

A person’s disassociation of the message from its source over time, which results in remembering only the message’s content, but not its source.

differential decay

A cognitive phenomenon where the memory of a low-credibility source decays faster than the contents of the message received from the source.

selective exposure

Consumers seeking out sympathetic, pleasant messages and deliberately avoiding messages that they find painful or threatening.

over commercials. Readers of newspapers and magazines online can create personalized editions and avoid many ads, and satellite radio allows consumers to avoid hearing radio ads altogether. Caller ID, voice mail, and the government's "**do-not-call list**" are among the tools that enable consumers to screen telemarketing and other unsolicited contacts from marketers.

Message Clutter

psychological noise

Competing advertising messages or distracting thoughts that impact the reception of promotional messages.

sensory input

The stimuli that are received and perceived from our five senses: smell, sight, touch, taste, and sound.

experiential ads

Allow customers to engage and interact with products and services in sensory ways and to create emotional bonds between consumers and brands.

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 (discussed in Chapter 5). The principle of redundancy is also reflected 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.
2. Copywriters often use **contrast** to break through the psychological noise and advertising clutter and attract consumers' attention. Contrast includes featuring an unexpected outcome; increasing the amount of **sensory input** (such as color, scent, or sound); and identifying the message appeals that attract more attention.
3. Digital technologies allow marketers to monitor a 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.

Trying to penetrate the clutter brings about innovative marketing. Doritos sold three new flavors in "mystery" packaging using red, yellow, and blue color splashes along with a generic-looking "batch number," without revealing the flavors inside.²

There are two forms of communications designed specifically to penetrate the psychological noise.

To penetrate message clutter, many marketers put ads in places where consumers do not expect to see them and cannot readily avoid them.³ 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; placing 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 fill them with gas.

Experiential ads allow customers to engage and interact with products and services in sensory ways and to create emotional bonds between consumers and brands. For example, NASCAR allowed consumers to closely inspect race cars in Times Square, New York City; Ford asked car owners to hold house parties where guests could see, sit in, and even drive the cars; during one winter month, Kraft provided heat for bus stops that featured Stove Top stuffing ads to convey the product's "warmth" to waiting passengers; 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.

Virtual reality technologies can be turned into experiential promotions. For example, Marriott posted virtual reality videos on social media that take people on hosted tours of Marriott properties and its reward program's "Once-in-a-Lifetime" events. Dos Equis, a beer brand, created a virtual reality "Masquerade Party" where viewers were transported into a party that included flamethrowers, acrobatic dancers and a dominatrix, and interacted with other guests to solve the evening's mystery.⁴

Broadcasted versus Addressable Messages

Learning Objective

- 7.2** To understand the distinctions between broadcasted and addressable messages.

Communications models that have been used for decades are undergoing fundamental changes. Advertisers are unhappy with the current broadcast media because they are reaching increasingly smaller and more fragmented audiences and getting fewer viewers 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 they 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 are 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.

THE EVOLUTION OF TV ADVERTISING

Unlike traditional TV, digital TV channels can transmit ads to individual households. For example, Honda combined sales and other data to choose 1.7 million households to show Acura ads. Those households' rate of buying the cars was more than 60 percent higher than that of a demographically similar control group who were not shown the ads.

Networks have begun to acknowledge that the old model of 18 60-second spots in a 60-minute show are not sustainable. One network—with on-demand services—offered marketers to be the lone sponsors of TV shows in which viewers would be able to watch a 60-second ad at the start of the show and watch the rest of it without commercials.⁵ Another method gaining popularity are **mid-roll ads**—promotions that run in the middle of streaming video, and allow viewers to view about 50 percent of the program before they appear.⁶

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 would air only 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.⁷ Thus, two households in New York next-door apartments, could watch *This Is Us*, and see different ads. In one apartment, a couple who contribute to environmental causes and have no children could be shown an ad for a compact car. In the other apartment, a couple with two children and a weekend home might be shown an ad for a sport utility vehicle. Eventually, TV advertising may resemble web advertising.⁸

mid-roll ads

Promotions that run in the middle of streaming videos, allowing viewers to view about 50 percent of the program before they appear.

Originally, Nielsen reported to advertisers only how many viewers had been tuned to the programs that carried their ads, but today, larger databases about the viewers enable the company to do more. For example, Nielsen noticed that Rice Krispies wasn't that successful when placed during ABC's *Grey's Anatomy*; research showed that Special K matched better with the show's viewers than Rice Krispies. The data also revealed that Scandal—an ABC show popular with many women—was a good advertising spot for Frosted Flakes, although this brand was traditionally male-focused.⁹

ADDRESSABLE COMMUNICATION

addressable advertising

Customized messages that are sent to individual consumers and are based on the messages' receivers' prior shopping and surfing online, which marketers have tracked.

The term **traditional media** is synonymous with **broadcast media** (or *mass media*) and consists of channels transmitting one-way messages to large audiences. In contrast, **new media** are channels of **narrowcasting** that permit marketers to send addressable messages.

Addressable advertising consists of ads sent to specific persons or small audiences rather than groups of consumers. Unlike broadcasted promotional messages, addressable ads have the following characteristics

1. **Customized:** Addressable ads are 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 include the receiver's location (which can be determined from an IP address or a global positioning service integrated into a mobile device) and information from "cookies" installed on the hard drive of a digital device.

Tailored ads enable marketers to focus on consumers who had already shown an interest in their products. For example, a hotel can nudge Twitter users that have visited its website or joined its email-subscriber list. An email address is one of the few pieces of information Twitter requests when new users sign up. Amazon, Netflix, and eBay have been on the forefront of developing customized recommendations for their clients based on past purchases, web browsing, and reviewers' comments.

2. **Interactive:** Addressable ads elicit action by consumers, such as clicks on links and banners that indicate that the message sent has been received. Studies show 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.¹⁰

Companies are increasingly targeting people based on what they are doing on their mobile devices at a particular time, hoping they might be more receptive to the message. Spirits company Campari targeted liquor consumers ages 21 to 34 while they were in neighborhoods with lots of bars and restaurants. By placing ads in mobile apps, Campari offered consumers \$5 off from the ride-sharing service, and over 20 percent redeemed the offer. Global positioning system navigation provides precise location data, apps track people's every tap and swipe, and sensors can even tell if people are sitting, walking, or driving.¹¹

3. **Response-Measurable:** Addressable ads—unlike traditional broadcasted ads—can measure responses because communication feedback from consumers (the messages' receivers) is accurate and quick. Both Twitter and Facebook have been developing their own formats of tailored ads, increasing shoppers' interest and collecting response data by installing **shop now** buttons after viewers go on their social media accounts immediately after visiting other sites.¹²

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.¹³ A publishing company started delivering educational content via cell phones.¹⁴ 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.¹⁵ 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 enables 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.¹⁶ Television 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 were customized according to the weather. Television 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.¹⁷ Almost all online newspapers now allow readers to select only the stories that interest them.

Message Structure

Learning Objective

- 7.3 To understand the elements of message structure.

A message is the thought, idea, attitude, image, or other information that the sender wishes to convey to the intended audience. 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* (discussed in 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 (discussed in 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.

cognitive learning

The premise that learning occurs in the form of sequential, mental processing of information when people face problems that they wish to resolve.

IMAGE 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.” Many studies have investigated the interaction between visual and verbal cues and their ability to attract and capture consumers’ attention in likeable 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* negatively affects 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.”¹⁸

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

TABLE 7.1 Preference for Text or Images**Scale Items to Measure Preference of Processing in Words versus Pictures**

1. I enjoy doing work that requires the use of words. (W)
2. There are some special times in my life that I like to relive by mentally “picturing” just how everything looked. (P)
3. I can never seem to find the right word when I need it. (P)
4. I do a lot of reading. (W)
5. When I’m trying to learn something new, I’d rather watch a demonstration than read how to do it. (P)
6. I think I often use words in the wrong way. (P)
7. I enjoy learning new words. (W)
8. I like to picture how I could fix up my apartment or a room if I could buy anything I wanted. (P)
9. I often make written notes to myself. (W)

P = pictures W = words

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.”¹⁹ Table 7.1 details self-administered statements that distinguish between consumers who prefer textual elements and those who are likely to be persuaded by pictorial cues.

FRAMING

message framing

Either stresses the benefits of using the product (*positive framing*) or the benefits to be lost by not using the product (*negative framing*).

Message framing can either stress the benefits of using the product (*positive framing*) or the benefits to be lost by not using the product (*negative framing*). Research suggests that the 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 (NFC)** were more likely to be persuaded by negatively framed messages.²⁰ Another study discovered a connection between framing **self-image** and personal goals: individuals with an *independent self-image*—who viewed themselves as defined by unique characteristics—were more persuaded by messages stressing goals to achieve (positive framing); those with an *interdependent self-view*—who viewed themselves as defined by others—found messages that stress avoidance more convincing (negative framing).²¹ 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.²² 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.²³

one-sided message

A message that provides only the positives of a product or brand, and/or the negatives of the competitor’s brand. The message presents only one side of an argument.

two-sided message

A message that acknowledges competing products and/or the negatives of one’s own product or brand.

Framing Impact Behavior

One study discovered that when a physical activity—a walk—was framed as “scenic” and “fun,” it did not induce subsequent eating of desserts and snacks. But, when the walk was framed as an “exercise walk,” it induced such eating because people felt they deserved a reward.²⁴

ONE- OR TWO-SIDED

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 and use a **two-sided message**? Some marketers stress only positive factors about their products and

FIGURE 7.2

A Two-Sided Message



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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. An example is an ad for a dishwashing liquid, Ultra Dawn, 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 7.2 is a two-sided message because it acknowledges a competing product category without mentioning specific brands.

Many researchers maintain that the two-sided appeals “inoculate” consumers against competing messages by providing consumers with counterarguments. For example, let’s consider consumers who do not use microwave ovens because they believe that food so cooked does not taste as good as food prepared using gas ovens. If they see a message claiming that microwaves not only cook foods faster but also make them tastier—which is discrepant with their beliefs—they would reject the message with a counterargument: “How can a microwave oven cook better-tasting food than a regular oven?” On the other hand, a two-sided ad—telling these consumers that the advertised microwave oven enhances the taste of only *some* foods (and possibly, in *specific* temperature ranges)—would be more credible and persuasive than a one-sided claim.

When the advertiser’s primary objective is to get consumers to switch to the company’s brand, a two-sided message might be more effective. When the primary purpose is to reinforce attitudes among current users, a one-sided message is more effective. Continuing the previous example, people who buy the foods mentioned regularly and are more familiar with cooking foods in ovens would consider the two-sided message as more credible than a one-sided appeal.

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 ad’s credibility.

One causal-research study discovered that consumers might view one-sided ads as too aggressive. Each of three groups was presented with a different slogan for Charlie’s Soap, a real-world, biodegradable cleanser. One ad simply stated that the soap was, “a good choice for consumers.” Another group’s message called the soap “a good choice for green consumers.” The third message stated that the soap was “the only choice for green consumers!” The middle slogan—“a good choice for green consumers”—was the most effective appeal and the least effective one was the “only choice” for green consumers.²⁵

The decision of whether to use a one- or two-sided message also depends on the audience and competition. If the audience is friendly and (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 message 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 would probably be more effective. Two-sided messages are very effective when consumers are likely to see competitors’ negative counterclaims or when their predispositions toward the brand are negative.

NATIVE ADS

Native advertising (sometimes termed **branded content**) are designed to blend within the content in which they are “planted,” such as articles, entertainment, and news, by resembling the content and disguising advertising—their true identity. They receive equal placement with unsponsored content you want to read and blur the line between editorial content and advertising. The widespread adoption of native promotions turned the internet into a medium where paid and unpaid messages increasingly blend together, with only faintest visual distinctions between content that carries commercial messages and content that doesn’t. They have become immensely popular because they provide new revenues for news organizations struggling to make up for the decline of print advertising. For example, *The New York Times* now offers a *native advertising platform* allowing marketers to run stories that share the look its news content, but it uses color and the words **Paid Post** to enable readers to identify material as advertising and not news or editorials. Furthermore, the paid pages were designed with blue borders to visually signal that their material is not from the newsroom.²⁶

Paid-for native messages are the primary form of advertising on Facebook, Twitter, and other social media. Although they carry tags identifying them as sponsored, they appear alongside and share the look and feel of the search results, tweets, status updates, blog posts, and other material. They are cleverly inserted to ensure that readers cannot identify them as ads, at least not immediately. Advertisers are increasingly using native ads, believing that such are likely to keep audiences from tuning out; some research suggests that many marketers intend to turn half of their ads into native ones.²⁷

Podcasts—audio stories that can be saved and played on a computer or smartphone that rely almost entirely on advertising dollars—frequently provide in-depth reporting that advertisers are willing to pay for, and are attracting talented radio reporters.²⁸

Harper’s Bazaar—a well-known magazine—enables advertisers to supplement traditional advertising with sponsored content. Its redesigned website can share images and text on social media platforms more easily, and also offers advertisers sponsorships. For example, an advertiser that opts for a two-week sponsorship can display its products, provide a link to its website, and run banner ads. The new format also allows marketers to publish topical content about a developing story that can run alongside editorial content and pages where advertisers can post short videos, curate social media posts, or sponsor photos.²⁹

In fact, native promotions are not a new tactic. For decades, advertising supplements in newspapers mimicked news stories and late-night cable shows offered show-like formats

that were actually promotions known as **infomercials** (or **advertorials**). Nevertheless, this practice has been flourishing on the internet, where companies can target specific audiences and individuals and get instant feedback when consumers react to what is being shown.

Defenders also point out that as Web users spend more time on phones and tablets, where there isn't enough room to run ads, native ads are the best way to pay for services that others are getting "for free." They argue that without native advertising, we wouldn't have Facebook, Twitter, Google, or Instagram, and services such as Snapchat and Pinterest wouldn't exist.

Historically, search engines set paid links apart from natural links by placing them over a shaded background. For example, in the early 2000s, Google used green or purple, but over time the shading all but disappeared. Additionally, Google doesn't use the word *ad* for paid links; instead, product ads that appear with search results are labeled "sponsored" in light gray text. That doesn't comply with an FTC guideline that companies must use the same terminology to label any form of advertising. Yahoo also uses varying language, sometimes labeling ads as "ads," and sometimes as "sponsored." Labeling ads grows more important, researchers say, as ads grow larger and more prominent on search-result pages, and many ads now feature multiple links to, for example, reviews of movies and news stories. Several studies discovered that native ads annoy consumers. For example, after consumers had noticed words like *advertising* and *sponsored*, many people reacted negatively to the promotional message.³⁰

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—in other words, 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.

recency effect

An indication that the material presented last during communications is more noticeable and persuasive than preceding materials.

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 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.³¹

Persuasive Appeals

Learning Objective

- 7.4 To understand the effectiveness and limitations of prominent advertising appeals.

Many researchers have studied the promotional appeals that marketers can use and the factors influencing their levels of 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).³² Another study discovered that, in addition to

need for cognition (NFC)

A personality traits that reflects a person's craving for or enjoyment of thinking.

characteristics of the endorser or the appeal used, people's **need for cognition** (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.³³

Broadly speaking, messages can depict ***emotional*** and ***rational*** themes. Generally, consumers remember emotional messages that are strongly linked with products' ***hedonic*** benefits, and also become more involved with the offerings promoted. For example, children who saw ads for high-caloric sweets depicting fun, happiness, peer acceptance, and being cool are more likely to nag their parents to buy such items and unlikely to be persuaded by factual, ***utilitarian*** arguments about the foods' unhealthy qualities. Similarly, for department stores, emotional appeals work best in ads showing the shopping experience—such as sensory stimulation and excitement—and rational ads are more effective when promoting sales and reduced prices.

On the other hand, emotional ads might overwhelm consumers and limit their recall of information about the product itself and make consumers more likely to be swayed by competitors' claims of superior product attributes. Additionally, when many advertisers employ emotional themes, the effectiveness of such portrayals diminishes.

Next, we discuss the most prominent advertising appeals: comparative, fear, humor, sex, and timeliness.

COMPARATIVE

Comparative advertising is a marketer's claims of 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 tested the degree of negativity in comparative messages (by using positive, negative, and mildly negative comparative messages) for several products. The study reported that negative elements in an ad contributed to its effectiveness so long as they were believable or were offset by some elements that made the ad appear neutral.³⁴ 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.³⁵ 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.³⁶

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 the deliberate deception of consumers in a comparative ad. In addition, comparative ads may result in legal disputes. Although the law requires companies to produce, "reasonable factual evidence" in support of comparative claims, deciding what constitutes such evidence is difficult.

For example, Pantene has attacked Dove's claim that its conditioner "repairs" hair better than a Pantene conditioner. After both companies presented their supportive studies (one study addressed the differences between "dry combing" and "wet combing"), Dove was forced to limit its claims to its product's adding smoothness and strength to damaged hair. Another example is when AT&T sued over a Verizon wireless ad featuring a map showing that Verizon has more 3G-type coverage than AT&T. AT&T did not dispute the claim itself but challenged the map. The company claimed that the white spaces shown in the map implied that AT&T has no coverage *at all* in these areas rather than the fact that AT&T has no 3G service in these locations. And yet another instance of filing a suit about a comparative ad is when Campbell Soup initiated a campaign claiming that its Select Harvest soups were, "Made with TLC" while Progresso's soups were, "Made with MSG." After Progresso responded with its own campaign, both companies filed complaints with the National Advertising Division, which recommended that both sides withdraw the comparative ads.³⁷

FEAR

Arousing or depicting fear is effective. Some researchers have found a negative relationship between the intensity of fear appeals and their ability to persuade. Strong fear appeals therefore 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 immune 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 non-fat 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 cell 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.³⁸ 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.³⁹

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 trait 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.⁴⁰

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.⁴¹ 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.

Humor might increase the effectiveness of messages that are inherently frightening. For example, a campaign promoting intervention and coping mental illness and sexually transmitted infections may bring about feeling of shame among the target audience, leading it to ignore the message. Somewhat surprisingly, one study indicated that using humor increased the effectiveness of these ads, particularly among those who were felt highly anxious and shameful.⁴²

Based on scores of studies about using fear in advertising, marketers should follow several guidelines:

1. Understand the target audience's reaction to a fear appeal, as well as its previous experiences. For example, those who are already following the behavior recommended but are not yet fully "converted" are likely to react differently than those who are fully "converted." Similarly, different age groups probably react differently to fear appeals, as do persons in different subcultures. Also, people who tried to change their behavior and failed will react differently than those trying to do so for the first time.
2. Beware the boomerang effect. When some persons are exposed to a fear appeal that encourages them to eliminate a strong habit, such as smoking, they may feel angry and resentful and immediately reach for a cigarette in defiance.
3. Realize that changing behavior is a long and complex process. Therefore, persons in different stages of this task react differently to fear appeals.
4. Study the extent to which the fear appeal encourages people to take action but without arousing too much anxiety. High levels of anxiety may cause people to reject the message or avoid it altogether.
5. Plan, over the long term, to repeat advertising using fear appeals. Recognize, though, that repeating these messages too often may reduce their credibility.
6. 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.
7. 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. The ad in Figure 7.3 illustrates using a fear appeal in advertising.

HUMOR

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. Here are the findings of scores of studies on using humor in advertising:

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.⁴³

FIGURE 7.3

A Fear Appeal



Source: Sojourner Family Peace Center

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.⁴⁴

A study developed a measure of a personality trait, named **need for humor**, that gauges 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.⁴⁵ 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.⁴⁶ Humorous ads were found to be more memorable when humor was strong and related to the message.⁴⁷ Placing product in humorous movie scenes evoked positive emotions.⁴⁸

Many humorous ads poke fun at stereotyping—a thorny issue in the age of political correctness. One study discovered that traditional male stereotypes were more prevalent in humorous ads, while traditional female stereotypes were more common in nonhumorous ads. Also, women viewed gender portrayals more positively, and as favorably, and as more credible in humorous ads than in nonhumorous ads.⁴⁹

The ad in Figure 7.4 illustrates using humor in advertising.

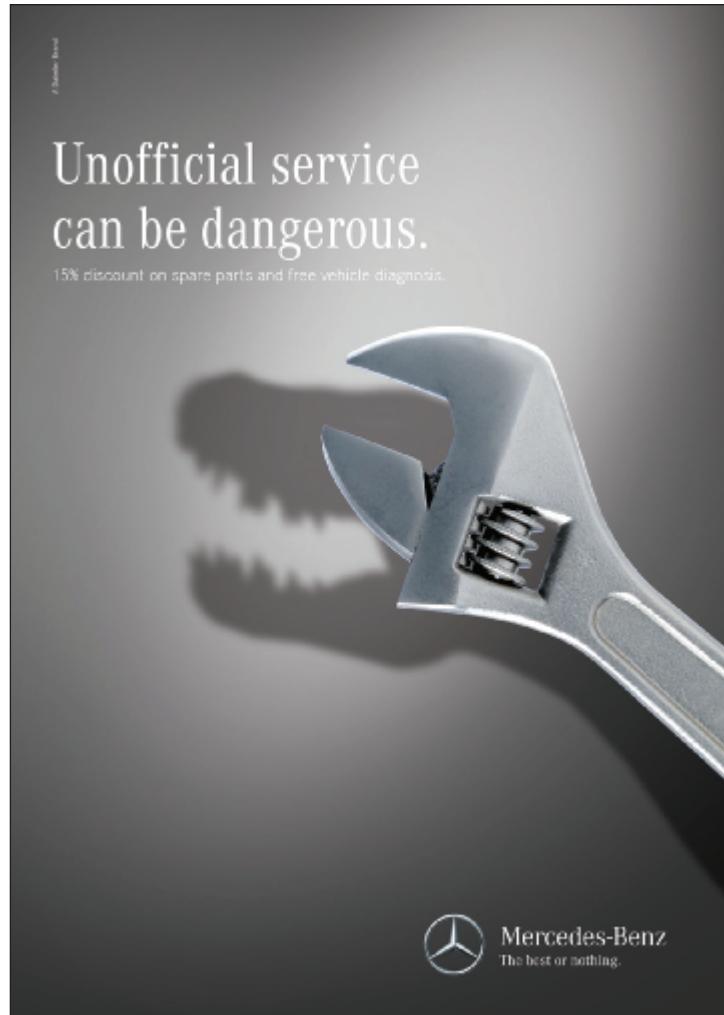
Some humorous ads cleverly use punning (or wordplay) with double meaning. For example, an ad campaign for Moore Paint carried the theme, “For those who know more”—with the play on the words “more” and “Moore.” The ads appeared mostly in social media, particularly Facebook, rather than traditional media.⁵⁰ 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.”⁵¹

SEX

Sex appeals have “stopping power,” but they must be used carefully, as they may distract consumers from the product advertised if used unwisely. There is a lot of sensual advertising in the print media, the airwaves, and online. Advertisers have been provoking attention with nudity and sex. Traditionally, sex was used to promote fashion and fragrances. Over time, messages depicting explicit and daring sexual imagery began promoting a broader array of products, including shampoo, beer, cars, and travel services, among many others.

FIGURE 7.4

Using Humor in Advertising



Source: Mercedes-Benz USA, LLC

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 into smartphones, took users to a website with fictional videos allowing viewers to dress the models.⁵²

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 a personal trait termed **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.⁵³ 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.⁵⁴ Clearly, marketers must exercise caution in using nudity because not all consumers will react favorably, and some may even feel alienated or offended.

The type of interest that sexual advertising evokes often stops exactly where it starts—with sex. If a sexually suggestive or explicit illustration is not relevant to the product advertised, it has little effect on consumers' buying intentions. This highlights the potential risk of sexually oriented advertising: The advertiser may be giving up persuasiveness to achieve "stopping power." When using sex to promote a product, the advertiser must be sure that the product, the ad, the target audience, and the use of sexual themes and elements all work together. Nevertheless, when sex is relevant to the product, it can be an extremely potent theme. For example, the advertisers of fragrances for either men or women often use highly romantic or suggestive visuals in their ads, implying that use of the fragrance will result in a meaningful or sultry romance.

TIMELINESS

During and following the financial crises of 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?"⁵⁵ Other marketers came up with appeals promoting products as affordable and sensible rather than indulgent and fabulous.⁵⁶ 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.⁵⁷ Finally, some Halloween ads reflected the tough economic times with such appeals as, "Incredible savings that are almost scary."⁵⁸ Table 7.2 describes timely advertisements during two periods of public anxiety: restoring confidence in the economy after the financial crisis of 2008 and dealing with the outcome of the 2016 presidential elections.⁵⁹

TABLE 7.2 Timely Appeals

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 promises better times ahead.
Attract consumers who became more sensible	Advertising so products seem affordable and sensible rather than indulgent and fabulous. Not appealing to conspicuousness or status. Avoiding aspirational advertising.
Attract buyers who feel uncomfortable about buying real estate	Initially, an ad for an NYC condo proclaimed “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 promise, “clean styling and attractive pricing,” and feature 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 in order to evoke past fond memories that make shoppers feel better about buying products now. Reassuring consumers who demand value for 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: Not show people painting walls, or interiors, because such ads remind people that painting is a mundane chore. Instead, It’s position paint as the mind-space of the consumer and appeal to their imagination and emotions. For example, one ad states that, “To others, a wall is a canvas, an invitation, a blank slate,” the voice-over continues to a lush soundtrack. “The right color can turn any wall into so much more.”
Defying Trump	Following controversial travel plan, a lot of brands started featuring Muslim Americans in their advertisements.
Preparing for Trump’s ire	In an unprecedented move, companies have been preparing to attacks by a president on brands that displease him. In one incident, Trump called <i>Vanity Fair</i> “dead” after a negative review of one of his restaurants. Cleverly, the magazine feature ads calling itself, “The Magazine that Donald Trump Doesn’t Like You to Read” asking for subscriptions.
“Disarming” consumers by acknowledging that travel is stressful	Recognizing that people want to get away during a contentious political climate but feel uneasy about stressful travel, hospitality and travel companies have been turning negativity into humor: in a promotion dispensing advice, an airline said that great flyers “like babies but bring noise canceling earphones.”

Source: 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. Zach Schonbrun, “Brands Start Planning for Unexpected Criticism by Trump,” nytimes.com, December 25, 2016; Martha C. White, “Time Is Stressful but Do It With Us, Companies Say,” nytimes.com, January 22, 2017.

Feedback and Effectiveness

Learning Objective

- 7.5 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, etc.), 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. 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 non-verbal 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.

The primary measures marketers employ to gauge advertising effectiveness are:

persuasion effects

Measures that indicate whether the message was received, understood, and interpreted correctly.

sales effects

Measures that indicate whether the messages of a given campaign have generated the sales level defined in the campaign’s objectives.

media exposure effects

A measure of how many consumers were exposed to the message and their characteristics.

1. Persuasion effects—that is, whether the message was received, understood, and interpreted correctly

2. Sales effects—that is, whether the messages of a given campaign have generated the sales level defined in the campaign’s objectives

3. Media exposure effects of their messages by buying data from firms that monitor media audiences and conduct audience research to find out which media are read and which television programs are viewed more extensively than others

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 using 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.

It is particularly difficult to assess the effectiveness of *emotional appeals*. One study suggested using three measures to do so:⁶⁰

1. Physiological measures include heart rate turbulence and skin conductance monitors attached to respondents while they watch commercials.

2. Self-reports indicate conscious emotional reactions, such as attitudes toward the ads (see Chapter 6), brands, and the meaningfulness of the messages.

3. Symbolic measures use allows respondents to express their thoughts and feelings about commercials by responding to random images and exploring their responses afterwards through depth interviews (see Chapter 16).

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**

Readership Ad 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 7.1: To understand the components of communications, source credibility, and barriers to effective transmissions.

Communication is the transmission of a *message* (advertising) from a sender (marketeer) to a *receiver* (consumer) 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.

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—the extent to which the receiver trusts and believes the source sending the message. The influence of interpersonal sources can have a great effect on consumers' shopping patterns, and the perceived honesty and objectivity of the sender of the communication can have an enormous impact on how the communication is accepted by the receivers.

One's disassociation of the message from its source over time, and remembering only the message content but not its source, is called the sleeper effect. Thus, although a high-credibility source is initially more influential than a low-credibility source, studies show that both positive and negative credibility effects tend to disappear after six weeks or so.

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 7.2: To understand the distinctions between broadcasted and addressable messages.

Traditional media and communications models that have been used for decades are 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.

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 are 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.

Traditional media use broadcasting and transmit one-way messages to large audiences. In contrast, new media are channels of narrowcasting that permit marketers to send addressable messages. Addressable advertising consists of ads sent to specific persons or small audiences rather than groups of consumers. Unlike broadcasted promotional messages, addressable ads are:

1. 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. Tailored ads enable marketers to focus on consumers that had already shown an interest in their products.
2. Interactive action by consumers, such as clicks on links and banners, indicate that the message sent has been received, and studies show 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.
3. Unlike traditional broadcasted ads, addressable ads are response-measurable because communication feedback from consumers—the messages' receivers—is accurate and quick.

Learning Objective 7.3: To understand the elements of message structure.

A message is the thought, idea, attitude, image, or other information that the sender wishes to convey to the intended audience. 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.

Message framing can either stress the benefits of using the product (positive framing) or the benefits to be lost by not using the product (negative framing).

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 and 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.

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.

Native ads (branded content) blend within the content in which they are “planted,” such as articles, entertainment, and news, by resembling the content and disguising advertising—their true identity. They receive equal placement with unsponsored content you want to read and blur the line between editorial content and advertising. The widespread adoption of native promotions turned the internet into a medium where paid and unpaid messages increasingly blend together, with only faintest visual distinctions between content that carries commercial messages and one that doesn’t. They have become immensely popular because they provide new revenues for news organizations struggling to make up for the decline of print advertising.

Learning Objective 7.4: 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. Although 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 2008, which contained messages designed specifically for tough economic times.

Learning Objective 7.5: 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 marketers are 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. The sales effects of mass communication are difficult to assess. How can fast-moving-consumer-goods companies such as Nestlé and P&G use this method to measure the effectiveness of their advertising messages?

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.

Key Terms

- Addressable advertising 201
- Advertorials 206
- Branded content 205
- Cognitive learning 202
- Communication 196, 197
- Comparative advertising 207
- Consumer involvement 206
- Differential decay 198
- Experiential ads 199
- Formal sources 197
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- Two-sided message 203

From Print and Broadcast to Social Media and Mobile Advertising

Learning Objectives

- 8.1 To understand consumer behavior and engagement with social media.
- 8.2 To understand advertising channels and promotional strategies on social media.
- 8.3 To understand the dynamics and potential of mobile advertising.
- 8.4 To understand audience measurement and media reach.
- 8.5 To understand technology's impact on traditional broadcast media.

SOCIAL MEDIA channels enable interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. The channels comprise mobile and online technologies that support two-way communications for individuals and groups, giving them the means to form their own or co-create content with others, post and open it for discussions, modify it, and withdraw it.

Worldwide, in 2016, the total internet audience was 257.8 million. Desktop users accounted for 232.3 million of the world's audience. Worldwide ad revenue for social media networks is forecasted at over \$50 billion in 2018. Of the 2016 total, Figure 8.1A shows the total reach of the largest eight social media networks, and Figure 8.1B breaks down the total reach by age.¹

Social media has transformed every aspect of marketing—improving offerings, designing new products, customized and interactive advertising, distribution channels across time zones and physical locations, and innovative pricing models and payment systems.

Table 8.1 describes the impact of social media and mobile advertising on the four elements of the **marketing mix**.

Marketers listen to the interactions, or social conversations, and use the information gathered to generate more buzz for their products within social networks. Most companies selling consumer goods have integrated social media into their advertising campaigns. More and more marketers are using **mobile advertising**—sending promotional messages to mobile device and smartphone consumers.

Social media has been drastically changing traditional communications—TV, radio, newspapers, magazines—that used to be one-way communications where the same promotional messages were sent to the same audiences and receivers. These media have become customized and interactive, and marketers' targeting strategies have been transformed drastically. Nevertheless, more complex and diverse media have brought about confusion and dissatisfaction with the mechanism available to estimate how many consumers their messages reach and to what extent they induce shopping.

FIGURE 8.1A

Total Reach of Social Media

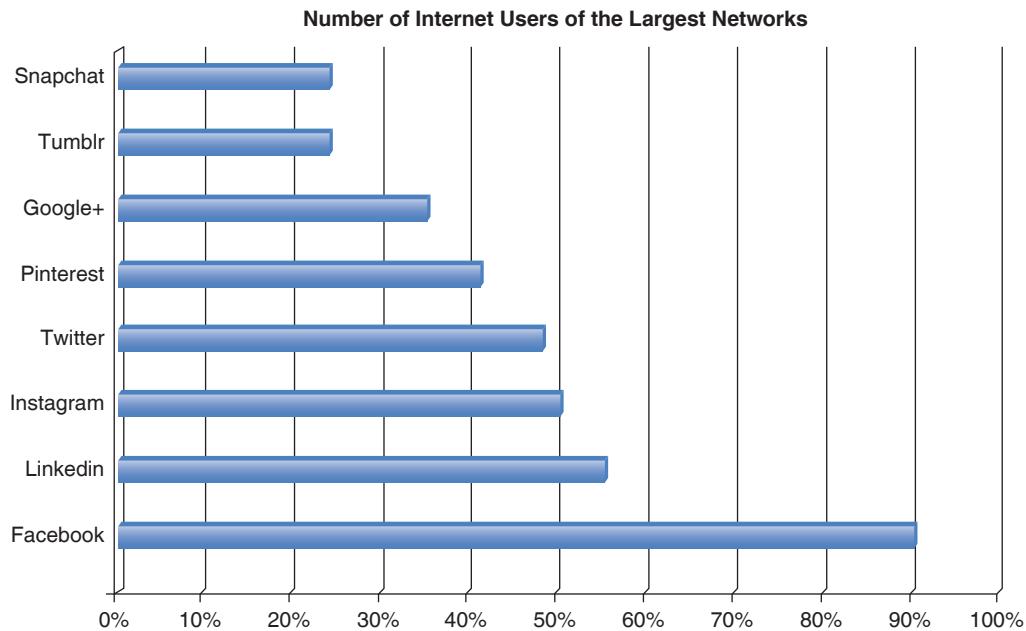
Source: Compiled from Ad Age Social Media Report, 2016

social media

Means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media depend on mobile and Web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content.

mobile advertising

Sending promotional messages to consumers' cell phones, iPads, electronic readers, and other devices that people carry while on the go.

**FIGURE 8.1B**

Reach of Social Media by Age

Source: Compiled from Ad Age Social Media Report, 2016

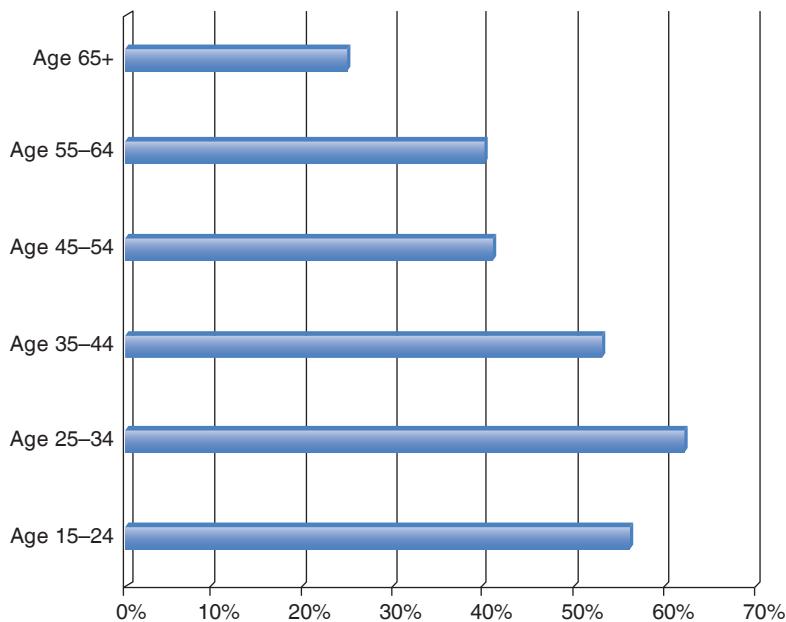
Users of the Largest Networks by Age

TABLE 8.1 The Impact of Social and Mobile Media on the Marketing Mix

Impact of Social Media	Example(s)
Product	Marketers engaged in product development use crowdsourcing to pull together various aspects of the marketing mix for a brand. Mobile marketers have developed a number of new products aimed at smartphone users.
Price	Prices of products are transparent online, deal sites influence consumers' perceptions of price and value, and consumers use mobile devices to seek out lower prices.
Place or distribution	Marketers can now distribute Products via social media, and social media sites drive traffic to marketer websites and brick and mortar retailers. People can also buy digital products on their phones or tablets any time when they are wirelessly connected.
Promotion	Many aspects of promotion have been influenced by social media and mobile marketing. For example, brands can build awareness, encourage engagement, provide product information, and drive purchase behavior.
	The company Quirky.com used social media to choose the best products to bring to market and then leveraged the knowledge of the crowd to develop the marketing strategy. Angry Birds, Snapchat, and Instagram are all products developed specifically for mobile devices.
	Groupon's original discounts of 50% appealed to highly deal-prone consumers who often failed to repeat purchase at the regular price. Best Buy created its own shelf tags for consumers to use with mobile devices to help limit the need to search for lower prices on their mobile phones.
	Marketers can set up stores on Facebook.com, and traffic from Pinterest can be a strong sales generator for particular brands. Fandango's mobile app sells movie tickets via mobile. The service is useful when people are out and about, and decide to see a movie.
	Consumers communicate about products and services on social media sites, and this type of word of mouth can strongly influence purchase as consumers continue to deny that traditional advertising influences them. McDonald's uses Snapchat to communicate with its young mobile customers.

Source: Social Media and Mobile Marketing Strategy by Priluck, Randi. (2016). By permission of Oxford University Press, USA.

Social Media and Consumer Behavior

Learning Objective

- 8.1** To understand consumer behavior and engagement with social media.

INDIVIDUALS AND NETWORKS

The audience structure of social media includes the following elements:

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

Social media marketing is enabled by the information consumers provide about themselves and their social contacts, mostly via “apps” that they buy cheaply or receive for free. **Apps** (short for “applications”) are chunks of software—installed on one’s computer, tablet, or smartphone—that are gateways to games, online resources, and social networking. Apps also collect users’ personal information and provide them to the apps’ developers. Using apps illustrates the importance of the “free” content-for-information model discussed in

apps (applications)

Chunks of software—installed on one’s computer, tablet, or smartphone—that are gateways to games, online resources, and social networking.

Chapter 1. For example, Facebook provides a “free” service, but users “pay” for it, indirectly, by providing Facebook with data about their interests, hobbies, activities, opinions, shopping, friendships, and social contacts. Facebook uses these data to attract advertisers who, in turn, use this information to develop highly targeted and sophisticated promotional messages.³

Like all entities on the internet, Facebook is required to ask users for permission to use the data they provide. A survey conducted by the *Wall Street Journal* identified the most widely used apps on Facebook and the number of permissions for information each app asks from users. Then, the study identified the type of permissions sought:⁴

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

CONSUMER ENGAGEMENT

Social communication channels offer better engagement prospects because they can form comradeship among people with similar lifestyles, needs, and corresponding purchases. Not all users of social networks share the same reasons and participation levels. The primary reasons for engaging in social media are:

1. Sharing information with others: providing and receiving useful information
2. Convenience and entertainment: enjoying content and staying in touch with others
3. Passing time: having free time or believing that everyone else is doing so
4. Interpersonal relations: meeting others with similar interests and backgrounds
5. Promoting one's self: sharing one's expertise, hobbies, status, and profession
6. Bonding and social capital: messages exchanged between friends are both a product of the friendship and a means of facilitating and maintaining such friendships

Some researchers pointed out the distinction between **browsing** and **engaging**. They identify engaged online readers by not just the amount of time they spend on the page but also the number of movements (i.e., scrolling up or down or moving the cursor) they make while on the page. These more engaged readers glean more content from the main site. They also exhibit better recall of the advertisements that appear next to the informative content. For example, when readers spend five seconds on a site (i.e., they are less engaged), only half of them could recall an ad on that site. If they spent 15 seconds there, more than 70 percent exhibited recall of the advertisers.⁵ Table 8.2 describes the engagement strategies employed by prominent online media.

cognitive learning

The premise that learning occurs in the form of sequential, mental processing of information when people face problems that they wish to resolve.

Using the framework of **cognitive learning** (see Chapter 5) can enhance customer engagement: consumers move from becoming aware of the product to evaluating purchase alternatives and then making a purchase decision. In order to inspire consumers to buy, marketers must engage them with their offerings in every stage of the decision. Table 8.3 describes how prominent social media have companies that have expertly managed customers' decisions so well that they have developed a trusting and loyal relationship with marketers and brands.

Marketers can use social media to engage customers with their offerings because websites can enliven people's interactions with the promotional messages through moving images, links to related materials, and customizing viewing options (e.g., the “sort by” options).

TABLE 8.2 Enhancing Consumer Engagement

Platform	Method of Engagement	Results
Instagram	European Instagram users uploaded their own photos of the Ford Fiesta with the hashtag #Fiestagram on Instagram and the global Ford Fiesta Facebook page. Judges chose the best photos as winners and gave out small prizes.	People posted 16,000 photos and Ford earned 120,000 new Facebook fans in Europe.
Pinterest	Elephantine is a jewelry brand on the popular art product site Etsy. Rachel Ball, the owner, increased traffic by pinning her new products to her Pinterest boards when listing them for sale at Etsy.	Since using Pinterest, Rachel's average weekly page views grew 22% and weekly sales increased 20%.
YouTube	Activision, the manufacturer of video games such as Call of Duty, Destiny, and Skylander, uses YouTube to engage and entertain its audience.	Activision became the leading gaming video franchise on YouTube, with over 2 million subscribers to its channels and half a million video views.
Facebook	One of the first Facebook Timeline campaigns ran in Israel with the anti-drug message, "Drugs Set Your Timeline." The campaign developed by McCann Erickson featured a fictional drug addict Adam Barak and his dual lives as a drug addict and non-addict in a split-section design.	In 8 days, the campaign earned 70,000 tweets, but was shut down by Facebook because it violated the terms of service. Adam Barak used his own profile page for the visuals and presented fictitious scenes.

Source: Social Media and Mobile Marketing Strategy by Priluck, Randi. (2016). By permission of Oxford University Press, USA.

TABLE 8.3 Promotional Goals in Social and Mobile Media

Goals	Brands Achieving Goals with Social and Mobile Strategies
Awareness	Hyundai created an iPhone driving app that ran on the giant screen in Times Square in New York City. People could control the onscreen car with their phones.
Trust	Procter & Gamble joined the BlogHer conference aimed at female bloggers to "engage with a group of smart women, who are consumers themselves." The company promoted Tide, Cover Girl, Pantene, Charmin, Bounty, and Downy among other brands. The purpose was to generate conversations for P&G brands by trusted influencers.
Education	General Electric created the Six Second Science Fair. Participants use Vine to create a short science video to share on Twitter with the hashtag #6secondsciencefair. The goal is to show GE's leadership in technology with the slogan, "Follow as we explore the changing worlds of science and technology."
Loyalty	The Apple Passbook loaded onto iPhones can hold loyalty card information from various vendors. Users simply download loyalty apps from the app store and organize them with Passbook.
Persuasion	John Deere hired Chip Foose to design a tractor for a giveaway contest and supported the effort with YouTube videos, each with a clear call to action. "Win a classic 4020 tractor customized by the legendary Chip Foose! Register to Win at your local dealer." The videos received over 13,000 views in the first hour and thousands of people entered to win the tractor.
Remind	Ariel brand detergent set up an interactive glass installation in Central Station, Stockholm, Sweden, where users who were invited through Facebook could control a robot to stain shirts. Later, the shirts were washed using Ariel Actilift and sent to the players' homes.

Source: Social Media and Mobile Marketing Strategy by Priluck, Randi. (2016). By permission of Oxford University Press, USA.

Additionally, websites gather data that enable marketers to understand their clients more acutely. For example:

- BeautyCon.com connects beauty and fashion stars in the social media world with their fans in real life. It can do so effectively because it aggregates content from influencers on Instagram, Vine, Snapchat and YouTube, and it provides original content about style, beauty, pop culture, and trends.

- BMW gained in-depth information about visitors to a popular social media site. The data included income and prior purchase behaviors and enabled the company to determine which visitors were likely to be luxury car buyers and targeted them.
- A seller of home hardware and appliances mined Facebook data for mentions of various rooms in a house. To users who had mentioned a bathroom, the company sent ads for pedestal sinks, and those who had mentioned hanging out in the back yard received suggestions for grills and deals on patio furniture.
- Kraft Macaroni and Cheese employed a high-tech start-up that analyzes photos shared on Twitter, Tumblr, and Instagram. An iconic brand among older consumers, Kraft wanted to keep it fresh and relevant by understanding younger consumers. Photos that captured people's "best moment of the day" convinced the company to use more video and pictures in its ads and less text.⁶

Advertising on Social Media

Learning Objective

8.2 To understand advertising channels and promotional strategies on social media.

owned social media

Online communication channels that marketers control.

paid social media

Online communication channels that marketers pay for using.

earned social media

Independent online media channels that are neither owned nor controlled by marketers.

ADVERTISING CHANNELS

There are several types of social media channels:⁷

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

Table 8.4 lists examples of social media's advertising means and corresponding issues.

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

The most widely used platforms to transmit social message are:

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

Most companies use several platforms simultaneously.⁸

GOOGLE

Google is the most widely used search engine online and a prominent advertising medium. Across browsers, most online surfers use Google to find answers to questions, locate websites and sources for products and services, track down information, and much more. Google is the largest provider of the data and targeting tools that advertisers need for **impression-based targeting**, as well as the major supplier of **real-time bidding** to advertisers seeking impressions among consumers who fit certain criteria (see Chapter 2).

Google reaches consumers by using:

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

web-search ads

Ads generated by consumers' online searches.

online display ads

Fixed banners posted on websites.

TABLE 8.4 Social Media's Advertising Platforms

Medium	Ownership of the Content	Examples	Issues
Owned media	The company or the brand	Websites and mobile sites, blogs on company platforms	The company owns and controls all content and data forever, but the platform does not have a natural audience to view it. Customers may be skeptical of company-sponsored content. There are costs associated with setting up and managing the technology.
Social media	The platform itself	Facebook, Twitter, Pinterest, Tumblr, and Instagram pages	These platforms have large audiences, but a brand does not own its posted content or the content posted by users. The platforms do not share data with companies and some are not accessible by outside programmers. Companies pay to develop content, but do not pay for media time directly.
Paid media	The company owns the content of the message, but the medium limits the format.	Television commercials, magazine ads, banner ads, preroll video ads, promoted tweets, billboards, and mobile banner ads	Paid media have preexisting audiences and companies can create messages within the network's parameters. Companies have to pay for both media time and content development.
Earned media	The content exists on various platforms and is owned by its creators.	Reviews, user-generated content, posted comments, blog posts, customer retweets, pins, photos, and viral videos	The company benefits from internet traffic that results in higher search engine rankings, but companies can't control the content. The company pays to develop original content, but not for content created by others unless requested expressly by the firm.

Source: Social Media and Mobile Marketing Strategy by Priluck, Randi. (2016). By permission of Oxford University Press, USA.

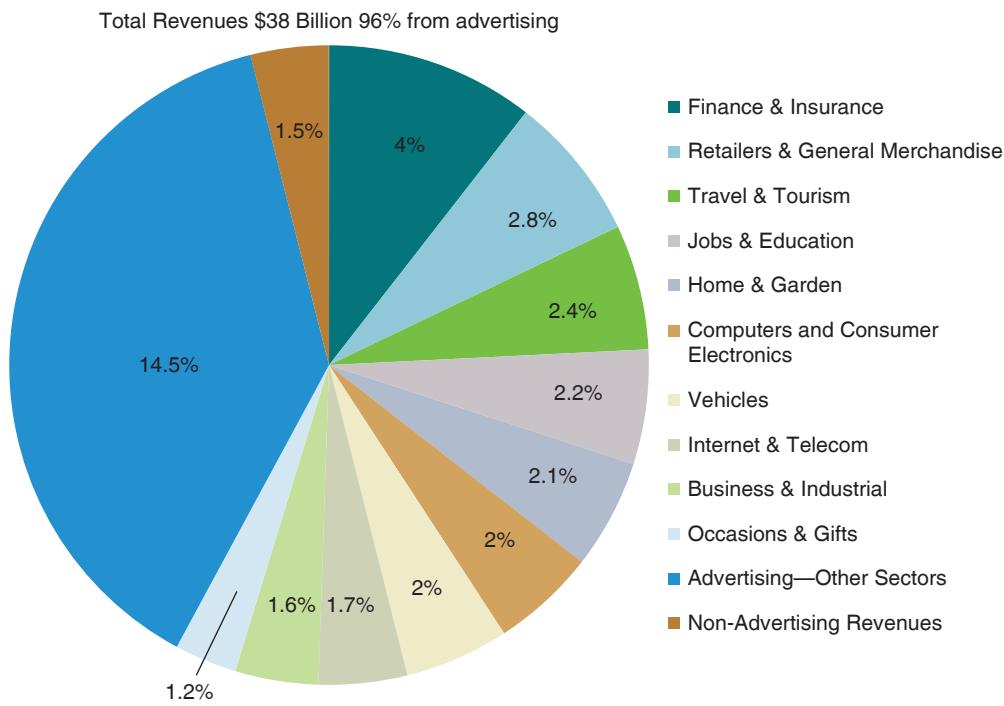
Google's most prominent use is as a search engine. After online users type in queries, two areas appear on the screen. The "organic results" are the links directing users to sites and resources that are applicable to their Google searches. The "sponsored space"—typically appearing on the right side or the top—consists of advertising banners that Google has sold to advertisers or "sponsors." For example, customers looking to buy flowers for Mother's Day and typing the word "flowers" into the search line will be directed to places where they can buy flowers (these links appear below the search line). Most likely, links to flower outlets close by will appear on the first search page, because Google identifies searchers' zip codes via their IP addresses. But, on the right side or top of the screen, consumers will see the banners of flower outlets that bid on these advertising spaces and won. Because Mother's Day generates more flower sales than any other occasion, it is likely that these banners will advertise major flower distributors, such as 1-800-FLOWERS. That is because only major outlets in the flower industry would have placed highly competitive bids on advertising space that is particularly expensive on Mother's Day.

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

Another source of revenue for Google is graphical and video ads posted on YouTube, which is owned by Google, and on thousands of non-Google sites. Google also runs a

FIGURE 8.2

Google's Advertising Revenues



shopping site where retailers pay for being displayed in Google's product-search engine.⁹ Figure 8.2 depicts the sources of Google's advertising revenues; as shown, most of the revenues come from the marketers of consumer goods.

ADVERTISING STRATEGIES

Marketers listen to the interactions, or social conversations, and use the information gathered to generate more buzz for their products within social networks. For example, Dr. Pepper broadcasted two messages daily on its Facebook fan page. The company discovered that fans liked edgy one-liners, such as, "If liking you is wrong, we don't want to be right," and disliked messages focused on prices and special offers. Based on this discovery, the company developed messages that fans were likely to share with each other. Rosetta Stone tried alternative messages on its Facebook page, targeted to different groups. Although the company's main target market is travelers who need to study other languages, Rosetta discovered that some ads depicting language study as a form of mental fitness received high response rates. Thus, Rosetta accidentally discovered a new segment for its products.

Most brands now have official Twitter handles and Facebook pages. Companies have discovered that customers are highly enthused about and more responsive to Twitter messages from the corporate bosses, especially if such messages encourage consumers to tell the senders about their experiences with the brands. Some companies have decided that centralizing social media communications is impractical, so they train and empower their employees to participate in social conversations with customers, within defined guidelines. Dell opened a social media university for employees and has a command center that scans social conversations. Dell uses what it "hears" to improve products and create promotional social messages modeled after the social conversations it has monitored. In highly regulated industries, such as finance, companies feel nervous about employees' social conversations, even if the employees have been trained and operate under stated guidelines. Thus, the Farmers Insurance Group, where agents initially ran their own Facebook pages freely, now employs a mechanism that monitors what agents say on Facebook for compliance. For example, if an agent talks about noninsurance financial services in a Facebook page, which is against company policy, Farmers' compliance department immediately contacts the agent and tells him or her to take the posting down.¹⁰

Companies' Twitter accounts are key social media devices and handling them is complex and risky. A marketer's Twitter account lets users, who represent the company, send 280-character texts—tweets—to consumers who have signed up to follow these users. Although this channel is a very effective way to reach young consumers who have explicitly stated that they are willing to receive messages from the marketer, it has also become a popular (and unwelcome) mechanism of consumer complaints. Furthermore, inappropriate responses from companies' employees and hacked Twitter accounts have embarrassed and damaged the reputations of numerous brands. For example, in response to a McDonald's tweet under "#McDStories," legions of critics joined in with negative responses, such as vividly describing the company's cruelty to animals.¹¹ Therefore, companies are now structuring the operations of their Twitter accounts, as illustrated in Table 8.5.¹²

Savvy marketers combine their social media promotions with iPhone applications. For example, a wine marketer targeting echo boomers developed an iPhone application entitled "Rock My Whirl" in the form of a spinning-bottle game.¹³ Many marketers allow consumers to interact with their brands' designs. For example, *Cosmopolitan* magazine allows consumers to star in photo shoots for an advertising campaign; consumers can share these photos and video clips with friends via YouTube and some of these materials also appeared on digital boards in New York's Time Square.¹⁴ InStyle.com enables consumers to apply celebrity hairstyles to their photos, and another site invites consumers to design their own handbags. Many movies use social networks to tell consumers that their friends have seen the movie and ask them whether they are going to see it as well. Another successful practice is encouraging buzz. For example, some websites notify consumers that their friends viewed a clothing collection at a department store and suggest that they should check it out also. After they click on links to the collection, their friends are notified. Most likely, these back-and-forth notifications generate discussions among friends about the clothes they saw.

Numerous sites ask consumers to take polls. For example, an airline's website asked consumers to vote on their favorite in-flight technological feature (e.g., Wi-Fi) and then informed them how many consumers, in total, voted and how many of their friends had done so. Also, several upper-end watchmakers teamed up and created a very expensive, experimental watch that was designed primarily to create buzz about very pricy watches. The only promotion for the product was getting watch enthusiasts to write about this unusual watch in their blogs.¹⁵ But beware: Aggressive advertising on social media can backfire. For example, when Wal-Mart purchased 50 million ads on Facebook, which were placed on users' Facebook pages, many consumers who resent Wal-Mart's labor practices demanded the removal of these ads.¹⁶

Most companies selling consumer goods have integrated social media into their advertising campaigns. Established brands—such as Coca-Cola, Volkswagen, AT&T, Ritz Crackers, and *Men's Fitness* magazine—are directing viewers of their ads to their Twitter messages or Facebook pages, sometimes with sophisticated, cloud-based ad platforms. For example, an

TABLE 8.5 Effective Tweeting Illustrations

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

ad for a cleaning product read, “Clean should smell better” and instructed users to “Hover to expand.” When users hovered, they reached the company’s Facebook page.¹⁷ Small and unknown brands, which do not have the resources to advertise nationally, have been using social media aggressively to widen their exposure.¹⁸ The growth of social media has also changed long-standing practices. To generate advanced excitement about Super Bowl ads—which are always eagerly anticipated—many advertisers released limited versions of the ads and other “teasers” during Christmas, two months before the game.¹⁹ In the not-for-profit sector, during one of the most destructive hurricanes in history, transit agencies used social media extensively to calm irate riders and keep them informed.²⁰

One of the myths regarding social media has been that it reaches only young consumers. However, the age gap on social networks has been narrowing rapidly. In one year, only 9% of internet users 55 to 64 years old used social networking, but 43% of this age group reported doing so 2 years later.²¹

The characteristics of effective social media campaigns are:

1. Social media campaigns must be planned together with advertising in traditional media.
2. Marketers must consider the fact that social media simultaneously reaches several audiences (i.e., consumers, retailers, and other parties with whom the company does business), which justifies larger advertising budgets.
3. Executives should closely examine consumers’ clicks on the “like” buttons and “mine” and use data from their Facebook pages to develop new niches for their products (sometimes with partners in other product categories).
4. Bosses who tweet personally strengthen the connections between their brands and customers.
5. Employees should be encouraged to tweet, but guidelines for such communications must be set and monitored for compliance.²² However, research suggests than many CEOs resent (and even fear) using Twitter.²³

Mobile Advertising

Learning Objective

- 8.3 To understand the dynamics and potential of mobile advertising.

Mobile advertising is the communication of products or services to mobile device and smartphone consumers. The mobile advertising spectrum ranges from short message service (SMS) text to interactive advertisements.

Initially, the extent of mobile advertising in other countries, especially in Europe and even more so in Southeast Asia, was far greater than in the United States. However, one report indicated that U.S. companies have spent more on mobile advertising than any other country, including Japan, which had been the leader in mobile advertising. During a recent year, advertisers spent more than \$6.43 billion globally on mobile media, with the United States contributing \$2.3 billion and Japan following with \$1.7 billion. Nevertheless, mobile advertising still accounts for just 1% of the total advertising spending in the United States and worldwide. The primary reason for the growth of mobile advertising is that more and more people are using smartphones and other mobile internet devices such as tablets and e-readers.²⁴ Mobile advertising should be distinguished from mobile-advertising campaigns on social networks, which consist of ads that pop up on, for example, Facebook mobile news feeds to its users after marketers have purchased this advertising space from Facebook.²⁵

CONSUMER RESPONSE

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

1. **Monetary Value:** The device provides good value for the money that also exceeds the value consumers receive from using nonmobile communication devices.

2. **Convenience Value:** The device saves time and money, improves efficiency, and makes life easier.
3. **Emotional Value:** The user feels good and relaxed when using the device.
4. **Social Value:** The value is being accepted by others and impressing them.

The results indicated that the higher the values consumers receive from mobile devices, the more likely they are to use the devices to purchase products and engage in word-of-mouth about what they bought.²⁶

Studies have identified cross-cultural differences among consumers' responses to mobile ads. A study of Japanese men showed that mobile ads generated effective word-of-mouth. A study of European consumers showed that cross-cultural differences impact the effectiveness of mobile advertising. Research on Korean shoppers indicated that their attitudes toward mobile advertising depended mainly on the convenience of the interface and their ability to control content. Research of Chinese consumers showed that ease of use, perceived usefulness, and trust were the key factors in receptivity to mobile advertising. Researchers also found that the adoption of mobile "broadcasting" in Japan, Germany, and Korea was positively related to the extent of access to mobile devices and the entertainment and social interaction they provide.²⁷

One study investigated the influence of the language and source of text advertisements on attitudes toward and purchase intentions regarding products advertised on mobile devices. The researchers found that reputable companies with highly perceived credibility can use *entertaining* language, but companies with less credibility and poorer reputations should create *serious*, clear, and concise mobile ads.²⁸

PROMOTIONAL TACTICS

A study reported that responses to promotional messages of mobile media are strongly related to one's age. According to the study, 19% of Millennials, 17% of Generation X, and 14% of baby boomers said that they are most likely to view ads with coupons on their smartphones. In contrast, older consumers were most motivated by ads specifically relevant to intended purchases. Younger smartphone users were much more willing to provide personal details in exchange for free or reduced-cost offerings than older consumers. The researchers reported that 42% of Generation Z and 44% of Millennial smartphone users were okay with advertising if the content was free and the ads did not increase the costs of their mobile data consumption. Figure 8.3 depicts age cohorts' responses to mobile advertising.²⁹

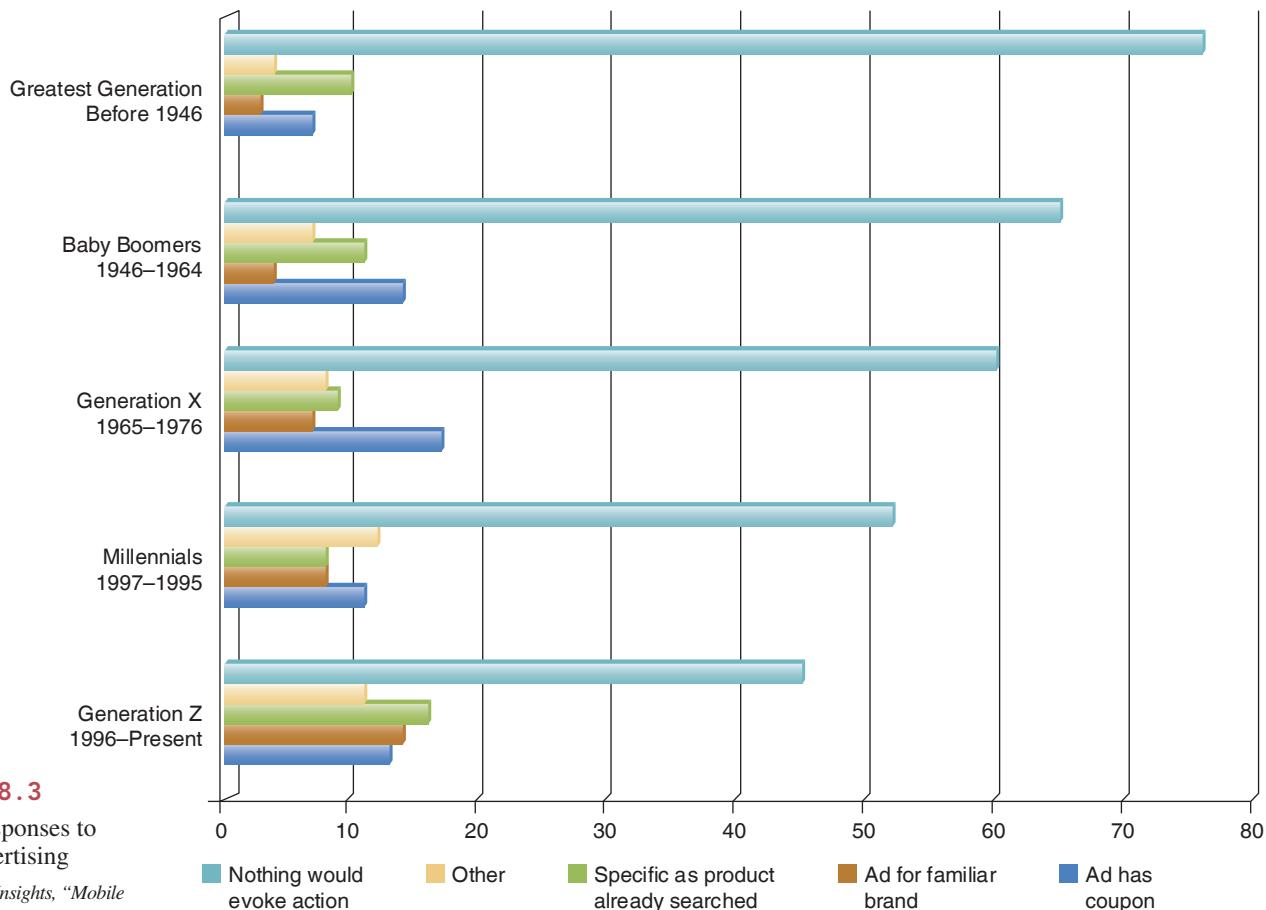
ADVANTAGES AND SHORTCOMINGS

An analysis of a large sample of mobile ads indicated that:³⁰

1. Mobile marketers are still spending most of their money on search ads. **Search advertising** is placing online advertisements on webpages that show results from search engine queries.
2. Marketers have been creating mobile ads that are fun, pay rewards, and help customers find useful information (e.g., referrals).
3. As smartphone screens became larger, marketers began using mobile ads that take over the entire screen.
4. Some mobile marketers have been experimenting with inserting ads in places where consumers do not expect to see any, in an effort to overcome consumers' tuning-out of promotional messages. For example, Facebook and Twitter have slipped ads into the flow of digital conversations. Some models of the Kindle e-reader display messages for local services, regardless of whether users use the device or let it "go to sleep."
5. Many advertisers use banner ads on mobile devices' screens because such ads are cheap, although most recognize that consumers find banners annoying.

search advertising

Placing online advertisements on Web pages that show results from search engine queries.

**FIGURE 8.3**

Age and Responses to Mobile Advertising

Source: Nielsen Insights, "Mobile Marketers Can Get Generational Clicks with Varied Engagement Tactics," August 17, 2016.

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

In spite of its limitations, mobile advertising has one outstanding capability: It can identify users' geographic locations and deliver contextually relevant offers. For example, consider a consumer driving with a GPS navigation device (on a smartphone) who receives an ad for a sale in a store located near a highway exit several miles away. The consumer reacts to the message, stops by the store, purchases an item, and pays by credit card. The data about the purchase are immediately entered into a database that includes demographic information about the consumer, as well as the person's usage of mobile devices. Later on, the consumer receives an email thanking her for the purchase and asking her to subscribe to "alerts" about future sales. Probably immediately, the data about the entire shopping encounter are integrated with the data of thousands of persons who responded to such mobile ads, allowing marketers to create profiles of the types of buyers who respond to mobile ads.

Another example is a recent joint venture between iPhone and Amazon.com. iPhone or iPad users can now use special software that enables them to browse through products offered by Amazon.com (and other large retailers) and purchase the products. Furthermore, users of the iPhone can use the device to take photos of any products they see in stores or outside and transmit them to Amazon.com. Amazon then matches these photos with

available products and sends its recommendations to the customers.³³ Yet another example of the selling power of online and mobile media—stemming largely from buyers’ ability to customize their purchases—is a large music label that reported selling more than half of its total U.S. music via paid digital downloads, where buyers purchased individual songs (e.g., via iTunes) instead of CD albums.³⁴ Taxis in New York City are now equipped with TV screens that display commercials for the stores that they pass, which the vehicles’ GPS devices pinpoint.³⁵ As yet another example, one company distributed mobile phones to college students and offered them discounted calling rates in exchange for agreeing to receive ads.³⁶

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

DESKTOP VERSUS MOBILE DEVICES

In targeting broad audiences, mobile campaigns had a lower on-target percentage than desktop campaigns: 64% versus 70%, respectively. Nevertheless, mobile campaigns were more effective in targeting narrower segments, probably because mobile devices are personal and less likely to be shared in the same way as viewing on other devices. In targeting consumers ages 18 to 34, mobile ads were more effective than those on desktop: 63% compared with 53%, respectively. Additionally, mobile ads targeting people ages 25 to 44 were more advantageous than desktop campaigns targeting the same cohort: 64% compared with 42%. Overall, the impact of mobile advertising is on par with that of desktop campaigns, and the medium would become a stronger player in digital media campaigns.⁴⁴

THE FUTURE

Predicting the future is tricky and often inaccurate. However, it is obvious that social media is increasingly integrating with mobile devices and that more and more of our interactions with people, products, and information occur digitally and not physically. For example, “near field communications” is a new technology that allows smartphones to communicate with each other wirelessly and without Wi-Fi. Clearly, this will make exchanges of content among friends and marketers and consumers faster and more prominent. Some even predict the emergence of a “Smobile (social + mobile) Web.” Because online search results are increasingly driving purchase decisions, companies will compete increasingly and aggressively in transmitting relevant, timely, and creative content daily to consumers’ stationary and mobile communication devices. Gadgets that provide us with timely promotions, such as glasses embedded with maps featuring commercial outlets that we are passing on the street, will become progressively cheaper and popular (a prototype of such “Google Glasses” already exists).⁴⁵ In summary, we will be receiving constant access to our social lives, information, and buying opportunities, at any time, via our mobile devices.

Advertising's Reach and Efficacy

Learning Objective

- 8.4** To understand audience measurement and media reach.

Effective advertising is the result of careful and systematic planning. Therefore, advertisers should use the following steps in designing social media campaigns:⁴⁶

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

The measures discussed in Chapter 7 assess the extent to which consumers noticed, paid attention to, liked, and remembered promotional messages, but not whether exposure to a given ad induced an *actual* purchase. For the most part, marketers *infer* the purchase behaviors triggered by ads from broad sets of sales data, as it is rarely possible to identify a cause-and-effect relationship between a given message and the resulting purchase behavior. In contrast, promotions placed in social media employ “electronic cookies,” which are digital tracking devices that enable senders to monitor the receivers’ responses precisely and often immediately. However, even with electronic tracking, some advertisers have removed their Facebook ads because they had trouble measuring whether the ads led to sales.⁴⁷

The most widely used measures of the effectiveness of online promotions are analyses of website visits, users’ influence within social networks, and the audiences’ demographics.⁴⁸ More sophisticated measures include Google Analytics and Nielsen’s cross-platform measurement.

ANALYZING WEBSITE VISITS

Marketers who analyze website visits usually track the following metrics:⁴⁹

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

GAUGING INFLUENCE WITHIN SOCIAL NETWORK

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

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

GOOGLE ANALYTICS

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

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

Google Analytics enables marketers to measure the effectiveness of their websites and promotional efforts and, to an extent, predict the impact of planned advertising campaigns on customers' behavior. In addition, Google Analytics' e-commerce service tracks sales activity and performance and provides marketers with their sites' transactions, revenue, and many other commerce-related metrics. Marketers can also identify pages, links, and promotional efforts that perform poorly and do not achieve the sites' objectives (e.g., “converting” visitors to users, generating repeat visits, and getting users to register). More complex and diverse media have brought about confusion and dissatisfaction with the mechanism available to estimate how many consumers their messages reach and to what extent they induce shopping.

ONLINE FRAUD AND UNSEEN ADS

Computer-generated visitors, or “bots,” are designed to fool advertisers into paying for the traffic. Tracking uncovered a zombie-populated lifestyle network, with hundreds of connected sites. One report estimated 46% of all online ad impressions served during a recent year were not viewable, which means they were placed on parts of webpages that didn't actually appear on users' screens.⁵⁰

One company discovered that some bots (short for internet robots) generated 30 million fake video views a day. The same company reported that just 54% of video ads across the Web are viewable. View-ability rates were higher on mobile devices and tablets than on desktop computers, and smaller video players (fewer pixels) had the lowest view-ability.⁵¹ By many estimates, more than half of online video ads are not seen, either because they are buried low on webpages or run in tiny, easily ignored video players on those pages, or run simultaneously with other ads. One ad management platform company deemed 57 percent of 2 billion video ads surveyed over 2 months to be “un-viewable.”⁵²

PIRATED CONTENT

Marketers frequently find their ads alongside unlicensed content from major content owners or on sites promoting counterfeit goods, inadvertently caused by automated ad-buying technologies. The Trustworthy Accountability Group, an ad industry self-regulatory body, plans to fix that problem with a new program designed to identify high-risk websites and ensure marketers' ads aren't placed on them.⁵³

NIELSEN

Media exposure effects measure how many consumers were exposed to the message and their characteristics. Broadcasters, publishers, and owners of websites use media exposure measures to determine the size of their audiences and set the rates that they charge advertisers for placing promotional messages in their media. However, disputes regarding the results of audience measurements are common.

The largest syndicated company that collects such data and sells it to advertisers is Nielsen. Originally, Nielsen monitored TV viewing, but it now maintains many panels of consumers who have consented to the monitoring of certain aspects of their media exposure and consumption. For years, advertisers argued that Nielsen's panels did not adequately represent minorities, and media companies claimed that the company failed to properly measure viewers who use time-shifting devices. More recently, one website's estimate of its monthly number of visitors was 1.8 million, whereas comScore's estimate of the same audience was only 421,000. The major sources of such discrepancies are uncertainties about how to measure internet use in the workplace and consumers who delete the cookies (small identifying files placed on a computer's hard drive) that are essential in counting website visits.⁵⁴ With the growth of online advertising, Nielsen began to augment its TV ratings data with information on viewing on tablets and smartphones.⁵⁵

Nielsen projects viewer ratings based on a panel of more than 40,000 homes and 100,000 people. Higher ratings help networks sell commercial time at higher rates. Marketers are becoming increasingly dissatisfied with Nielsen's ratings. For example, CBS boasted that its legal drama *Bull* was the most-watched new show of the just-finished TV season. Typically, a show's viewership has been calculated using the ratings of both first-run and repeated episodes, which are labeled "R" or "repeat." When CBS submitted its schedule to Nielsen, however, it labeled reruns of *Bull* as an "encore." The ratings service categorized it as a different show and didn't provide accurate ratings. Another Nielsen trick is the calculated placement of national TV commercials. NBC's *Saturday Night Live* typically loads all of its national commercials in the first hour of the 90-minute show. Since Nielsen counts viewers of a show only through the last network commercial break, the ratings service ignores *SNL*'s last half-hour, when viewers generally turn away. Sometimes networks sneak in a second airing.⁵⁶

TIME-SHIFTED VIEWING

As more and more consumers have been watching programs on DVRs, the networks and advertisers have been at odds about how to count viewers. For more than a decade, television ad time has been sold based on the audience size for shows and accompanying commercials up to *three* days from the airdate. But networks want to expand that time frame to *seven* days after the initial broadcast—a shift known as "C7" that increases the networks' revenues significantly. Advertisers have been arguing that their programs are time sensitive and that viewing sharply declines after the third day, and additionally, that time-shifted viewers skip over commercials. Presently, the metrics vary and the networks look at program performance over time frames of 7 to as many as 35 days. Nevertheless, this does not mean that advertisers have been paying for the inflated ratings resulting from the long viewing windows.⁵⁷ Among Millennials, over 50% of networks' viewers came in within 7 days after the live airing.⁵⁸

FACEBOOK, GOOGLE, AND TWITTER

Increasingly, ad buyers want more transparency into how data are collected on Facebook and Google's YouTube in order to determine where and how to spend their marketing money. Meanwhile, Facebook and Google argue that they provide and allow for plenty of measurement, just with some restrictions to protect users' privacy.

Commonly, digital ads include "tags," which are lines of code that enable them to track the performance of ad campaigns, like how many times an ad is delivered and whether people click on it. Nevertheless, advertisers expressed concern regarding the accuracy of these data and some began more sophisticated tags to track viewership.

Facebook has been under fire for a series of embarrassing data mishaps, and advertisers have been frustrated because Facebook and other big digital platforms do not allow for a genuine third-party inspection of their data.⁵⁹ Additionally, with Facebook, some of the measures *are* collected by a third party—advertising exchanges—and then given to marketers, who have been demanding more transparency in order to ensure that the viewership rates have been gathered objectively.⁶⁰

On one occasion, Facebook admitted it had inaccurately measured the number of people an advertiser had the potential to reach across the social network. The company promised to retool the way it displays reactions to live videos, and is looking into incorrect displays of the number of “likes” or shares a Facebook post has received when someone is searching for it on a mobile device.⁶¹ With advertisers’ growing skepticism about advertising online, YouTube has told marketers it will guarantee to air ads across its channels until they reach a certain percentage of the target audience that the marketer is trying to reach.⁶²

Many marketers have also been skeptical about their Twitter ads. Although, potentially, they could reach 302 million monthly active users, the ads failed to do so, causing many marketers to reduce their Twitter spending.⁶³ In response, Twitter gave marketers more options about buying advertising. For instance, a retail store may choose to pay Twitter only when a user clicks through to its website to view a fall collection. Other options include paying specifically when an advertiser gets a new follower, has its app downloaded, or gets a user’s email address. This structure is more in line with other social networks. Facebook already offers similar options across its own network, such as allowing advertisers to choose to pay for specific actions such as app installs, clicks, or likes.⁶⁴

SKIPPING AND BLOCKING

The Dish’s Network Corporation has installed a controversial ad-skipping feature on its digital video recorders, which has caused a long-running dispute between the company and the networks. Litigation has been going on for many years.⁶⁵

Internet users are increasingly making use of software that blocks ads from appearing as they move around the Web. The trend is a growing concern for online publishers, many of which rely on advertising as a major source of revenue. Studies estimated that approximately 5% of internet users globally have been using ad-blocking tools.⁶⁶ For example, the latest versions of Apple’s Safari—for both desktop and mobile devices—include “content-blocking” extensions.⁶⁷

IMPROVED MEASURES OF SOCIAL ACTIVITY

Compared with television—the primary advertising medium—it is very difficult to measure communications’ activity on social media. Truncated text, acronyms, and inside jokes, including those about TV programming, are the results of audiences interacting with programs in real time, posting their thoughts or sharing others’ posts as quickly as events unfold on screen with languages of their own. In order to get a total snapshot of social TV activity, measurement must consider the diverse ways consumers interact with programs, as suggested in a recent study.⁶⁸

1. Research and classify the keywords used to identify and measure program-related activity. Only 47% of tweets sent about prime-time series programming during a recent year mentioned an official program hashtag. In other words, existing measures would miss more than half of all program conversation on Twitter if measurement was dependent on official program hashtags alone.
2. Limiting measurement to just the official hashtag and program does not reflect tweeters’ total engagement: out of all tweets related to prime-time reality series, just 34% included an official program hashtag. For comedies and dramas, the share of activity was slightly higher at 44% and 57%, respectively.
3. Research engagement with two types of content: “owned” (posts from network, program, and talent accounts) and “organic” (generated by TV audiences).

Understanding engagement with both organic activity and owned accounts is crucial. Although organic activity drives the lion's share of engagement, there is significantly more engagement per owned tweets, thus providing networks with a clear opportunity to drive this portion of social buzz through strong content and optimized timing of posts.

Traditional Media's Evolution

Learning Objective

- 8.5** To understand technology's impact on traditional broadcast media.

Originally, print and electronic media—TV, radio, newspapers, and magazines—were all one-way communications; the same promotional messages were sent to the same audiences and receivers could not specify which contents they were interested in and which they would have preferred not to receive. Nevertheless, new means to transmit messages have been fundamentally changing traditional promotional strategies, as illustrated in Table 8.6.

TELEVISION

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

Both the production and broadcast of television ads are very expensive, and, with more and more forms of communications emerging, some major TV advertisers are changing course. For example, during one year, General Motors—traditionally one of the largest advertisers at the Super Bowl—discontinued such ads because of the broadcast's very high costs, which have reached about \$3.8 million for a 30-second spot.⁶⁹ Also, most network TV programs were designed to reach people between 18 and 49 years of age, of whom about

TABLE 8.6 Enhancing Traditional Media

	Social Media	Mobile Advertising
Television	Run commercials on YouTube. Announce social media contests on television.	Produce interesting content in ads that people want to share. Run ads on the social media sites of programs or television stars' Twitter feeds.
Radio	Remind listeners about social media promotions. Prompt a visit to a social media site with a radio ad.	Run radio spots on music streaming sites. Encourage app downloads with radio spots.
Print	Publish content on social media sites. Encourage sharing of brand news with links to articles.	Use QR codes in magazine ads. Use print to encourage opt-in for SMS campaigns.
Outdoor	Use signage to encourage "check ins" on social media. Create a social brand destination for customers to meet in real life.	Offer games via billboards that drive store visits. Use beacons to reach customers on their phones

25.1 million watched TV daily—but this key audience has been declining in recent years.⁷⁰ Furthermore, the lure of YouTube and Netflix has been causing viewers to disconnect their cable TV services, and the numbers of Pay TV subscribers have been steadily declining as well.⁷¹ In addition, TV networks must now allow online streaming in real time of programs that are scheduled to be shown later on, during prime viewing time, such as Olympic Games held in other time zones, although such streaming can cannibalize the scheduled broadcast and reduce exposure to paid commercials.⁷²

The average American still watches more than 141 hours of live television a month—more than 4 hours a day—but less than 147 hours about 2 years earlier. Meanwhile, Americans increased streaming of web video to nearly 11 hours a month, up from nearly 7 a year earlier. The amount of online video consumed is likely to be even higher than the numbers suggest, as they don't include viewing with new streaming devices, gaming consoles, and smartphones. Among viewers between the ages of 18 and 49—the age group most advertisers target—TV viewing per day has been declining as people of all ages increased consumption of digital video by more than 50% a day.⁷³

Devices that wirelessly transfer content from mobile devices to TVs have been emerging quickly. For example, Google and Sony have been working on internet-based video delivery services. Many customers now have internet connections in their living rooms through various devices, used largely to stream or download video programs from many sources such as Netflix. Consumers also use tablets and smartphones to view movies and TV shows as well as to serve as companions for action on the big screen. Apple has explored integrating DVR storage and its iCloud internet syncing and data-storage service, and voice-interaction capabilities—which Apple's Siri brought to its mobile devices, and Microsoft is also promoting voice recognition features.⁷⁴

Online video outlets have been chipping away at television's hold on advertisers. Several major advertisers have moved a portion of the money they previously spent on television to online outlets because viewers are more frequently watching video online. Most recently, digital media drew about 25% of total ad dollars, and some predict that this figure will shortly surpass 36% and become more important than TV.⁷⁵

Organizing TV output by specified time slots during the week is irrelevant to a new generation of video consumers who stream shows on Roku or Apple TV or who use DVRs and video-on-demand time-shifting to watch shows whenever they want.⁷⁶

As viewing shifts online, where people are skipping or blocking ads, advertisers and media companies have experimented with new ad formats. For example, considering a new 6-second ad format for digital platforms and eventually traditional TV, mirroring an ad format used by YouTube. A growing trend is creating interactive ads.⁷⁷

Interactive TV (iTV) combines the broadcasting capabilities of television and the interactivity of the internet. Interactive TV can be delivered to one's TV, computer, or mobile device in the form of a *two-way* communication between subscribers and providers of cable or satellite TV. Viewing on iTV is much more engaging, personal, and dynamic than watching one-way TV programs. For example, using remote controls or smartphones, viewers of *Top Chef* can vote on contestants, immediately see the results of the votes, download recipes, see behind-the-scenes segments, and even buy products featured on the show. Viewers of sports programs can view scores, statistics, and alerts of the results of other sporting events held at the same time. Consumers can also access highly targeted content, customize the advertising they wish to receive, and click on links with additional information during a commercial.⁷⁸ One study showed that interactive banners superimposed on TV commercials significantly reduced the rate at which viewers changed channels during ad breaks.⁷⁹

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

interactive TV (iTV)

A medium that combines TV broadcasts and the interactivity of the internet. iTV can be delivered to one's TV, computer, or mobile device in the form of a two-way communication between subscribers and providers of cable or satellite TV.

RADIO

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

Radio is an important advertising channel. There are 265 million Americans age 6 or older listening to the radio weekly. Within this group there are 66.5 million **Millennials** who are weekly radio listeners. However, Millennials are not a uniform age cohort. About 97% of 18-year-olds live in someone else's home, mostly with parents. By their mid-30s, 90% of Millennials live in their own homes and more than half have children. Studies show that across these life stages, 9 out of 10 Millennials listen to the radio each week. Therefore, marketers must consider radio an effective way to reach the largest age group of U.S. consumers.⁸⁰

PRINT MEDIA

Newspapers provide access to large audiences and are effective for reaching large audiences. However, they are generally inadequate when it comes to reaching consumers with specific demographics. Newspaper ads can be designed and published quickly, but they have a short life. There is considerable clutter because many messages, particularly for local services and research outlets, compete for attention. Nevertheless, because of redemptions of specific promotions and timely measurement of sales volume after the ads are published, feedback can be collected quickly. Advertising costs are determined by size of ad and the medium's circulation. Newspaper ads are affordable for local businesses and enable joint advertising by national manufacturers and local sellers. However, online advertising enables mom-and-pop firms, which have never had the funds for traditional advertising, to promote their businesses, and major players in the digital advertising business, such as Facebook and Groupon, are competing for small businesses.⁸¹

Newspapers have experienced accelerating drop in print advertising and forcing publishers to focus more on their digital products. Global spending on newspaper print ads is expected to continue declining between 8 and 10 percent a year. The decline is forcing publishers to boost digital-revenue streams quickly to make up for lost revenue, and even reconsider the format of their print products and the types of content they publish.⁸²

In order to turnaround revenues and remain a viable advertising medium, publishers can develop new strategies:

1. Phase in digital editions bundled with subscribers' print additions and develop price structures for digital-only access.
2. Reduce print and home delivery.
3. Market digital editions more aggressively.
4. Develop pricing tiers where subscribers to digital editions would be charged according to the volume of material they access.

Magazines reach specific geographic, demographic, and interest-focused groups and enable more precise targeting than newspapers, with visually high-quality ads. Special-interest magazines are highly credible. Magazines offer long message life and increased exposure to ads because of pass-along readership. At the same time, ads require longer lead time for production, and numerous magazines do not guarantee ad placement in a particular position within the magazine. Feedback from magazine ads is often delayed and is measured via Starch scores (related to effectiveness of advertising). Advertising rates are determined by cost of page, which is a function of the magazines' circulation, and top magazines charge very high rates. In recent years, magazine advertising has declined rapidly.

Although most magazines and newspapers are still printed on paper, almost all now offer online editions and many are planning to phase out their paper editions. Online, both magazines and newspapers can flourish by offering readers customized editions that are based on the readers' interests. For instance, readers of *The New York Times* or the *Wall*

Millennials (Echo Boomers, Generation Y)

The age cohort representing people born between 1980 and 1996. Some definitions also include people born in the late 1970s and late 1990s in this cohort.

Street Journal no longer have to flip pages to find the stories that they wish to read. They can subscribe to online versions where the stories that they are interested in appear immediately and include links to previous articles about the topics covered and other relevant information. For example, a *Sports Illustrated* story about soccer might include electronically linked references to past matches. In addition, advertisers can customize the messages sent to readers.

The prices of magazines' online editions are nearly always bundled with subscriptions to the print editions, but their costs have been going up. For example, Condé Nast, publisher of high-end titles such as *Vogue* and *The New Yorker*, raised prices on its bundled print and electronic subscriptions, effectively making print subscribers pay more for online versions that they previously received for free. However, it appears that consumers are willing to pay the higher prices: Condé Nast subscribers who chose to sign up for digital subscriptions renewed at a 25% higher rate than those who did not.⁸³

In recent years, several leading magazines (e.g., *Newsweek* and *Ladies Home Journal*) ceased publication. Looking for more revenues, *Time* and *Sports Illustrated* have started selling advertising space on their covers, after a long tradition of keeping covers free of ads. Some food magazines broadened their traditional focus on recipes to lifestyles, destination restaurants, celebrity chefs and travel.⁸⁴ *The New York Times* and the *Wall Street Journal* have downsized their newsrooms and focused more on their digital editions.

OUT-OF-HOME MEDIA

Out-of-home media consist of communications that target consumers in captive and less cluttered environments outside of their homes. This category consists of new promotional tools as well as some older means that were significantly updated with new technology. For instance, **captive advertising screens** are placed in locations where consumers spend time, such as elevators, cinemas, retail stores, restaurants, bars, fitness clubs, college campuses, and transit. Digital billboards and displays, with interactive capabilities, are placed in transit locations, events, and stores. A billboard promoting a show on citizen surveillance used a built-in camera to take pictures of passersby with the notification "Person of Interest Identified." Those individuals then received access to their "classified files" to send to their friends or post online.⁸⁵ By some estimates, spending on digital out-of-home media during a recent year was \$2 billion and expected to rise 12.5% during the next one.⁸⁶

BRANDED CONTENT

branded entertainment (product placement)
Featuring products within entertainment content or building entertainment content around promoted brands.

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

Many programs that are billed as "entertainment" are, in fact, showcases for prominently featuring products and forming emotional connections between brands and consumers (e.g., *The Apprentice*, *Top Chef*, *Survivor*, and various "makeover" programs). Products have also appeared on the sets on news broadcasts and within the dialogues of programs. Legislators have increasingly criticized overly aggressive product placements.⁸⁷ (The ethical aspects of product placement are discussed in Chapter 15.) By some estimates, globally, companies have been spending between \$25 and \$30 billion annually on branded entertainment, with U.S. companies spending the most.

In addition to embedding brands in films and TV programs, many marketers have developed **webisodes** (i.e., short videos shown online featuring entertainment centered on a brand) and **advergames**, which are video games with embedded brands. A study showed that, overall, advergames enhanced brand recall. However, repeatedly playing the same game had no effect on brand recall, but did have a negative impact on brand attitude, indicating viewer wear-out.⁸⁸

Summary

Learning Objective 8.1: To understand consumer behavior and engagement with social media.

Social media channels enable interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. The channels comprise mobile and online technologies that support two-way communications for individuals and groups, giving them the means to form their own or co-create content with others, post and open it for discussions, modify it, and withdraw it. Social communication channels offer better engagement prospects because they can form comradeship among people with similar lifestyles, needs, and corresponding purchases. Marketers can use social media to engage customers with their offerings because websites can enliven people's interactions with the promotional messages through moving images, links to related materials, and customizing viewing options (e.g., the "sort by" options). Additionally, websites gather data that enables marketers to understand their clients more acutely. People engage in social media to provide and receive information, cultivate relationships, show off expertise, and find others with similar interests.

Learning Objective 8.2: To understand advertising channels and promotional strategies on social media.

Social media channels include owned social media, paid social media, and earned social media. Google is the most widely used search engine online and a prominent advertising medium. Across browsers, most online surfers use Google to find answers to questions, locate websites and sources for products and services, track down information, and much more. Google is the largest provider of the data and targeting tools that advertisers need for impression-based targeting, as well as the major supplier of real-time bidding to advertisers seeking impressions among consumers who fit certain criteria (see Chapter 2).

Most brands now have official Twitter handles and Facebook pages. Companies have discovered that customers are highly enthused about and more responsive to Twitter messages from the corporate bosses, especially if such messages encourage consumers to tell the senders about their experiences with the brands.

Social media campaigns must be planned together with advertising in traditional media. Additionally, marketers must consider the fact that social media simultaneously reaches several audiences (i.e., consumers, retailers, and other parties with whom the company does business), which justifies larger advertising budgets. Furthermore, executives should closely examine consumers' clicks on the "like" buttons and "mine" and use data from their Facebook pages to develop new niches for their products (sometimes with partners in other product categories).

Learning Objective 8.3: To understand the dynamics and potential of mobile advertising.

Mobile advertising is the communication of products or services to mobile device and smartphone consumers. The mobile advertising spectrum ranges from short text messages to interactive advertisements. Mobile devices provide several types of value: (1) monetary—good value for the money that also exceeds the value consumers receive from using nonmobile devices; (2) convenience—saving time and money, improving efficiency, and making life easier; and (3) emotional and social—immediate and always available communications with others.

Mobile marketers are still spending most of their money on search ads placed on websites that show results from search engine queries. Also, they have been creating mobile ads that are fun, pay rewards, and help customers find useful information (e.g., referrals). As smartphone screens became larger, marketers began using mobile ads that take over the entire screen. And, some mobile marketers have been experimenting with inserting ads in places where consumers do not expect to see any, in an effort to overcome consumers' tuning-out of promotional messages. Many advertisers use banner ads on mobile devices' screens because such ads are cheap, although most recognize that consumers find banners annoying.

Initially, the extent of mobile advertising in other countries, especially in Europe and even more so in Southeast Asia, was far greater than in the United States. However, there are indications that U.S. companies have been spending more on mobile advertising than any other country. The primary reason for the growth of mobile advertising is that more and more people are using smartphones and other mobile internet devices such as tablets and e-readers.

Mobile advertising should be distinguished from mobile-advertising campaigns on social networks, which consist of ads that pop up on, for example, Facebook mobile news feeds to its users after marketers have purchased this advertising space from Facebook.

Learning Objective 8.4: To understand audience measurement and media reach.

Advertisers should use the following steps in designing social media campaigns: (1) define the campaign's objectives; (2) examine the platforms available and determine which ones to use so as to achieve the objectives; (3) produce the campaign's content using internal or external communication tools; (4) examine the pricing models for securing access to social media, which, unlike pricing for advertising space on traditional print and broadcast communication channels, vary greatly; and (5) measure campaigns effectiveness.

Google Analytics is a service that collects and analyzes (1) where visitors come from—referrals, search engines, display

advertising, pay-per-click networks, email campaigns, and other digital links; (2) what customers' actions are after they "land" at the initial page—viewing other pages, downloading files, registering with the site, and other actions; and (3) website visitors' geographic location and their visits' lengths, and then profiling and segmenting users.

Compared with TV—the primary advertising medium—it is very difficult hard to measure communications' activity on social media. Truncated text, acronyms, and inside jokes, including those about TV programming, are the results of audiences interacting with programs in real time, posting their thoughts or sharing others' posts as quickly as events unfold on screen with languages of their own.

Other problems in evaluating the effectiveness of advertising on social media include computer-generated visitors, or "bots," designed to fool advertisers into paying for the made-up traffic. Marketers frequently find their ads alongside unlicensed content from major content owners, or on sites promoting counterfeit goods. As more and more consumers have been watching programs on DVRs, the networks and advertisers have been at odds about how to count viewers.

Increasingly, ad buyers want more transparency into how data are collected on Facebook and Google's YouTube in order to determine where and how to spend their marketing money. Meanwhile, Facebook and Google argue that they provide and allow for plenty of measurement, just with some restrictions to protect users' privacy. Internet users are increasingly making use of software that blocks ads from appearing as they move around the Web. The trend is a growing concern for online publishers, many of which rely on advertising as a major source of revenue.

Learning Objective 8.5: To understand technology's impact on traditional broadcast media.

Originally, print and electronic media (TV, radio, newspapers, and magazines) were all one-way communications. The same promotional messages were sent to the same audiences, and receivers

could not specify which content they were interested in and which they would have prepared not to receive. Nevertheless, new means to transmit messages have been fundamentally changing traditional promotional strategies.

Network and cable TV reach very large audiences. However, many programs, particularly on network TV, reach audiences that are heterogeneous in their demographics, spending power, interests, and lifestyles. Network TV (and later cable TV) has been the most desirable (and expensive) advertising medium for many decades because television enables marketers to send messages that draw attention and generate emotion. However, with many TV ads for competing and often similar brands creating clutter, marketers had to design short-duration messages and repeat them frequently. Furthermore, the feedback from TV ads has been imprecise and did not enable marketers to effectively determine which ads led to sales and which ones did not.

Interactive TV (iTV) combines the broadcasting capabilities of television and the interactivity of the internet. It can be delivered to one's TV, computer, or mobile device in the form of a two-way communication between subscribers and providers of cable or satellite TV. Viewing on iTV is much more engaging, personal, and dynamic than watching one-way TV programs.

Out-of-home media consist of communications that target consumers in captive and less cluttered environments outside of their homes. This category consists of new promotional tools as well as some older means that were significantly updated with new technology.

Branded entertainment (product placement) consists of featuring products within the contents of entertainment, such as TV, movies, video games, among others. In addition to embedding brands in films and TV programs, many marketers have developed webisodes (i.e., short videos shown online featuring entertainment centered on a brand) and advergames, which are video games with embedded brands.

Review and Discussion Questions

- 8.1. What are the implications of social media for consumer behavior?
- 8.2. How do marketers enhance consumer engagement with their offerings using social media?
- 8.3. There are five characteristics of effective social media campaigns. List and describe them.
- 8.4. Describe how marketers can use Twitter effectively.
- 8.5. Describe Google's role in advertising online.
- 8.6. List and describe two advantages and two disadvantages of mobile advertising.
- 8.7. Describe how one's age impacts marketers' targeting using mobile media.
- 8.8. Why is it more difficult to measure the effectiveness of advertising campaigns on social media than assess the results of advertising on traditional media?
- 8.9. List and describe the factors that negatively impact measuring the effectiveness of advertising on social media.
- 8.10. Compare advertising on traditional TV and doing so on interactive TV.
- 8.11. How has print media reacted to the decline of their advertising revenues?
- 8.12. What is branded content and how can it be used effectively?

Hands-on Assignments

- 8.13.** In groups of four, discuss and compare how social media has influenced *your* consumer behavior.
- 8.14.** Using the same format as in the previous question, discuss social media's influence on *your parents'* buying behavior.
- 8.15.** Take pictures of two illustrations of out-of-home media, present them in class, and describe why they are or are not effective.
- 8.16.** List and describe five product placements that you have seen in TV shows and movies.
- 8.17.** Sort the permissions you have requested from sources according to the permissions categories discussed in this chapter.
- 8.18.** If you have access to interactive TV, watch a program of your choice and make notes on how such viewing differs from watching traditional TV.

Key Terms

- Advergames 239
- Apps (applications) 220
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Reference Groups and Communities, Opinion Leaders, and Word-of-Mouth

Learning Objectives

- 9.1 To understand the credibility and influence of reference groups.
- 9.2 To understand the persuasive power of spokespersons, endorsers, celebrities, salespersons, vendors, and media.
- 9.3 To understand the dynamics of opinion leadership and word-of-mouth.
- 9.4 To understand word-of-mouth's online prevalence, strategic applications, and perils.
- 9.5 To understand how consumers adopt innovations over time.

REERENCE GROUPS serve as sources of comparison, influence, and norms for people's opinions, values, and behaviors. Within any setting, including consumer behavior, people are strongly influenced by what others think and how they behave. The most important reference groups are families because they provide children with the skills, knowledge, attitudes, and experiences necessary to function as consumers—a process called **consumer socialization** (see Chapter 10). Other important reference groups are a person's **social class** (see Chapter 10), **culture** (see Chapter 11), and **subculture** (see Chapter 12).

Word-of-mouth represents communications where satisfied customers tell other people how much they like a business, product, service, or event (although the information transmitted can also be negative). Word-of-mouth is one of the most credible forms of buying-related information because consumers view

others who don't stand to gain personally by promoting something as highly credible. It can take place face to face or via electronic communications, and the exchangers of the information may know each other personally or only online. **Word-of-mouth** occurs often when neighbors talk across their lawns or over a cup of coffee; when friends and neighbors share stories about shops and products they like (or dislike); and in texting, emailing, chat rooms, and online social communities, among other forms of communication. It has been said that, "word-of-mouth is the best advertising" because reference groups, such as friends, neighbors, relatives, and other consumers a person meets online in social networks, chat rooms, and through Twitter, strongly influence one's consumption behavior. This influence is strong because people perceive others like themselves as having nothing to gain from their purchase recommendations. Consumers view reference groups with which they have personal contacts

FIGURE 9.1

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

reference groups

Groups that serve as sources of comparison, influence, and norms for people's opinions, values, and behaviors.

social class

The division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either higher or lower status.

culture

The collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society which express its principles, standards, and priorities.

subculture

A group that shares certain beliefs, values, and customs, stemming from ethnicity, religion, geographic location, age, or gender, while also being a part of a larger society.

word-of-mouth

An oral or written communication in which satisfied customers tell others how much they like a business, product, service, or event.

as more credible than advertisements and other promotions sent by marketers. The ad featured in Figure 9.1 encourages mothers to engage in word-of-mouth and rave about Campbell's soup.

We begin this chapter with a discussion of source credibility and the influences of selected reference



KIDS CRAVE. MOMS RAVE.

Campbell's® Kids Soups make both kids and moms smile. They're a good source of Vitamin A, with no artificial flavors or preservatives. And the addition of a natural pea soft helps them have a healthy level of sodium. With plenty of the taste kids love, everyone wins!



© 2006 Campbell Soup Company. All rights reserved. Nickelodeon, SpongeBob SquarePants, Bob and Sponge are trademarks of Viacom International Inc. Other brands and trademarks are trademarks of their respective owners.

Source: Campbell Soup Company

groups. We then review several sources of information that are sponsored by marketers, such as spokespersons and endorsers. Next, we discuss the process of opinion leadership and conclude with an overview of the strategic applications of word-of-mouth.

The Credibility and Persuasive Power of Reference Groups

Learning Objective

- 9.1** To understand the credibility and influence of reference groups.

Reference groups have a high degree of **source credibility**, defined as a source's persuasive impact, stemming from its perceived expertise, trustworthiness, and believability. When the source of communications about a product is well respected and highly thought of by the intended audience, the message is much more likely to be believed. Conversely, a message from a source considered unreliable or untrustworthy is likely to be received with skepticism and probably rejected. In discussing credibility, we must distinguish between formal and informal sources of information. A **formal source** is either a person or medium providing

formal source

A communication source that speaks on behalf of a company, such as an endorser, salesperson, or advertiser.

informal source

A person whom the message receiver knows personally, such as a parent or friend, or an individual met online, who provides the receiver with product information and advice.

consumption-related information and hired and paid by an organization. An **informal source** is a person whom the message receiver knows personally, such as a parent or friend who gives product information or advice, or an individual met and respected online.

The following example illustrates the persuasive impact of personal versus impersonal communications.

Many hotel rooms feature **formal** and **impersonal** requests that read, “Please reuse the towels in order to help us save the environment,” which have had little impact on guests’ behavior. One hotel incorporated a **social norm** into its message stating that, “Most of your fellow guests had reused their towels. Please help us save the environment and reuse yours,” which had persuaded about 25 percent of the guests to reuse their towels. The same hotel then used an even more **personal** appeal by displaying in its rooms a message stating that, “Most of the guests who had stayed in **this room** reused their towels”—an appeal that further increased the number of guests complying with the request.

From a communication perspective, the **social norm** messages were more persuasive than the **formal** and **impersonal** messages, because guests perceived them as more credible. Guests believed that merely asking them to reuse towels—without giving them a reason as to why—reflected the hotel’s efforts to cut down on expenses. In contrast, messages stating that **others** had already acted responsibly were convincing because most people adhere to social norms—that is, they are likely to imitate the past behavior of others.

There are two types of influence from reference groups: normative and comparative. **Normative influence** is learning and adopting a group’s norms, values, and behaviors. The most pertinent normative influence comes from groups to which people naturally belong, such as family, peers, and members of one’s community. Generally, normative influence occurs among members of the same socioeconomic group. For example, families have a large normative influence on children because they mold young children’s initial consumption-related values. These include which foods to select for good nutrition, appropriate ways to dress for specific occasions, how and where to shop, or what constitutes “good value.”

Comparative influence occurs when people compare themselves to others whom they respect and admire, and then adopt some of those people’s values or imitate their behaviors. For example, when a recently graduated student who holds a “start of the ladder” position in a corporation admires her boss and aspires to live like the boss and have similar possessions, the boss exerts comparative influence on the lower-level employee.

The concept of reference group can be also used metaphorically. Ads for the Art of Shaving—a line of upscale shaving products—have appeared under the tagline, “Welcome to the brotherhood of shaving.” This theme made men feel that they belonged to a select group of metrosexuals who care greatly about personal grooming and shaving. The campaign’s ads have appeared only in magazines because TV ads might have diluted the brand’s “insider mystique.”²

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

CONSUMPTION-RELATED REFERENCE GROUP

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

Friends

Seeking and maintaining friendships is a basic drive for most people. Friends fulfill a wide range of needs: they provide companionship, security, and opportunities to discuss problems that an individual may be reluctant to discuss with family members. Friendships are also a

TABLE 9.1 Group Membership and Type of Influence

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

sign of maturity and independence, for they represent a breaking away from the family and the forming of social ties with the outside world. Often, friendships are formed at work. People who work together often get to know, respect, and become credible sources of information for one another regarding purchases.

Fellow Shoppers

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

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

Virtual Communities

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

The fact that people can share their interests, hobbies, and opinions with thousands of peers online has benefited marketers. For example, for more than 60 years U.S. TV producers have broadcasted entertainment programs supported by advertising fees. Much like a book or a movie, the contents of these programs were designed without significant input from the audiences. Generally, Nielsen ratings have been used to gauge the success of TV programs

and determine the advertising rates on various broadcasts. After watching them, many viewers frequently discussed TV programs at their offices' water coolers, and some may have even talked back to their televisions while watching. However, the writers and producers of these programs had no reliable way to listen to what viewers were saying.

Several years ago, avid TV viewers set up a website named televisionwithoutpity.com that provides TV viewers with a forum to discuss, complain about, or compliment popular TV shows. Visitors to the website share their opinions about programs' plotlines—often with a humorous touch—and make guesses about future developments; some even make suggestions regarding the content of future episodes. Because viewers who post their comments are very involved with the programs they watch, the producers of the shows can read their postings and get a sense of audiences' reactions to plotlines and dialogues. Then, the writers can incorporate such feedback into future episodes. Because TV shows are filmed several weeks prior to a broadcast, writers can also change future episodes in ways that reflect the viewers' postings. For example, if viewers indicate that they are bored with or irritated by a particular story line, it can be revised or even concluded sooner than planned.

Advocacy Groups

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

FACTORS AFFECTING REFERENCE GROUP INFLUENCE

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

Conformity

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

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

The MADD ad in Figure 9.2 discourages a reckless conduct—drunk driving—that young people (especially males) often engage in because they want to be liked by their "buddies"

FIGURE 9.2

Discouraging Conformity to Group Influence



Source: Mothers Against Drunk Driving (MADD), Canada

FIGURE 9.3

Characteristics of Conformists

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

Group Power

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

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

Product Expertise

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

Product Conspicuousness

The degree of reference group influence on purchase decisions varies according to product conspicuousness. A conspicuous product is one that stands out and is noticed by others, such as an expensive watch or a newly released digital camera. Products that are especially conspicuous and status revealing (e.g., a large diamond ring) are most likely to be purchased with an eye to the reactions of relevant others. Table 9.2 depicts a framework illustrating that more-conspicuous products are subject to greater reference group influence, both in terms of owning the product to begin with and the brand or type owned. The opposite is true for less-conspicuous products. For example, a person’s reference group will have strong influence on whether or not to have a tattoo or piercing, as well as on the type of piercing one gets or the design of a tattoo, because both are highly visible. Because some people wear jewelry and others do not, reference groups are likely to influence only the type of jewelry a person chooses to wear, but not whether or not to wear jewelry. In contrast, a reference group will influence neither one’s decision to use or not use toothpaste (because everyone uses this product) nor the brand chosen (because the brand of toothpaste one uses is invisible to others).

Walk down any street in the United States and you will see someone wearing a hat, T-shirt, or jacket emblazoned with the logo of a famous sports team. Similarly, while driving, look at the license plates of passing cars. Very quickly, you will see license plates containing variations of the names and logos of universities, favorite sports teams, environmental groups, and many other institutions and causes. Researchers have found that among those attending a sporting event, the more an individual identifies with a particular team, the more likely he or she is to purchase the products of the companies that sponsor that team.⁷ Interestingly,

TABLE 9.2 Product Conspicuousness and Reference Group Influence

	Product or Service	To Buy or Not?	If to Buy, Which Brand?
Very Conspicuous	Piercing	High	High
	Tattoo	High	High
	Jewelry	Neutral	High
	Baseball Cap	Neutral	High
	Smartphone and Apps	Neutral	High
	Magazine Read Online	Neutral	High
	Visiting Clubs	Neutral	High
	Gambling Online	Low/none	Low/none
	Contact Lenses	Low/none	Low/none
	Undergarments	Low/none	Low/none
Not Conspicuous at All	Toothpaste	Low/none	Low/none

technology has affected conspicuousness. Before e-readers, many women avoided reading printed erotica in public because they were concerned that the books' titles, which were visible on the covers for others to see, would reflect badly on them and reinforce the "dumb blonde" stereotype. However, with e-readers, what one reads publicly is invisible and scores of erotica books have been written and rapidly sold; several even became best sellers.⁸

Endorsers and Spokespersons

Learning Objective

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

institutional advertising

Advertising that promotes a company's overall image without referring to specific products.

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

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

Not-for-profit sources generally have more credibility than for-profit (commercial) sources. Formal sources that are perceived to be "neutral"—such as *Consumer Reports* (a U.S. magazine published monthly since 1936), a consumption-related report, or an exposé in reputable media—have greater credibility than commercial sources, because they are viewed as more objective in their product assessments. That is why **publicity** is so valuable to a

manufacturer: Consumers believe citations of products in editorial contexts more than they do paid advertisements.

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

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

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

CELEBRITIES

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

The pitchman (or woman) who appears in a promotional message has enormous influence on the credibility of the message. Of all the benefits that a celebrity might contribute to a firm's advertising program—fame, talent, credibility, or charisma—credibility is the most

important. By celebrity credibility, we mean the audience's perception of both the celebrity's **expertise** (how much the celebrity knows about the product area) and **trustworthiness** (how honest the celebrity is about what he or she says about the product).¹²

To illustrate, when a celebrity endorses only one product, consumers are likely to perceive the product in a highly favorable light and purchase it. In contrast, when a celebrity endorses a variety of products, his or her perceived credibility is reduced because then the economic motivation underlying the celebrity's endorsements becomes too pronounced.¹³ A study that examined the impact of celebrity athlete endorsers on teens found that such endorsers generated favorable word-of-mouth and increased consumers' brand loyalties. This study also found that female teens provided more favorable word-of-mouth about products endorsed by their favorite celebrity athletes than did male teens.¹⁴ Today's sophisticated consumers are seeking greater authenticity in marketing from the brands they like. Thus, PepsiCo had a hybrid project with Beyoncé that included her appearances in commercials, as well as a multimillion-dollar fund to support some of her creative projects. Pepsi's goal was to enhance its reputation with consumers by acting as an artistic patron instead of simply paying for celebrity endorsements.¹⁵

Marketers employ celebrities in promotion in the following ways:

1. Celebrity Testimonial: Celebrities attest to a product's quality based on personal usage.

GoPro, a manufacturer of sports action cameras, engaged Chinese rock climber Liu "Abond" Yongbang to promote its newest model and had him use it during a monumental rock climb. In her promotion of Elseve's hair oils, international supermodel Doutzen Kroes said that she uses it to care for her stressed hair and cited the benefits it provided for her work as a model.¹⁶

2. Celebrity Endorsement: Celebrities appear on behalf of products with which they may or may not have direct experience or familiarity. For example, Chuck Norris—the martial art star—has been featured in social media ads for Era detergent. The campaign's theme is that Era is as tough on stains as Chuck Norris is on the “bad guys” (in movies).

3. Celebrity Actor: The celebrity plays a part in a commercial for the product.

4. Celebrity Spokesperson: The celebrity represents the brand or company over an extended period. For example, James Bond—one of the world's iconic superheroes—has become a spokesperson for the Omega watch and the exclusive Aston Martin luxury car.

Not all companies feel that using celebrity endorsers is the best way to advertise. Some companies avoid celebrities because they fear that if the celebrity gets involved in some undesirable act or event (e.g., an ugly matrimonial problem, a scandal, or an arrest and criminal charges), the resulting press coverage will negatively affect sales of the endorsed brand. Consider these examples:

- Manny Pacquiao, an internationally renowned professional Philippine boxer, lost his commercial endorsement contract with Nike after he criticized and disapproved of gay people in an interview with a Philippine TV Network.¹⁷
- Fashion brands H&M, Chanel, and Burberry canceled their advertising campaigns with supermodel Kate Moss after her involvement with illegal substances became public.¹⁸
- After Brazilian star footballer Ronaldinho appeared in a press conference with two cans of Pepsi in front of him and drank from them, Coca-Cola discontinued its \$750,000-a-year endorsement deal with the superstar.¹⁹
- Aflac Insurance fired a famous comedian, who supplied the voice of the company's duck mascot for more than a decade, after he posted jokes about the earthquake and tsunami in Japan.²⁰
- Oscar Pistorius, a double amputee who races on carbon-fiber blades and competed in the Olympics, has been featured in many Nike campaigns; one ad showed him starting to sprint with the caption, “I am the bullet in the chamber.” However, Nike dropped

Pistorius from its ad campaigns after the South African sports star was charged with murder in the shooting death of his girlfriend.²¹

- Luis Suárez—a soccer star player and spokesperson for Adidas—was suspended from the World Cup after he bit another player during a match, which did not speak well for Adidas. To add insult to the injury to the brand's image, Suárez took a selfie, where he pretended to be biting a fan's ear, next to, of all locations, an Adidas billboard.²²
- Ryan Lochte has lost all his major endorsement deals as swimwear company Speedo and other companies dropped him after a controversy regarding an incident in Brazil during the 2016 Olympics.
- Nike discontinued merchandising clothing under the Armstrong brand after the revelations that Lance Armstrong had used performance-enhancing drugs for decades.²³
- Following the publication of pictures showing Olympic gold medallist Michael Phelps using drugs, the cereal producer Kellogg dropped the swimmer as a brand ambassador.²⁴
- After a ball tampering incident, the Australian cricket team faced disrupted endorsement relations in March 2018, with several brands seeing their integrity at risk. For example, cricketer Steve Smith lost his deal with breakfast cereal Weet-Bix.²⁵
- Sometimes, merely the association with a celebrity may represent a problem. Stephen Curry, a basketball star and spokesperson for Under Armour, criticized the brand's owner for complimenting Donald Trump. In this case, Under Armour did not drop Curry, but instead reached out to him in a conciliatory manner.²⁶

Adidas used a celebrity insightfully. Traditionally, Adidas has positioned its shoes as innovative and technically superior. Nevertheless, this approach had been losing its luster because rivals such as Nike and Under Armor were attracting buyers by offering image-based appeals and brand images. Cleverly, Adidas combined both appeals: It combined its high-tech efforts to improve sneakers with a cutting-edge image by using Kanye West as a spokesperson for its Boost shoe line that uses radically new plastic in the soles of the shoes, promising athletes more explosive jumps and better spring as they run.²⁷

Instead of using celebrities, many ads show everyday consumers endorsing products. For instance, TV commercials for Broadway shows often feature people raving about a musical as they are coming out of the theater. One study discovered that **slice-of-life commercials**—promotional messages showing typical consumers in everyday situations—were more effective than commercials featuring either a fantasy or emotional appeals. The ethnicity and gender of the model affected the customers' perceptions of credibility.²⁸ Tumi luggage started a campaign named the “global citizen.” Instead of using celebrities, the ads featured notable persons, such as environmentalists and explorers, for whom “travel is basically a way of life.”²⁹

slice-of-life commercials

Promotional messages showing typical consumers in everyday situations.

SALESPERSON CREDIBILITY

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

VENDOR CREDIBILITY

The reputation of the retailer who sells the product has a major influence on message credibility. Products sold by well-known, quality stores carry the added endorsement (and implicit guarantee) of the store itself (e.g., “If Amazon.com recommends it, it must be a good book”).

The aura of credibility generated by a reputable vendor reinforces the manufacturer's message as well. That is why so many ads for national brands often list the stores carrying the product.

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

MEDIUM CREDIBILITY

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

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

Another example of a medium's loss of credibility involved Bill O'Reilly, a famous political commentator and author and host of a top-rated political show on Fox News. After revelations that the network had paid millions to settle sexual harassment suits against O'Reilly, marketers withdrew their advertising from his show, *The O'Reilly Factor*, and O'Reilly was fired.

Opinion Leaders and Word-of-Mouth

Learning Objective

- 9.3** To understand the dynamics of opinion leadership and word-of-mouth.

opinion leadership

The process by which one person (the opinion leader) informally influences others, who might be either opinion seekers or recipients. This influence occurs between two or more people neither of whom represents a commercial seller nor would gain directly from providing advice or information.

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

As a rule, opinion leaders are highly knowledgeable about specific products or activities and are seen as the "go-to person" for specific types of information, and they often stimulate **word-of-mouth**. These individuals filter, interpret, or provide product and brand-relevant information to their families, friends, and colleagues. A primary trait of opinion leaders is their enduring involvement with the product category, which leads to their expertise and the trust people have in their opinions.

Opinion leaders provide both **information** and **advice**. They talk about their experiences with products and advise others whether or not to buy products or brands. The information that opinion leaders transmit includes advice on selecting the best brands, using the products correctly, where to buy the products, and other aspects. Opinion leaders are particularly

important when it comes to recommending service providers with whom they have had personal relationships, such as doctors, lawyers, hairdressers, garage mechanics, restaurants, or travel companies, because small service businesses have very limited advertising resources, and the main way they can get new customers is via recommendations by existing clients.

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

Getting the attention of trendsetters is crucial for most companies because a tweet or a Facebook post can generate great interest. New York's Comic Con—an annual gathering of comic-book and science-fiction fans—included representatives from Mattel, Disney, and Nintendo, among others. Marketers realize that attendees at such events are people who are setting trends. They are the early adopters of science-fiction-related items and the people who make them are “hot” and immensely popular.³⁰

Opinion leadership is a *two-way street*. A word-of-mouth encounter may start by one party offering advice or information about a product to another party. However, this opinion leader may become an opinion receiver later on. For example, a student going on her first job interview may seek information from other students who have already gone on several job interviews (i.e., opinion leaders). She might ask them about the questions posed, how they dressed, and which aspects of the interviews they found unexpected and stressful. However, after her own interview, she is likely to share her experiences with those who had advised her. At that point, those who previously advised her become opinion receivers and will probably share her insights about interviewing with others seeking their advice in the future. Indeed, the input from opinion receivers to opinion leaders becomes part of the opinion leaders' expertise. The motivations of opinion leaders and receivers are featured in Table 9.3.

CHARACTERISTICS OF OPINION LEADERS

Just who are opinion leaders? Can they be recognized by any distinctive characteristics? Can they be reached through specific media? Marketers have long sought answers to these questions, for if they are able to identify the relevant opinion leaders for their products, they

TABLE 9.3 The Motivations of Opinion Leaders and Receivers

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

can design marketing messages that will inspire opinion leaders to communicate with and influence the consumption behavior of others. For this reason, consumer researchers have attempted to develop a profile of the opinion leader. This has not been easy to do, because opinion leaders often specialize in certain product categories about which they offer information and advice. When other product categories are at issue, they become opinion receivers. A person who is considered particularly knowledgeable about home electronics may be an opinion leader in terms of this subject, yet when it comes to purchasing a new washing machine, the same person may seek advice from someone else—perhaps even from someone who has sought his advice on home electronics.

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

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

Word-of-mouth is highly important in the fashion industry where styles change frequently and “social approval” is a key factor in one’s decision to adopt a particular fashion or not. Figure 9.4 lists the most noted characteristics of fashion opinion leaders.

MEASURING OPINION LEADERSHIP

Marketers use several methods to measure consumers’ degree of influence on others and identify opinion leaders: (1) the self-designating method, (2) the sociometric method, (3) the key informant method, and (4) Klout scores that measure opinion leadership online.

Questioning

The **self-designation method** of measuring opinion leadership asks respondents to evaluate the extent to which they had provided others with information about products and influenced their purchases. This method includes **self-administered questionnaires** (see Chapter 16).

Marketers use the self-designating technique most because scaled responses are the primary measure of marketing research. Nevertheless, this method relies on respondents’ subjective views and some might overestimate their roles as opinion leaders.

FIGURE 9.4

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

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

sociometric method

A technique of measuring opinion leadership that records person-to-person communications about a product or brand among members of a community where most people know each other by name.

Social Interactions

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

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

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

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

Identifying Experts

key informants

Persons who are keenly knowledgeable about the nature of social communications among members of a specific group.

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

Online Influence

A **Klout score** measures people’s influence online based on their abilities to generate engagement and feedback to what they post. For example, if a person posts a picture of a new restaurant online and others respond, possibly by also visiting the restaurant and posting reviews, the person accumulates Klout points. Klout measures influence on a scale of 1 to 100 (the average Klout score is 40); the greater one’s ability to drive conversations and inspire social actions such as likes, shares, and retweets, the higher one’s score will be. The Klout score focuses on the amount of conversation and interactions that people generate, rather than the volume of their posts; that is, the score is designed to determine one’s degree of influence and not merely activity. Klout sells the information it “mines” to customers such as airlines and banks. Those companies then offer “secret” rewards or more responsive customer service to the people with high scores. For example, one airline began allowing people with Klout scores over 40 to visit its first-class airport lounge. Some hotels examine people’s Klout scores as they check in and provide perks to guests with higher scores.³¹

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

Word-of-Mouth's Strategic Applications

Learning Objective

- 9.4 To understand word-of-mouth's online prevalence, strategic applications, and perils.

social networks

Virtual community where people share information about themselves with others, generally with similar interests, with whom they had established relationships that, for the most part, exist only in cyberspace.

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

ONLINE REFERENCE GROUPS

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

One study identified three dimensions underlying consumers' engagement in word-of-mouth online:³²

1. **Tie Strength:** The degree of intimacy and frequency of contacts between the information seeker and the source.
2. **Similarity:** Similarity among the group's members in terms of demographics and lifestyles.
3. **Source Credibility:** The information seeker's perceptions of the source's expertise.

Another study investigated how consumers react to negative electronic word-of-mouth (e-WOM) and found out that readers of negative reviews of *hedonic* products (i.e., products used mainly for pleasure) attributed the comments to the reviewers' internal and nonproduct-related reasons and did not consider them useful. However, readers of negative reviews for *utilitarian* products attributed the reviews to product-related reasons and found them more useful than positive reviews.³³ One study researched the impact of the type of e-WOM on consumers' likelihood to transmit the information further. The study revealed that highly involved consumers received and transmitted more *rational* product information (e.g., the tablet that has the highest-definition screen and fastest processor) than information appealing to *emotions* (e.g., "When I got it, I just 'bonded' with this tablet and other students looked at me when I used it in class").³⁴ Another study investigated the impact of "social connectedness" on word-of-mouth. The results showed that *moderately* connected people (i.e., the majority of the sample) were as willing as *highly* connected persons to engage in word-of-mouth. The researchers attributed these findings to people's need to give advice and the enjoyment of sharing information with others.³⁵

brand community

An online community formed by consumers who share an attachment to a brand.

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

Scores of websites enable anyone to post information about anything on various social media, at no cost, from any location, at any time, and within a matter of seconds. Many sites also offer continuous access to chat rooms where discussions among many participants take

blog

A discussion or informational site published on the internet and consisting of discrete entries ("posts").

Twitter

An online social networking service and microblogging service that enables its users to send and read textbased messages of up to 280 characters, known as "tweets."

social media

Means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media depend on mobile and Web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content.

place in real time. On these sites, consumers are free to express opinions, describe experiences with products and services, solicit purchase advice, and read others' testimonials about products and brands. Another medium for disseminating word-of-mouth is the **blog** (short for "weblog").

Blogs are discussion and informational websites consisting of visitors making discrete entries called **posts**. At first, blogs were the works of single individuals or small groups, and most covered only a single topic. Today, most blogs have multiple authors and are often managed by media outlets, companies, and other interest groups. A **microblog** has less content than the traditional blog and allows users to exchange small elements of content, such as short sentences, individual images, and video links, mostly via Twitter. **Twitter** is an online social networking service and microblogging service that enables its users to send and read text-based messages of up to 280 characters, known as "tweets."

With millions of blogs online, and their readers' frequent tweets, blogs have become the most powerful platform for exchanging consumption-related information. For example, after a dissatisfied consumer posted information on a group discussion site that U-shaped Kryptonite bicycle locks could be picked with a Bic ballpoint pen, within a few days, a number of blogs posted videos demonstrating how this could be done. Four days after the original posting, Kryptonite issued a statement promising that their new line of bicycle locks would be tougher. However, bloggers kept up the pressure and shortly thereafter *The New York Times* and the Associated Press published articles about the problem. Over the following 10 days, about 1.8 million people read postings about Kryptonite, and the company announced that it would offer free exchange for unsecured locks.³⁶

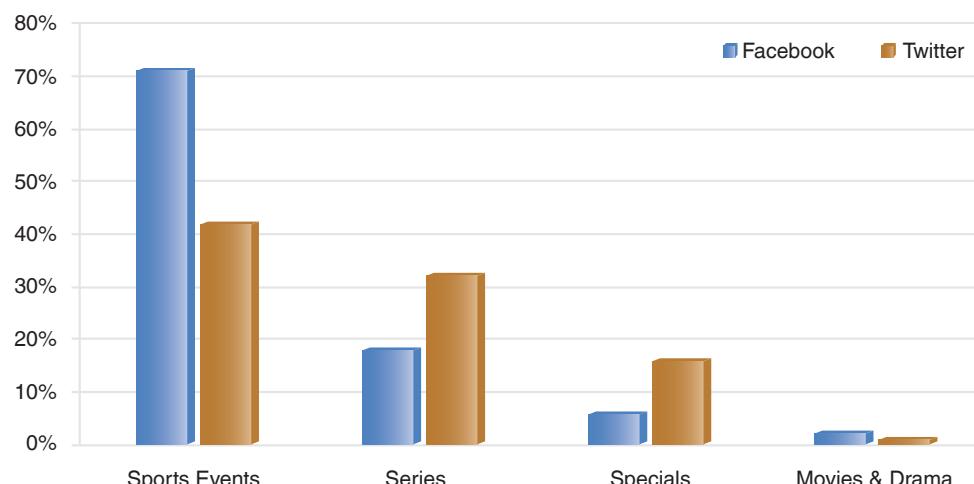
There is an interesting paradox in the dynamics of word-of-mouth online: although marketers have virtually no control over the information exchanged, online platforms are probably their most important sources of consumer information. The fact that the phrase *I Googled* a particular topic, person, or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

Monitoring word-of-mouth online has become very beneficial. The number of comments posted on Twitter and other social media websites about television shows has exploded, to the point where those comments are now affecting the shows' plotlines. For example, writers of USA Network's former drama, *Covert Affairs* framed the final episode of the show's second season to respond to constant questions on Twitter about whether a lead character, Auggie Anderson, would regain his lost eyesight.³⁷ Figure 9.5 illustrates a monitoring of word-of-mouth about several topics discussed on two prominent **social media**.³⁸

FIGURE 9.5

Word-of Mouth Online: Social Activity in a Given Week by Topic

Source: Nielsen Insights: Programs aired in the US on cable and network TV week of 11.14 to 11.20.2016. The Nielsen Company



STIMULATING WORD-OF-MOUTH

Long before the emergence of the Web, marketers portrayed word-of-mouth in advertisements, stimulated word-of-mouth among consumers through advertising slogans such as “tell your friends how much you like our product,” and instituted referral programs through which customers were rewarded for bringing in new clients. For example, a campaign for Vaseline Clinical Therapy asked female consumers who received free samples of the product to “freely prescribe it to anyone they thought might need it.” The venue selected for the campaign was Kodiak Island—a remote location in Alaska known for its harsh weather.³⁹ One study seeded ads for cell phones with prominent bloggers and followed them for several months. The researchers discovered that these bloggers, in an effort to build their individual reputations within social networks, enhanced the advertisers’ promotional messages. The bloggers not only communicated the marketing messages but also converted them—through language, substance, or tone—to conform to the norms and expectations of potential buyers.⁴⁰

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

buzz agent

A consumer, employed by a marketer who promotes products clandestinely in exchange for (mostly) free product samples.

Many firms enlist typical consumers to serve as their **buzz agents**—hired consumers who promote products clandestinely and generally receive free product samples but not monetary payments. For example, buzz agents may bring a brand of barbecue sauce to a Fourth of July party, read books promoted by publishers on mass transit with the titles clearly visible, suggest to store owners who do not carry a given product that they should do so, and talk other consumers into trying certain products during shopping trips. Buzz agents are motivated by being called on to serve as opinion leaders and get an ego boost by appearing knowledgeable to their peers and having access to new products before others do.⁴¹

Many technology start-ups with limited promotional budgets employ buzz agents by initiating **ambassador programs** on college campuses. For example, Foursquare, an app that allows friends to keep in touch constantly, used an ambassador to promote the use of the program among her fellow students, and even got the college newspaper to carry a story about the app. Another student became an ambassador for Stylitics, a new fashion-focused social networking site. She put up posters, distributed flyers, and featured the website on her Facebook page. In addition to their increased recognition on campus, the ambassadors gain internship-like work experience and some even receive “ambassador points” that they can redeem at retail outlets.⁴² Another example is Samsung Nation, an online loyalty program that offers rewards to consumers who talk up Samsung. Participants play games on the website (where they learn more about Samsung’s products), win virtual points, and get others to join. Those who are most active in posting online comments about Samsung earn “Twitterati” badges. The company carefully studies the profiles and behaviors of the most active members, because they are the ones most likely to become innovators when Samsung introduces new products.⁴³

Several companies offer buzz-related services to marketers. For example, bzzagent.com recruits people to spread word-of-mouth and assists its clients in creating marketing buzz campaigns. Similarly, Procter & Gamble created a company known as Tremor that specializes in targeting teens and their families. Tremor screens applicants for buzz agent positions and selects only those who are likely to be effective word-of-mouth communicators. Some marketers hire actors or fashion models to go out and simulate demand for their products. For instance, a campaign for a new brand of flavored vodka hired actors and models to visit

bars and nightclubs and order martinis made with the new brand. The actors pretended that they were ordering a well-established cocktail, but the real objective of this effort was to *create a new drink*. Similarly, in a recent campaign for an online gambling site in London, cab drivers were asked to steer passengers to a discussion about poker, direct them to the gambling site, and even provide “free hand” coupons to passengers who expressed considerable interest.⁴⁴

Many of the buzz services available online are not legitimate. One can buy fake followers (or “new friends”) represented by email addresses that belong to online scammers and to not real people. Some swindlers charge additional fees for posting “likes” next to photos and retweets and comments are also available for sale.⁴⁵

GOING VIRAL

viral advertising

A marketing techniques that uses social networks to increases brand awareness by encouraging individuals to pass along online email messages or other contents.

advergames

Brands embedded in video games played at homes, arcades, or online.

Viral advertising uses social networks and other technologies to produce increases in brand awareness or to achieve other marketing objectives through encouraging individuals to pass along email messages or other content online. It uses self-replicating viral processes, analogous to the spread of computer viruses. Viral marketing may take the form of video clips, e-books, text messages, emails, and **advergames**—video games containing ads for products, services, or companies. For example, a company marketing hair gel posted humorous audiovisual clips on the Web as part of a continued spoof and satire of hair products and encouraged viewers to pass along the clips’ Web location to others.⁴⁶ In another example, Facebook “mined” members’ postings about movies and then sent marketing messages to the members’ friends with invitations to rent the same movies from Netflix.⁴⁷ Researchers from yet another study discovered that consumers who found out about a new cell-phone service through friends’ posted recommendations were 24% more likely to view the cell-phone service provider positively than people who found out about the service elsewhere.⁴⁸

Here are a few other companies that have designed some creative viral promotions:

- A still from a video posted by General Electric on Twitter’s Vine app—showing how color moves through liquid—has been “liked” by more than 227,000 viewers, spreading awareness of the GE brand.
- In a campaign designed to promote a bank’s brand among people interested in economic issues by publishing real-time content, experts from a bank’s legal function used Twitter. For example, during a session on women, with #davoswomen trending on Twitter, the bank’s team tweeted a link to a Merrill Lynch paper about the growing economic influence of women. A very high percentage of those who clicked on content during the economic conference were engaging with the bank for the first time.
- Many marketers follow tweets about their offerings because they are eager to uncover consumers’ opinions. Similarly, when companies lose followers on Twitter, they try to figure out why they did and also follow retweets because these represent consumers’ engagement with marketers’ products and services.

Email is the key tool of viral marketing because so many people routinely forward emails to others, and many have preset email groups for sharing different types of information (e.g., a “joke list”). A study that investigated the motivations for passing along emails found the following:⁴⁹

1. People were receptive only to emails from people they knew. The kind of emails they received included jokes, virus alerts, inspirational stories, requests to vote on certain issues, video clips, and links to other websites.

2. The main reasons for not forwarding emails were outdated, dull, and inappropriate contents. About one-third of the forwarded emails included personalized notes from the forwarders, and most of the senders did not alter the emails' original subject lines.
3. The key reasons for forwarding emails were enjoyment (e.g., fun, entertaining, exciting) and helping others (i.e., let others know that the senders care about them). The forwarders also reported that they only passed along contents that they believed the receivers would find interesting and appropriate.

The findings of research studies indicate that marketers using viral campaigns must create relevant messages that the initial recipients will enjoy and find fun. Because forwarded emails are often sent with the original subject lines, these must be worded carefully. However, viral marketing campaigns viewed as too aggressive generated negative postings in blogs and chat forums, including accusations of invasion of privacy and spam generation.⁵⁰ A study of Chinese college students indicated that they were more likely to pass along emails and text messages if their friend did so as well and if they believed the recipients would find the messages fun and interesting.⁵¹

Sometimes, though, viral marketing becomes problematic. For instance, a viral drinking game known as “Icing” became highly popular among college students. The game consisted of fast and hazardous “competitive” consumption of Smirnoff’s Ice malt beverage among friends. Thousands of videos depicting people “icing” each other, including during occasions such as weddings and graduations, rapidly appeared on scores of websites and focused on the “brothers icing each other” theme. Smirnoff was rumored to have started this viral campaign, but the company denied the accusation. Another issue is false viral contents. Examples of fake stories include a Twitter tale of a Thanksgiving feud on a plane (later described by the writer as a short story); a child’s letter to Santa that detailed an Amazon.com link in crayon, but was actually written by a grown-up comedian in 2011; and an essay on poverty that prompted \$60,000 in donations until it was revealed by its author to be impressionistic rather than strictly factual.⁵²

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

MANAGING NEGATIVE RUMORS

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

The internet is a prolific ground for spreading negative rumors. Digital technologies now enable disgruntled consumers to reach millions of people easily and describe their often-exaggerated negative experiences with products and services. Consider a disgruntled airline passenger, an unhappy retail customer, or even a student unhappy with a professor—all of whom can post their stories and opinions online for all to see and

respond to. When two brothers in New York City found that Apple was charging \$200 to replace a failed battery, they set up ipodsdirtysecret.com. Consumers critical of Starbucks can vent their anger at ihatestarbucks.com; in fact, there are hundreds of “ihate” dot-com websites.

Compared with positive or neutral comments—such as online reviews—consumers are more likely to notice negative comments and share them with others. In the entertainment sector, many films, musicals, and plays have quickly floundered because of negative buzz, as have quite a few newly introduced food products.

Marketers refer to persistent spreaders of negative word-of-mouth online as **determined detractors**. The most well-known detractor is Morgan Spurlock, the person who ate nothing but McDonald’s food for 30 days and produced an extremely critical documentary about the experience, titled *Super Size Me*. Furthermore, disgruntled buyers can reach very large audiences by posting exaggerated and overly dramatic clips featuring negative product and service encounters on YouTube. One study discovered that some consumers who posted unfavorable information wanted to vent negative feelings or warn others. Others sought exposure, self-enhancement, social benefits, and even economic rewards.⁵³

Twitter has also become a tool for people who want to manipulate what the media cover—whether political campaigns, terrorist groups, state-sponsored trolls (that make up fake news), or the homegrown provocateurs who hang out at extremist online communities. Twitter offers users essentially full anonymity, and many of its functions are accessible to outside programmers, allowing people to automate their posts. Additionally, small groups can masquerade as far larger ones. Thus, it is an effective tool for spreading “fake news” such as a story that a pizza joint in Washington, DC, was an outlet of human slave trade set up by Hillary Clinton’s 2016 campaign for president.⁵⁴

Innovations’ Adopters as Reference Groups

Learning Objective

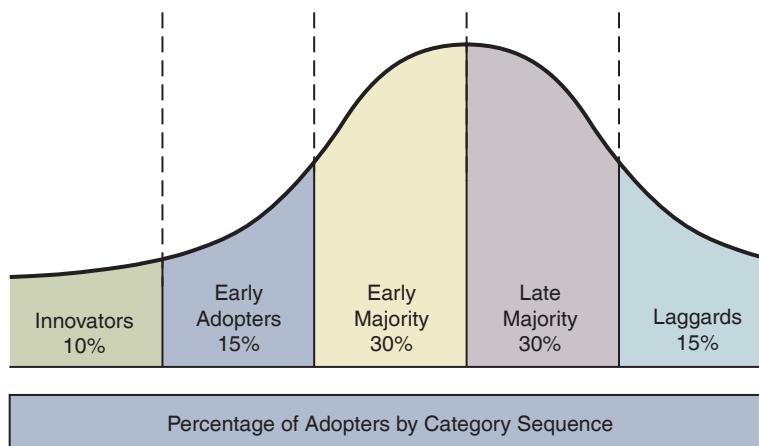
- 9.5** To understand how consumers adopt innovations over time.

Groups greatly affect the diffusion of innovations. Product innovations vary in degree of behavioral change required and the rate at which they are diffused. Figure 9.6 depicts the classification of consumers according to their initial purchases on innovations over time.

The time it takes for an innovation to spread from innovators to laggards is affected by several factors: (1) nature of the group involved, (2) type of innovation decision required, (3) extent of marketing effort, (4) strength of felt need, (5) compatibility of the innovation

FIGURE 9.6

Hypothetical Adopter Categories of e-Book Readers



with existing values, (6) relative advantage, (7) complexity of the innovation, (8) ease in observing usage of the innovation, (9) ease in trying the innovation, and (10) perceived risk in trying the innovation.

Over time, positive word-of-mouth leads to the widespread adoption of products that fulfill needs, work well, are clearly differentiated, and provide value. However, not all consumers adopt new products or new versions of existing products simultaneously.

Adopter categories is a classification depicting where consumers stand in relation to other consumers in terms of the first time they purchase an innovation (e.g., a new product or model). This classification, which was developed by sociologists who conceived a theory called the **Diffusion of Innovations**, consists of five categories of adopters: innovators, early adopters, early majority, late majority, and laggards. In marketing terms, each category represents a distinct market segment, so marketers must study each group in order to target it effectively.

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

However, marketers cannot assume that, for example, every consumer will eventually buy an e-book reader. Therefore, they define “society” as everyone assumed to be in the market for the product shortly, or at some future time, or after the introduction of an innovation. Marketers generally define innovators as approximately the first 10% of the total potential adopters of a particular product. This figure stems from historical data collected from various industries where product innovations are common.

THE FIRST BUYERS

innovators

Consumers who are open to new ideas and are among the first to try new products, services, or practices.

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

FIGURE 9.7

Fashion Innovators

1. They are the first in their circles to know who the latest “hot” designers are and what the emerging fashion trends are.
2. They shop much more for new fashions than their friends do and others value their advice.
3. They know more about fashion than most people, and they try to persuade friends to buy clothes they like.
4. If they find out that new clothing is available in stores, they check out the new clothes as soon as possible.
5. They find shopping stimulating.
6. They like to touch clothing and other products in stores for fun, even if they do not intend to buy them, and they are reluctant to buy clothes they cannot touch first.
7. They often go shopping when they want to treat themselves to something special.

THE FOLLOWERS

early adopters

An adopter category designating consumers who buy new products within relatively short periods following the products' introductions, but not as early as the innovators.

early majority

An adopter category designating consumers who buy innovations after the early adopters have done so.

risk aversion

The reluctance to take risks and low tolerance of ambiguous situations.

THE SOMEWHAT RISK-AVERSE

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

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

THE HIGHLY RISK-AVERSE

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

THE LAST TO PURCHASE

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

THE NONADOPTERS

Marketers often “write off” nonadopters, but not all nonadopters are the same, and understanding nonusers is important. For instance, one study found two distinct segments among nonadopters of internet banking: **prospective adopters**, who could potentially become customers and **persistent nonadopters**, who are very unlikely to become customers. The study suggested that online banks should identify prospective customers among nonusers rather than lump all nonusers into a single category.⁵⁵

FIGURE 9.8

Risk-Averse Consumers

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

Summary

Learning Objective 9.1: To understand the credibility and influence of reference groups.

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

Sociocultural groups that determine people's behavior, norms, morals, and consumption patterns include family, social class, culture, subculture, and (for global consumers) cross-culture. Groups influencing consumption are friends, fellow shoppers, and virtual communities.

Source credibility represents the perceived honesty, objectivity, expertise, and trustworthiness of reference groups make them highly credible sources. A formal source is either a person or medium providing consumption-related information and is hired and paid by an organization. An informal source is a person whom the message receiver knows personally, such as a parent or friend who gives product information or advice, or an individual met and respected online. Generally, consumers view informal sources as more credible than formal ones as sources of advice and information about products and brands.

There are two types of reference groups: a group to which a person belongs to, or realistically can join, is called a membership group. A symbolic group is a group to which an individual is unlikely to belong, but whose values and behaviors that person adopts.

The influence of reference groups reflects the way people adopt the groups' norms and compare themselves to others within the groups. This degree of influence is a function of the person's tendency to conform, product expertise, the group's power, and the product's conspicuousness.

Learning Objective 9.2: To understand the persuasive power of spokespersons, endorsers, celebrities, salespersons, vendors, and media.

The perceived credibility of spokespersons, endorsers, and other sources that companies use in their advertising is the key to the ads' effectiveness. The spokesperson can be an actual customer, a company employee, a celebrity, or a model. Marketers employ celebrities for product testimonials and endorsements, as well as spokespersons and actors in commercials. Many marketers had terminated their associations with celebs who have been the center of public controversies, mostly following their inappropriate conducts and racism.

Companies also convey their credibility through solid past performance, good reputation, high product quality, and good service. Their perceived credibility is also a function of the image and

reputation of the retailers that carry their offerings and the media where they advertise.

Learning Objective 9.3: To understand the dynamics of opinion leadership and word-of-mouth.

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

Learning Objective 9.4: To understand word-of-mouth's online prevalence, strategic applications, and perils.

Electronic word-of-mouth takes place online and occurs in social networks, brand communities, blogs, chat rooms, and tweets. Marketers hire buzz agents and initiate viral marketing to stimulate word-of-mouth in cyberspace. Buzz agents are consumers who promote products clandestinely and generally receive free product samples but not monetary payments. Viral marketing is a marketing technique that uses preexisting social networks and other technologies to produce increases in brand awareness or to achieve other marketing objectives through encouraging individuals to pass along email messages or other contents online.

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

Learning Objective 9.5: To understand how consumers adopt innovations over time.

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

Review and Discussion Questions

- 9.1. What are reference groups? List and discuss at least four groups that influence your purchases. For each group, indicate whether its influence is comparative, normative, or both, and explain your answers.
- 9.2. What is the difference between membership groups and symbolic groups? List one membership group and one symbolic group that influence your purchases. Explain which group influences you more and why.
- 9.3. List and discuss the factors that affect the credibility of formal communications sources of product information. What factors influence the perceived credibility of informal communications sources?
- 9.4. Why is an opinion leader a more credible source of product information than an advertisement for the product? Are there any circumstances in which information from advertisements is likely to be more influential than word-of-mouth?
- 9.5. How can companies strategically use buzz agents and viral marketing? Illustrate with examples.
- 9.6. Compare the advantages and disadvantages of the methods of measuring opinion leadership.
- 9.7. How can marketers use social networks, brand communities, and weblogs to locate new customers and target them?
- 9.8. Roger Federer, one of the world's best tennis players, promotes products like Rolex watches, Mercedes-Benz cars, Lindt chocolate, Wilson rackets, and Nike sportswear. Which reference group is envisaged here? Discuss the fit between these brands and Mr. Federer and the benefits the companies may be hoping for.
- 9.9. A car manufacturer is about to launch a new model with an innovative new engine system. How can an understanding of the adopter categories influence the manufacturer's communication for the new car over time?
- 9.10. While doing your daily or weekly shopping (everything from food to clothes), take note of any products that feature endorsers or spokespersons (in the form of celebrities, actual customers, etc.) on packaging or accompanying advertising material. What is the content of their message? How credible are these statements for you as a consumer? Do they influence your choice in favor of the product? Explain why.

Hands-on Assignments

- 9.11. Suppose that you are looking for a new computer and a new pair of shoes at the same time. Thinking of these two different shopping objectives, the advice of which family members or friends would you seek if you were not sure about the decision for a particular brand or model? Why would you choose these particular people?
- 9.12. Find ads that encourage consumers to engage in word-of-mouth communications.
- 9.13. Prepare a list of negative rumors that you (or your friends) have heard recently about a company or a product.
- 9.14. Choose two brands of your liking and check their Facebook accounts, including posts and replies. Which word-of-mouth interactions do you see? Which consumer interactions can you find on these accounts? Do the brands engage in a dialogue with consumers on these channels? Discuss your impressions of these brands based on your observations.

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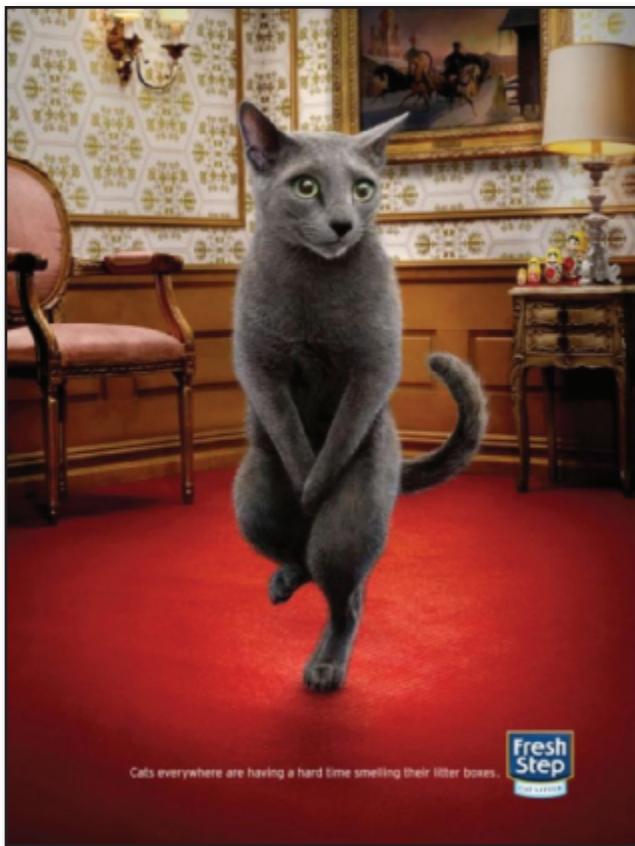
The Family and Its Social Standing

Learning Objectives

- 10.1 To understand consumer socialization.
- 10.2 To understand how families make purchase decisions.
- 10.3 To understand the family life cycle.
- 10.4 To understand the consumer behavior of nontraditional families and households.
- 10.5 To understand the impact of social class on consumer behavior.
- 10.6 To understand the demographics, lifestyles, and consumption patterns of social classes.
- 10.7 To understand how to employ geodemographics to locate target markets.

This chapter examines two **reference groups**: family and social class. A **family** is two or more persons related by blood, marriage, or adoption residing together. Social class is a ranking reflecting one's relative prestige within a social system and reflects the three components of social status—income, education, and occupation—as well as related facets such as home value and area of residence, possessions, interests, and recreation. It is a division of members of a society into a hierarchy of distinct status classes, where members of each class have relatively the same status and members of the other classes have

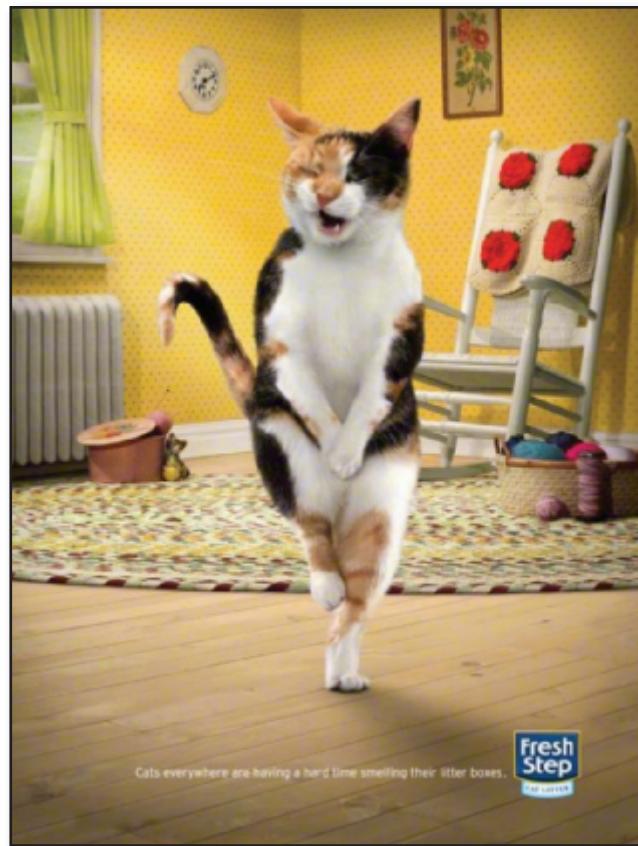
either more or less status. Since the means and purchases of social classes vary a great deal, marketers target them differently, as illustrated in the Figures 10.1A and B. The two ads are for the same product but they target two unalike groups. The cat in Figure 10.1A appears to be purebred, whereas the one in the other figure is a mixed breed, possibly rescued from an animal shelter. The first figure shows antique furniture and the wallpaper and paintings are classic, sending a message of "old money" and refined taste, and the second figure shows the modest home of a family with only reasonable financial resources.



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FIGURE 10.1A

Targeting the Upper Class



Source: ©2018 The Clorox Pet Products Company. Reprinted with permission/Photo courtesy of The Wade Brothers. www.thewadebrothers.com

FIGURE 10.1B

Targeting the Working Class

Family and Consumer Socialization

Learning Objective

- 10.1** To understand consumer socialization.

family

Two or more persons related by blood, marriage, or adoption residing together.

socialization

The process by which people learn how to behave in ways that are acceptable to other members of their society.

consumer socialization

The process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers.

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

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

The aspect of childhood socialization that is particularly relevant to the study of consumer behavior is **consumer socialization**, which is defined as the process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers.

Numerous studies have researched how children develop consumption skills. Many preadolescent children acquire their consumer behavior norms by observing their parents and older siblings, who function as role models and provide cues for learning consumption skills. Studies indicate that young children perceive their families as more reliable sources of information about consumption than advertising; however, peers have the most influence on teenagers' and adolescents' consumption.² Research has also shown that younger children react positively to advertisements employing spokespersons featured in parental roles, whereas teens often like products specifically because their parents disapprove of their purchases.³ Figure 10.2 illustrates the sources that influence children's socialization over time and indicates that socialization is a two-way process. The two-directional arrows indicate that a young person is both socialized and influences those who are doing the socializing.

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

The ad for Mott's juice in Figure 10.3 depicts a mother as a socialization agent who is teaching her children that juices with less sugar are healthier. Researchers identified distinct socialization styles among mothers, based on mothers' attitudes toward marketing, which are described in Table 10.1.⁵

Children spending too much time indoors—mostly online and mobile devices—has become a public concern. The arrival of the smartphone has radically and negatively changed teenagers' lives. A study of teenagers' behavior over the years indicated that since the 2007 release of the iPhone: teenagers hang out with friends much less, many more are in no rush to drive, teenagers date less and have less sex, are more likely to feel lonely, and get less sleep. Rates of teen depression and suicide have been rising and many experts predict that today's teenagers might be experiencing a mental-health crisis.⁶ The Mott's ad is part of the public campaign to get children to spend more time outdoors.

FIGURE 10.2

Socialization Sources

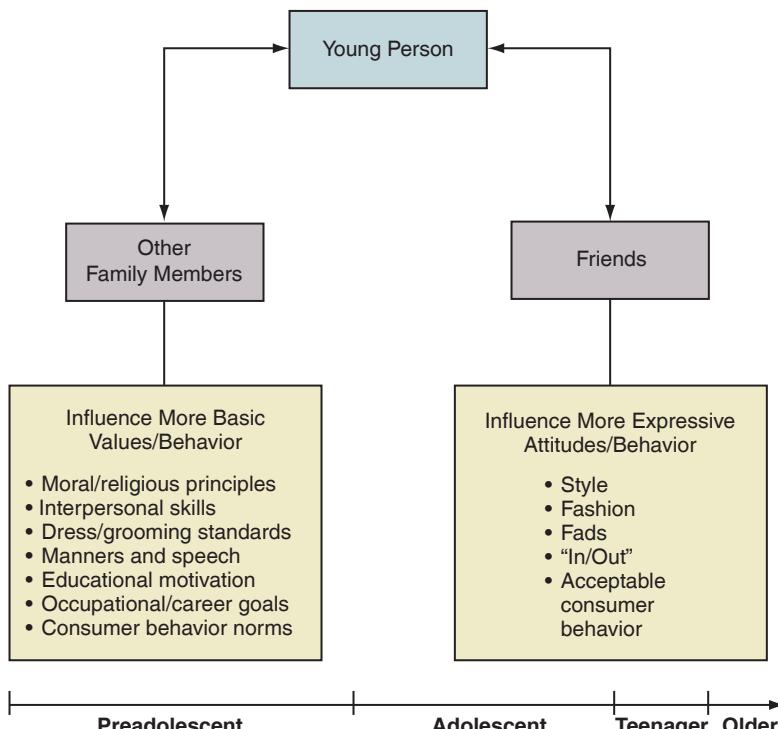
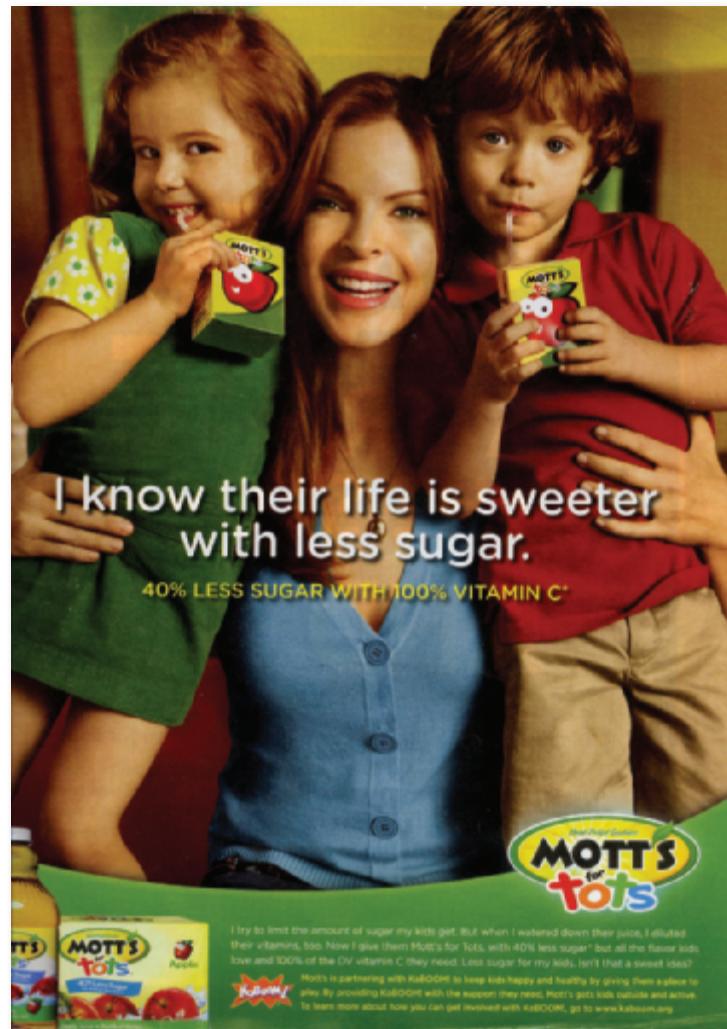


FIGURE 10.3

Socialization Agent



Source: Dr Pepper Snapple Company

TABLE 10.1 Mothers' Socialization-Related Attitudes

Marketing Receptive	Marketing Resistant
The Balancer: Married. Career woman. Multitasks and teaches children to become good consumers.	The Protector: Highest income and education. Rational and teaches her children to shop and spend responsibly. Resents the influence of media on her children.
The Nurturer: Focused on her family and often sacrifices her own desires to meet the wants of her children. Trusts well-known companies and brands.	The Struggler: Does not have the money to indulge her children's requests. Very price and value conscious shopper. Views her life negatively.
The Diva: Self-focused and seeks acceptance from others. Is a conspicuous consumer. Views her children as part of her image and often gives in to children's requests to make her life easier.	The Stoic: Culturally and socially isolated. Views herself as a caretaker and homemaker. Loves her children but feels emotionally distanced from them. Deliberates regarding purchases.

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

PARENTAL STYLES AND CONSUMER SOCIALIZATION

Several decades ago, sociologists began to study the impact of parental styles on children's development, and later on marketers applied those findings to consumer socialization. Figure 10.4 features a classification of parental styles along two dimensions: **permissive** versus **restrictive** and **very nurturing** versus **not nurturing**. The figure identifies four parental styles and lists their respective attitudes toward advertising, consumption, and yielding to children's buying requests. The four parental styles include: **indulgent parents**, who are very nurturing and highly permissive during consumer socialization; **neglecting parents**, who are very permissive and provide their children with little or no nurturing during consumer socialization; **authoritative parents**, who are very nurturing and also very restrictive with respect to consumer socialization; and **authoritarian parents**, who are very restrictive and not nurturing during consumer socialization.

THE STAGES OF CONSUMER SOCIALIZATION

A review of 25 years of research on consumer socialization identified three stages:⁷

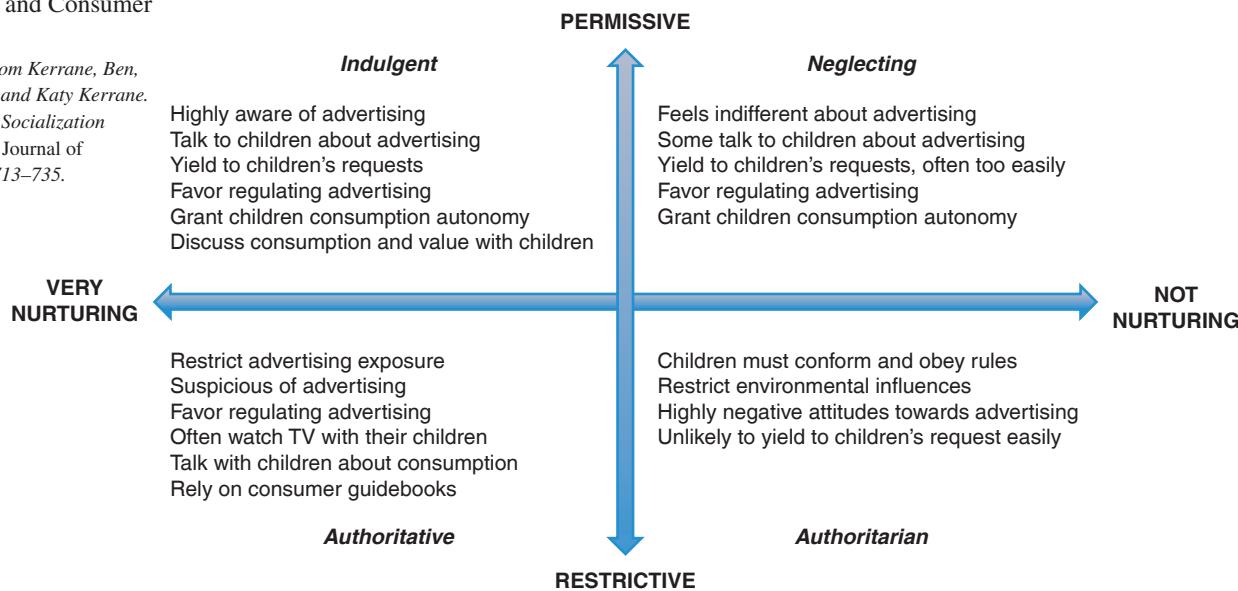
- 1. Perceptual** (3–7 years old), during which children begin to distinguish ads from programs, associate brand names with product categories, and understand the basic script of consumption.
- 2. Analytical** (7–11 years), during which children capture the persuasive intent of ads, begin to process functional cues regarding products, and develop purchase influence and negotiation strategies.
- 3. Reflective** (11–16 years), when children understand advertising tactics and appeals, become skeptical about ads, understand complex shopping scripts, and become capable of influencing purchases.

Children learn the importance of possessions at an early age, as demonstrated by a child seeing a commercial for a doll or action figure on television, pointing to the screen, and shouting, "I want that!" A study conducted with school-aged children in Minnesota found that materialism increases from middle childhood (ages 8–9) to early adolescence (ages 12–13), and then declines from early to late adolescence (ages 16–18). The research also found an inverse relationship between self-esteem and materialism in children and adolescents (i.e., children with high self-esteem are more likely to express lower levels of materialism, and vice versa).⁸ Furthermore, the study noted that rather than blaming the media for the materialism exhibited by children and adolescents, finding ways to increase their self-esteem is a more positive approach. Another study found that adolescents use ridicule as a mechanism to exchange information about what should and should not be consumed and valued; ridicule is also a form of ostracizing peers who

FIGURE 10.4

Parental Styles and Consumer Socialization

Source: Adapted from Kerrane, Ben, Shona, M. Bettany and Katy Kerrane. 2015. "Siblings as Socialization Agents." European Journal of Marketing 49(5): 713–735.



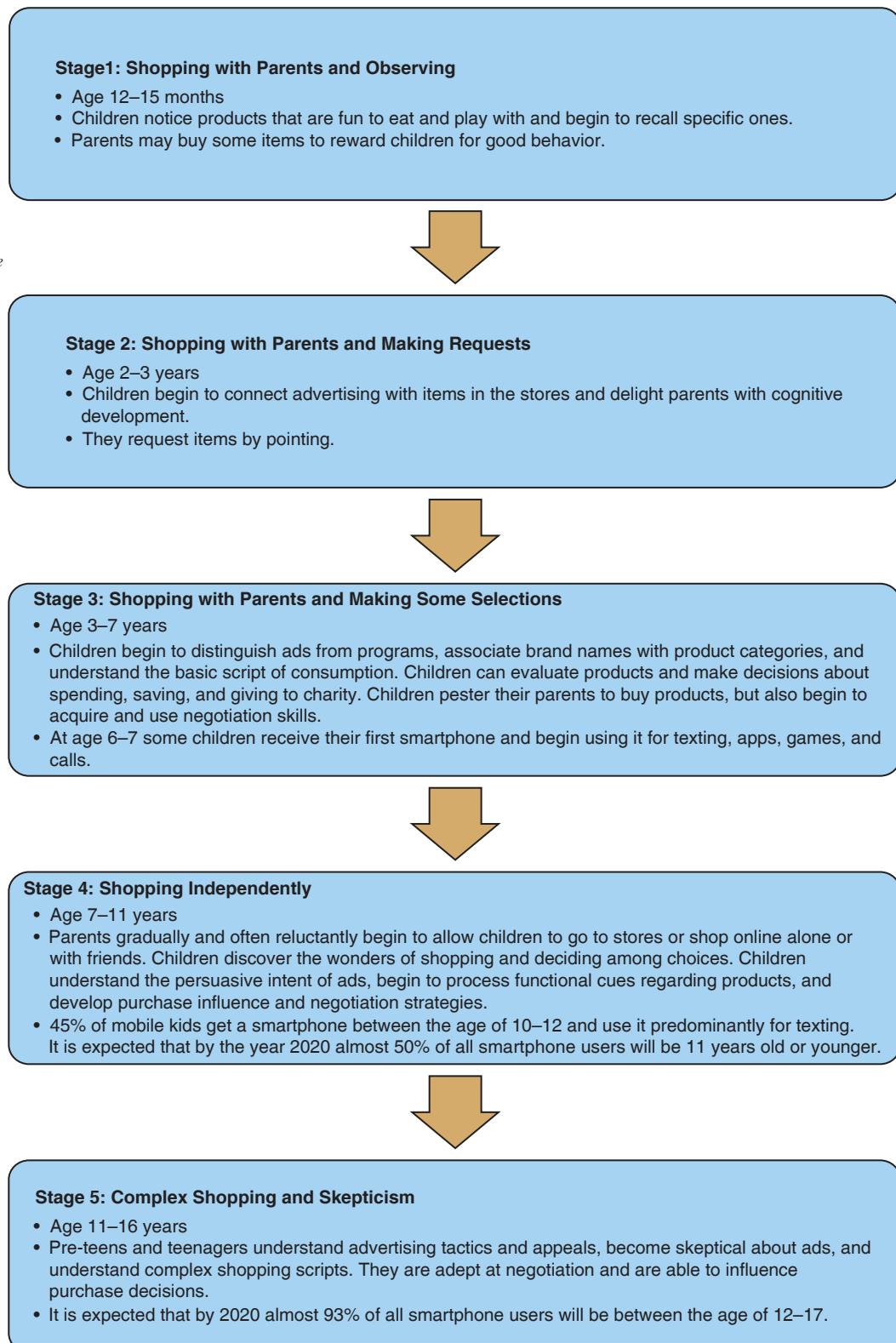
shop unlike most do.⁹ A Canadian study of college students (with the majority being full-time students, and 85% living at home with parents) indicated that older college students were influenced by their parents, and less influenced by their peers and media.¹⁰ The study also found that older college students were more competent consumers than their younger counterparts.

The model in Figure 10.5 details stages that children go through in learning to function as consumers, and identifies their sources of information at each stage. In addition, we indicate when each group is likely to receive a smartphone and the most common smartphone activities.¹¹

FIGURE 10.5

Children's Development as Consumers

Source: Adapted from Lucy Atkinson, Michelle R. Nelson and Mark A. Rademacher. 2015. "A Humanistic Approach To Understanding Child Consumer Socialization In Us Homes." Journal of Children and Media 9(1):95 and Deborah R. John 1999. "Consumer Socialization of Children: A Retrospective Look at Twenty-Five Years of Research." Journal of Consumer Research 26(3):183–213.



ADULT AND INTERGENERATIONAL CONSUMER SOCIALIZATION

The socialization process is ongoing, beginning in early childhood and extending throughout a person's life. After childhood, as adolescents and teenagers, young consumers continue learning about consumption and many become skeptical about some aspects of marketing. One study found that more affluent adolescents were less skeptical of advertising than their less affluent peers. Lower socioeconomic status adolescents, having less money than their wealthier peers, were more critical of advertising claims. Additionally, the study found that internet usage was negatively related to skepticism, possibly because internet surfers can skip ads and visit only the websites that interest them.¹²

When newly married people establish their own households, adjusting to consuming as a couple is the continuation of socialization. Similarly, the adjustment of a soon-to-be-retired couple, perhaps moving to a warmer climate, is also part of ongoing socialization. Even a family that is welcoming a pet into its home faces the challenge of socializing the pet so that it fits into the family environment. Research found that pet owners treat their pets as full-fledged family members. For instance, 58% of those surveyed indicated that they have sent or received a holiday card from their dogs or cats, and 78% regularly talked in different voices ("I wuv you") to their pets and referred to them as family members.¹³

Many product preferences and brand loyalties are transferred from one generation to another, sometimes across three or four generations.¹⁴ For instance, brand preferences for products such as peanut butter, mayonnaise, ketchup, coffee, and canned soup are frequently passed on from one generation to another. In some families—like in some Chinese households—grandparents not only play an important role in teaching younger members consumption-related skills but they also participate in all major consumption decisions. Very often, Chinese and other Asian grandparents live with their children and grandchildren. Furthermore, one study of three-generational Vietnamese families found that for new products that are introduced in Vietnam, the youngest generation teaches and influences their parents and grandparents about products and brands.¹⁵ It has become common practice that children and grandchildren teach their parents and grandparents how to use social media (e.g., Facebook, Instagram) in order to keep up to date on what's happening in their lives. The ad in Figure 10.6 illustrates an "intergenerational transfer" of values regarding safe driving.

Intergenerational transfer of heirloom products is encouraged by marketers. When consumers keep heirlooms in the family they are also keeping these products off of the secondary market. In this way, new products will continue to be purchased. For example, the Patek Philippe brand, in its advertising, encourages consumers to look after the watch for the next generation.

THE FAMILY'S SUPPORTIVE ROLES

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

Economic Well-Being

The most important economic function of the family is to provide financial resources to its members and allocate its income in a way that supports all members adequately. The data in Figure 10.7 show how an "average" U.S. family spent its money over one year. The largest expenditures were on housing, transportation, food at home, pension and social security, health care, food away from home, and entertainment.¹⁶

Emotional Support

A core function of the family is providing its members with love, affection, and intimacy. When most women had no jobs outside the home, children received most of their emotional support from their mothers. However, as more and more women joined the labor force—with

FIGURE 10.6

Intergenerational Transfer
of Values

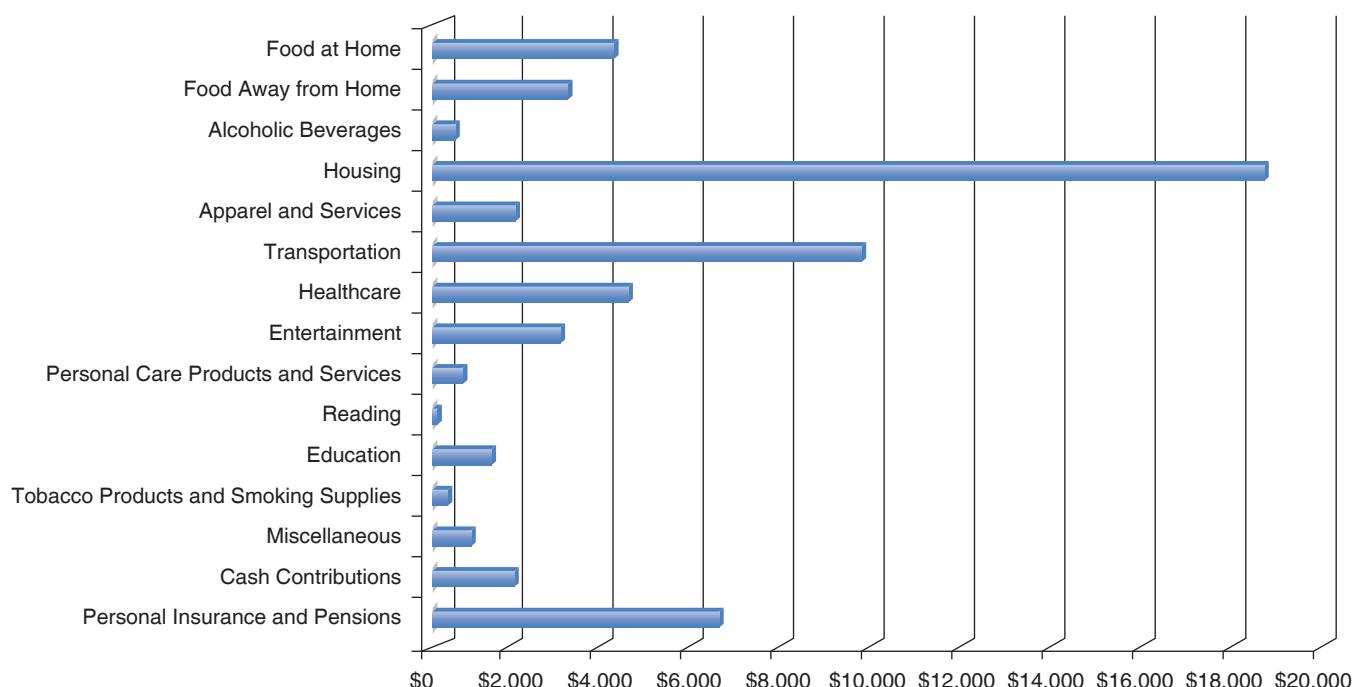


Source: Mothers Against Drunk Driving (MADD), USA

FIGURE 10.7

How the “Average” Family
Spends Its Money

Source: “Consumer Expenditures in 2015,” Bureau of Labor Statistics, April 2017.



some pursuing more demanding and lucrative careers than those of their husbands—men have played an increasingly important role in rearing children. If the family cannot provide adequate assistance when it is needed, it may turn to a counselor, psychologist, or other professionals. In most communities, there are educational and psychological centers designed to assist parents who want to help their children improve their learning and communication skills or better adjust to their environments.

Suitable Lifestyles

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

FAMILIES, MEDIA, AND TECHNOLOGY

Today’s kids have mastered smartphones and are often more skilled than their parents in using them. Children are texting, playing a game, or engaging in many other activities that smartphones offer, and marketers are eager to reach them on these devices. Most kids get their cell phones between 8 and 10 years old. Parents’ primary reasons for getting their children mobile phones are being able to get hold of their child easily and providing their child a way to reach out to them easily (90%). Eighty percent of parents gave the reason that they could track their child’s location, and 66% said that their child has been asking for wireless service for a while.¹⁷

A Facebook study investigated the linguistics of parent–child computer-mediated communications. When communicating with young children, parents often show more affection (*love mom, love ya both, i ♥ you*), use terms of endearment (*babygirl, dolly, honey, mijia, kiddo, stinker, munchkin, my princess*), and say *grammy* and *papa*. But when youngsters are talking to other friends, they say *my mom, my cousin, my parents*, and *my grandparents* (rather than *grandma and grandpa*). When parents are not talking to their children, their vocabulary might consist of swearing, slang, alcohol, and sex terms. When parents talk with teens who live at home, food is the most frequently discussed topic.¹⁸

Marketers must study kids’ media viewing in terms of both content and device choice in order to reach them with advertising. Children’s media habits change as they grow up (around age 8 or so), when curiosity, social interaction, and specific interests begin to grow in young viewers. On traditional TV, 75% of kids from age two to four co-viewed with someone else in the home, but the percentage steadily declines as children age. In fact, only 37% of teens 14 to 17 years old co-view with someone in the home. Young children commonly use tablets owned by older siblings and others. Eighty percent of teens 14 to 17 years old access social networks, browse the web, use apps, and watch videos on their own devices.¹⁹

Advanced and diversified media have brought about control problems for the household, primarily regarding regulation and boundary maintenance. Parents worry about the amount of time that kids spend online rather than “with real people”; “addiction” to networked gaming; experiencing loss of control; and the fear that their kids become too dependent on their portable games, iPods, and mobile phones. Additionally, parents have expressed concern over the extent to which their kids were spending “too much time” talking with their friends over instant messaging, on social network sites, or on the mobile phone. Many parents also worry about the allure of social network sites in their daughters’ lives or the addictive power of video games for boys, and the tactics used to control these behaviors. Economically well-off parents have tried to regulate their kids’ participation

by creating rooms specifically for playing games, homework, and socializing with their friends. Less well-off families in urban areas sometimes take away the power cord, delete programs, and keep low-speed access.

Beyond economic constraints, parents' control methods reflect anxieties about their own lack of experience with media. Moreover, the extent to which parents are willing to give their kids autonomy over their day-to-day media usage reflected whether parents thought their kids could, or even needed to, exercise judgment over their usage of technology. Some parents report that they create different rules for different children—more liberal access to trusted children and firm restrictions, sometimes accompanied by professional counseling for kids with addictive behavior in using technologies.²⁰

Family Decision-Making and Members' Roles

Learning Objective

- 10.2** To understand how families make purchase decisions.

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

HUSBAND–WIFE DECISION-MAKING

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

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

The relative influence of a husband and wife on a particular consumer decision depends mainly on the product or service category. For instance, during the 1950s, the purchase of a new automobile was strongly husband-dominated, whereas decisions about food and household finances were often wife-dominated, but these patterns are no longer the case. Some studies indicate that women influenced 85% of all decisions regarding car purchases and independently bought about 45% of all vehicles sold in the United States. More than half of female car buyers sought advice from expert sources before buying a new car, spent more time in the purchasing process than men (17 weeks versus 15), and, on average, visited three dealerships, seeking both the best price and polite treatment.²¹

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

with dim lights, concave consoles with attractive buttons and digital information displays, and entertainment system screens that can be raised and lowered by the push of a button.²²

Traditionally, women have controlled their families' day-to-day household spending, but men were in charge of major decisions on banking and financial planning. However, one study indicated that British women are now more likely than their husbands to choose banks and make provisions for future savings and spending. The study showed that 91% of households where women were in charge of financial planning had significant savings, but only 82% of households had such savings when men had that responsibility. This was especially true among younger couples; in households with males over the age of 45, men tended to be in charge of money matters. The study predicted that a majority of women of all ages would be in charge of most households' financial decision by 2020. Furthermore, among couples under the age of 45, women were more likely than men to choose the family's bank (52% of households), take control of making detailed future plans for savings (52%), and pay day-to-day bills and keep track of spending (54%). Apparently, women are better savers; the results showed that 37% of single men had no savings, compared to 30% of single women. Greater control of families' finances by women will increase households' savings, as women tend to have a longer-term orientation to saving and be more cautious savers in selecting where to hold and invest savings. This might also mean that mortgage repayments and consumer spending could become less vulnerable to turmoil in employment or financial markets in the future.²³

CULTURAL DIFFERENCES IN HUSBAND–WIFE DECISION-MAKING

Husband–wife decision-making is related to cultural influence. Research comparing husband–wife decision-making in the People's Republic of China and in the United States revealed that among Chinese couples there were substantially fewer joint decisions and more husband-dominated decisions for many household purchases than among American spouses.²⁴ However, when comparing urban and rural Chinese households, the research showed that in large cities, such as Beijing, married couples were more likely than rural couples to share equally in purchase decisions. Another study compared family decision-making among U.S. and Singaporean families; that study discovered that joint decision-making was characteristic of U.S. families, whereas Singaporean families' decisions were often husband dominant.²⁵ In another study, results showed that financial decisions of Chinese families in Malaysia are still husband-dominated. However, as more women have become empowered by education, families are slowly becoming less traditional in terms of financial decisions of family members.²⁶

CHILDREN'S INFLUENCE ON FAMILY DECISION-MAKING

Over the past several decades, children have played a more active role in what the family buys, as well as in the family decision-making process. Children's growing influence is the result of families having fewer children (which increases the influence of each child), the existence of more dual-income couples who can afford to permit their children to make a greater number of choices, and encouragement by the media to allow children to "express themselves." In addition, single-parent households often push their children toward household participation and self-reliance. For example, kids in supermarkets make an average of 15 requests, of which about half are typically granted.²⁷

One study, which included interviews with both parents and their children, focused on the influence of children during family decisions regarding vacations. The researchers pointed out that although children believed that they had a large degree of influence on vacation-related decisions, their parents viewed the children's influence as merely moderate.²⁸ Another notable study investigated the methods children use when they want their parents to buy them something or to "get their way" during family decisions. The study identified the following tactics that children typically use:

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

3. **Rational:** The child uses a logical arguments and factual evidence.
4. **Consultation:** The child seeks parents' involvement in the decision.
5. **Ingratiation:** The child tries to get the parent in a good mood first and then make the request.²⁹

One study identified a group called “teen Internet mavens”—teenagers who spend considerable time on the internet and are very proficient in searching for information and responding to requests from others. The study showed that the mavens believed that they were more influential in researching and evaluating family purchases than their parents, which the parents confirmed.³⁰ A study conducted with families in Taiwan found that mothers play a dominant role in choosing to dine out. In addition, this study found that children and fathers have the same level of influence in choosing the type of restaurant, the specific restaurant, and what to order after the family is seated at the restaurant.³¹

CHILDREN ARE THREE MARKETS

An expert on marketing to children pointed out that children should be divided into three separate markets, as described in Table 10.2. Many marketers can apply this framework to targeting different segments of the children’s market. For example, when viewing children as influencers, marketers of food products and vacations should depict kids’ involvement in these decisions, but must do so in a subtle way and not feature children pressuring their parents to buy products. In addition, recognizing that children form brand preferences early, marketers should show how thankful kids are when their parents buy certain brands.

ADULT CHILDREN CARING FOR AGING PARENTS

Due to medical advances, humans are living longer. As we age, we often rely on our adult children to provide care and assistance with decision making. Adult children make decisions on behalf of their parents as well as in joint decision making with them. These decisions include medical decisions, care decisions, and consumer decisions, thus flipping the roles of the parents and their children. As consumers, the decisions that are made can be in the context of housing, shopping, and health care.³² Aging parents and their adult children negotiate these decisions in much the same way as husband–wife decisions, as recently described.

MEASURING FAMILY DECISION-MAKING

Measuring family decision-making is complex because family members may not agree with each other’s perspective about their relative influence during purchase decisions. This also precludes interviewing family members together. Nevertheless, marketers have designed survey instruments to measure family decision-making. For example, marketers will ask family members how much influence they exert in different consumer situations as well as how much other family members influence consumer decisions.

TABLE 10.2 Children as Three Markets

Children as Influencers	Children as Primary Market	Children as Future Consumers
<ul style="list-style-type: none"> • Children request products and brands • Examples: items for themselves such as toys, items for the home such as food and cars, items for other family members such as smartphones and laptops, services for the whole family such as vacations 	<ul style="list-style-type: none"> • Children buy things with their own money • Examples: snacks, clothes, toys, games, movies, concerts, music, smartphones, online purchases 	<ul style="list-style-type: none"> • Children contemplate future purchases: “When I grow up I will buy myself . . .” • Examples: cars, houses, smartphones, etc.

FAMILY MEMBERS' ROLES

Here's another perspective on family decision-making. This time it consists of identifying the **roles** that members play in buying decisions and consumer behavior.

- **Gatekeepers:** Often the parents who control the information that reaches the family's children by using the parental control features available on TVs, computers, and other communication devices. As described earlier, *indulgent* and *authoritative* parents are attentive gatekeepers. When targeting these parents, electronics makers should emphasize their products' sophisticated information-control features.
- **Influencers:** Family member(s) who provide information to other members about a product or service. For example, companies selling SUVs should recognize that children influence the family's purchase of a new model.
- **Deciders:** Although children might have influenced the car's purchase, the parents are those with the power to decide which car to buy.
- **Buyers:** Those who manage the actual purchase. For example, one spouse might manage decorating the home and another buying the family's transportation.
- **Preparers:** Transform products—mainly foods—for the consumption of the family.
- **Users:** Uses or consumes the product or service. Particularly, for gifts given from one family member to another, the buyer and user is different.
- **Maintainers:** in charge of repairs so that products continue to work well.
- **Disposers:** Carries out the disposal of a product or discontinuation of a service.

Children from dual-income households are often the *deciders*, *buyers*, and *preparers* of foods, so marketers of cuisine goods must study the roles of children in this area of the family's consumption. For example, children should be able to open packaging safely and easily, and understand measurement units and preparation instructions. Because children—in the role of *maintainers*—often perform housekeeping chores by themselves; makers of, say, vacuum cleaners should observe how children use their products and make sure that kids can do so safely.

The Family Life Cycle

Learning Objective

10.3 To understand the family life cycle.

family life cycle

A composite variable that includes marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household classifies the family into a "typical" stage.

The **family life cycle** represents the life stages of a typical family. It is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a "typical" stage. The ages of the parents and the relative amount of disposable income are inferred from the family's stage in the cycle.

Although it is no longer typical of U.S. families because of the emergence of nonfamily households and families that cannot be placed into a "typical" phase, the family life cycle remains a widely used form of segmentation. It is also used to analyze the consumption of households that do not fit neatly into it.

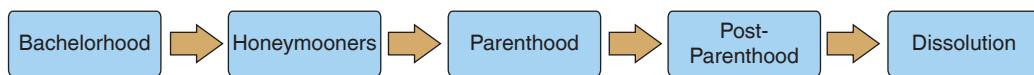
As shown in Figure 10.8, the family life cycle starts with being single and then moves on to marriage (and the creation of the family unit). Marriage usually leads to the growth of the family when children arrive, and later on to family contraction, as grown children leave the household. The cycle ends with the dissolution of the family unit due to the death of one spouse. The stages of the family life cycle are featured in the following sections.

BACHELORHOOD

The **bachelorhood** stage refers to young single men and women, mostly college-educated, who have incomes that allow them to leave home and establish their own households. Increasingly, though, even employed college graduates continue to live at home and save toward setting up their own homes. Single persons spend considerable amounts on clothing,

FIGURE 10.8

Stages in the Family Life Cycle



cars, travel, and entertainment. Marketers should differentiate between singles who live at home (with their parents) and those who have left it.

It is common for young consumers in this first stage of the family life cycle to use dating apps on their mobile devices. Many of these apps connect the user's profile with his or her Facebook pages so that users can see mutual friends and pictures of the prospective match. College-age consumers thrive on instant gratification, which is an important reason why these apps are so successful. The user opens the app, swipes through potential suitors, and within seconds can find a match who lives nearby, chat with someone, and meet the "match," all within five minutes or less, all of which is very exciting for the user. The motivation for using these apps range from finding a sexual partner to finding a soul mate and potential life partner. Some of the most common dating apps include Tinder, JSwipe (e.g., for Jewish singles), Bumble, OkCupid, Grindr (e.g., for men looking for men), Her (e.g., for women looking for women), and Happn. Most of these apps are free to use, although some offer fee-based premium options. The apps earn revenue from advertising to the bachelorhood/bachelorette target audience. For example, Gillette, a Proctor & Gamble brand of razors, advertised on Tinder by asking men to participate in an experiment that asked them to see if they received more matches when they were clean-shaven or bearded. The ads were created by MRY, a Publicis agency. As it turns out, women like men better when they are clean-shaven. That's a good reason for men to buy razors!³³

HONEYMOONERS

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

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

PARENTHOOD

The **parenthood** stage designates married couples with at least one child living at home. This is the longest stage of the family life cycle. Also known as the "full-nest" stage, parenthood usually extends over more than a 20-year period. Because of its long duration, this stage can be divided into shorter phases: **preschool phase**, **elementary school phase**, **high school phase**, and **college phase**. Throughout these parenthood phases, the interrelationships of family members and the structure of the family gradually change. Furthermore, the financial resources of the family change significantly, as one (or both) parents progress in their careers and as child rearing and educational responsibilities gradually increase and then decrease as children become self-supporting.

Many magazines target parents and children of different ages, either together or separately. For example, there are many special-interest publications, such as *Humpty Dumpty*, designed for the young child who is just learning to read; *Scholastic Magazine*, for the elementary school pupil; *Boy's Life*, for young boys; and *American Girl*, *Seventeen*, and *Glamour* for teen and young adult girls interested in fashion.³⁴

POST-PARENTHOOD

The **post-parenthood** stage refers to older married couples (or singles) with no children living at home. Because parenthood extends over many years, the start of this stage (also known as "empty nest") is traumatic for some parents and liberating for others. For many

parents, this stage represents the opportunity to do all the things they could not do or afford while their children lived home or went to college.

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

Boomerang millennials are young adults who moved in with their parents, mostly after the economic crisis in 2008. Nevertheless, despite a rebounding economy and recent job growth, in 2015, almost 40% of young Americans were living with their parents, siblings, or other relatives—the largest percentage since 1940. In contrast, 42.2 million millennials lived independently in 2015.³⁵

DISSOLUTION

The **dissolution** stage refers to the family with one surviving spouse. If the surviving spouse is in good health, is working or has adequate savings, and has supportive family and friends, the adjustment is easier. The surviving spouse (women live longer than men) often tends to follow a more economical lifestyle. Many surviving spouses seek each other out for companionship; others enter into second (or third and even fourth) marriages. The ad in Figure 10.9 targets widowed women. (Chapter 12 describes the characteristics of older consumers.)

FIGURE 10.9

The Dissolution Stage



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Nontraditional Families and Households

Learning Objective

- 10.4** To understand the consumer behavior of nontraditional families and households.

nontraditional families

Families that do not readily fit into the traditional family life cycle.

nonfamily households

Living situations that are not legally defined as families.

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

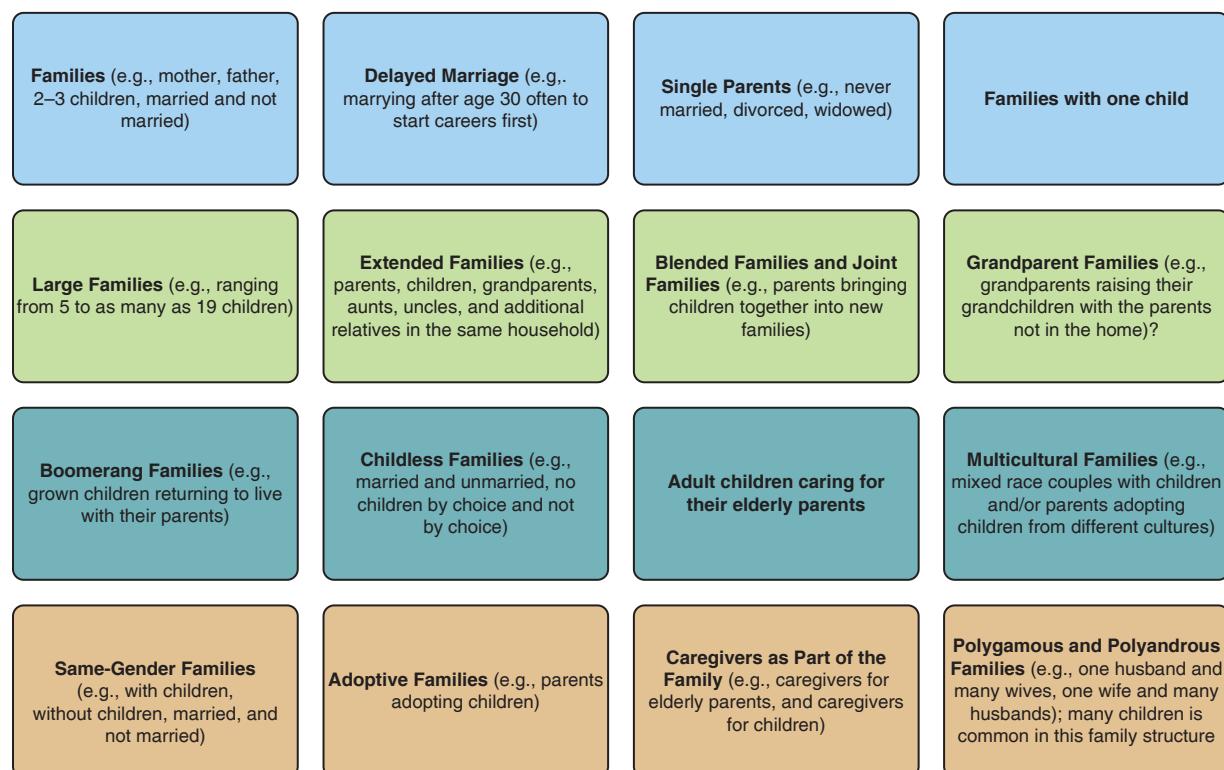
- Nontraditional families**, or less traditional families, are defined as families that do not readily fit into the family life cycle.
- Nonfamily households** are defined as living situations that are not legally defined as families (e.g., couples who live together but are not married).

A wide variety of family structures may or may not pass through the stages of the family life cycle. Some of these structures are families and some are nonfamily households. Figure 10.10 depicts some of the more common family structures. At one time, these forms of families and households were relatively rare and marketers ignored them. However, what is considered a “typical” family or household has changed considerably over time. For instance, traditional families represented 88% of all U.S. households in 1960, but only 69% in 2016. During this same time frame, the percentage of children living with only their mother with no father in the home rose from 8% to 23%, and the number of people living alone grew from 15% in 1960 to 28% in 2016. Also, whereas in 1947, the median age of men to first get married was approximately 24, in 2016 the median age for men to get married is almost 30. Women are also getting married later in life. In 1947, the median age for women to marry was almost 21. In 2016, the median age for women to marry was about 27.³⁶ Boomerang families have young adults who return to live with their parents. They do this for economic and/or emotional support. In the United States, in 2005, 26% of 18- to 34-year-olds were living with their parents. By 2016, this percentage had grown to more than 34 percent.³⁷

Several studies have focused on nontraditional families and nonfamily households. One study discovered that married couples make more purchase decisions separately, whereas cohabitating couples make their decisions together.³⁸ When households undergo status changes (such as divorce, temporary retirement, job loss, a new person joining the household, or the death of a family member), their consumption patterns and preferences change. Sometimes, these households represent lucrative target markets. For example, divorce often requires that one (or both) of the former spouses find a new residence, buy new furniture, and perhaps

FIGURE 10.10

A Taxonomy of Family Structures for Market Segmentation and Targeting



find a job. Thus, divorced people are likely to contact real estate agents, visit furniture stores, and sometimes contact headhunters or seek professional career guidance. In addition, the residences and consumption patterns of newly divorced parents must accommodate the needs of visiting children, whose influence regarding buying may change following a divorce. One study pointed out that children in newly formed single-parent households have greater influence in the choice of the large items and holiday vacations than children from intact families.³⁹

Most polygamous families in the United States keep their marital status a secret because polygamy in America is illegal. However, one polygamous family (the Browns) became famous when they participated in a reality TV show airing on TLC. The success of this show resulted from TV viewers' curiosity about lifestyles that are different from their own. The Brown family lives in Nevada. In 2017, Mr. Brown had four wives and 18 children. The show chronicles how they try to live a normal life and manage their finances, living arrangements, and children.⁴⁰

TARGETING STRATEGIES

Targeting consumers like some of the ones featured in Figure 10.10 represents a marketing dilemma. On the one hand, marketers of many products must now acknowledge the existence of segments that consist of nontraditional households. On the other hand, some members of traditional families might react negatively to portrayals of nontraditional households, because of religion and beliefs as to what is or is not "right." Marketers must come up with ads that appeal to both types of households without offending either one. For example, if advertisements for baby food portray only children being reared by young married parents, then unmarried, single, and older parents might not find them persuasive. However, some young parents rearing children might find ads showing single or divorced parents offensive. Therefore, ads for baby food should focus on the children's happiness, health, and warm relationship with those rearing them and leave the "definition" of the households up to the viewers.

An ad that shows two young professional women talking over a beer with the tagline, "He likes my kid and he drinks brand X," implies, of course, that the woman speaking is either divorced or has had a child out of wedlock. Although many young and "with-it" people are likely to find this ad clever, it might offend more traditional individuals. Over the years, more and more ads have shown divorced people, single parents, and unmarried and gay couples. Recently, same-gender marriage became legal in all 50 states of America. Furthermore, same-gender marriage is legal in about 20 countries around the world. An ad for Campbell's soup with a Star Wars theme showed two fathers feeding their son soup. On several occasions, conservative groups have publicly criticized such ads and even boycotted the products advertised. Although marketers can no longer ignore lucrative market segments that some might find objectionable, they must design ads that are persuasive but unlikely to be controversial.

Marketers can also choose to be vague about the adults and children they show in their ads. For example, an ad campaign can feature a picture of a woman and her child. Marketers can remain unclear if the woman is a single mother with her child or a married woman whose husband is just not pictured. Many women can see the ad and think it represents them.

Figure 10.11A illustrates the significance of nonfamily households in the United States. As people get older, many more nonfamily households emerge, and, because of increased life

FIGURE 10.11A

Number of Family and Nonfamily Households by Age (in millions)

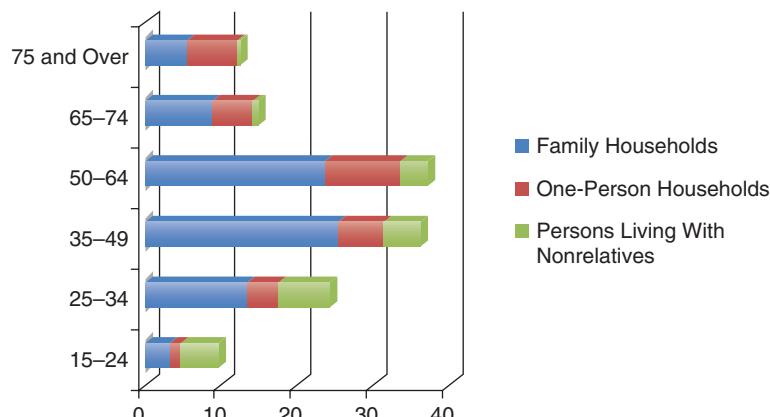
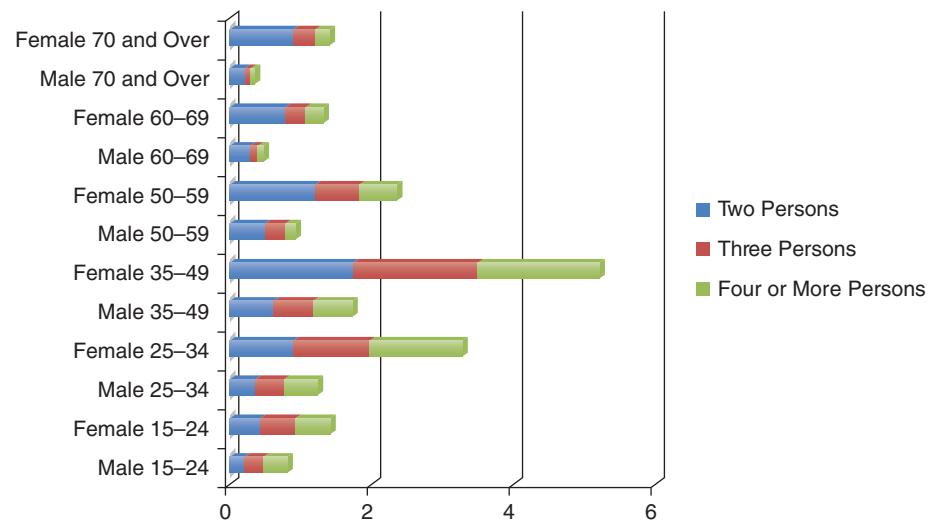


FIGURE 10.11B

Nonfamily Households
(millions)



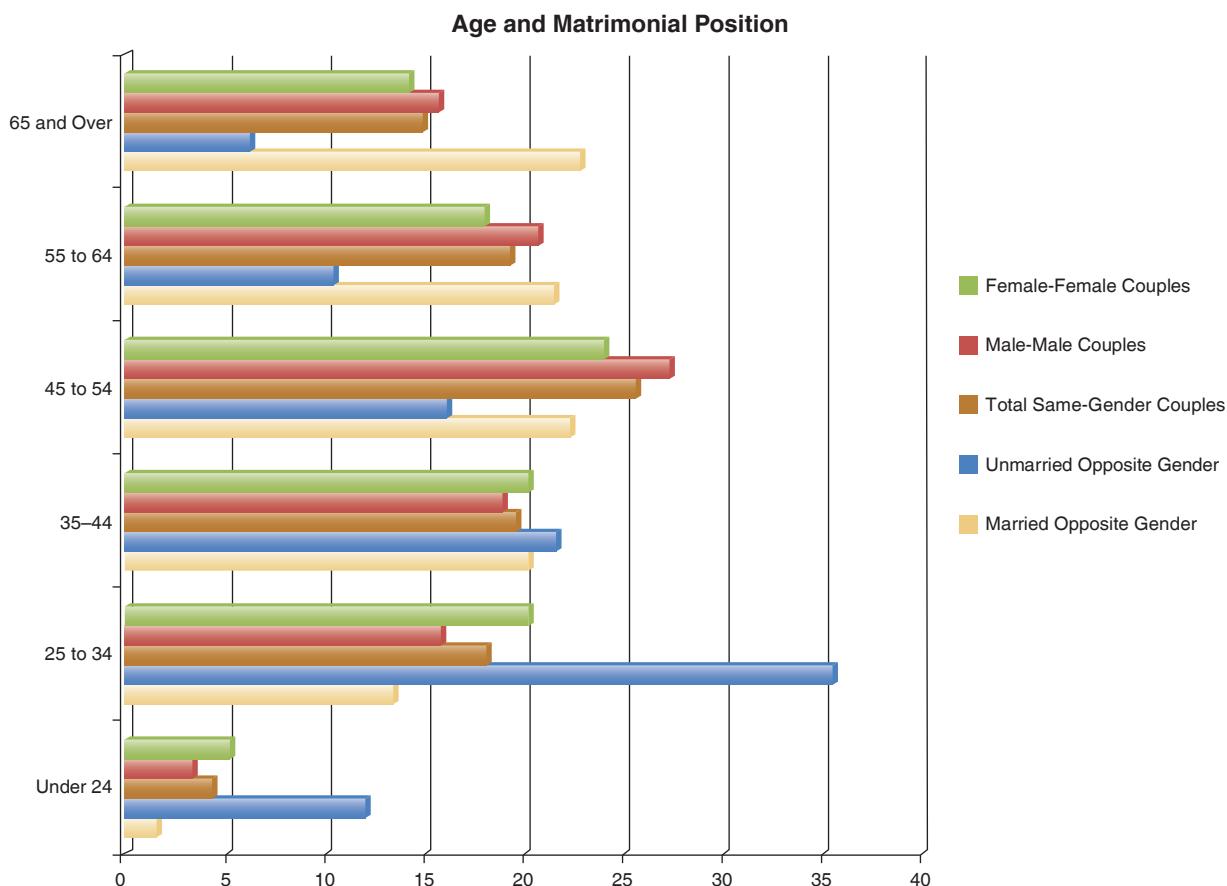
expectancy, this segment has been growing and marketers must not ignore it. Figure 10.11B shows that, across age groups, there are significantly more women than men living in nonfamily households, and this ratio becomes even more pronounced as people age.⁴¹

SAME-GENDER FAMILIES

For many marketers, same-gender couples represent a lucrative market. Figure 10.12A shows that most same-gender couples are between 45 and 54 years old—the primary years of purchasing, saving, and investing. Figure 10.12B indicates that the incomes of same-gender couples exceed those of married and unmarried opposite-gender couples, and those of male–male couples are the highest among the marital and gender categories. The median income of married opposite-gender couples is \$82,293 and that of same-gender couples is \$87,300 and \$98,486 for male–male couples.⁴²

FIGURE 10.12A

Age and Matrimonial Position



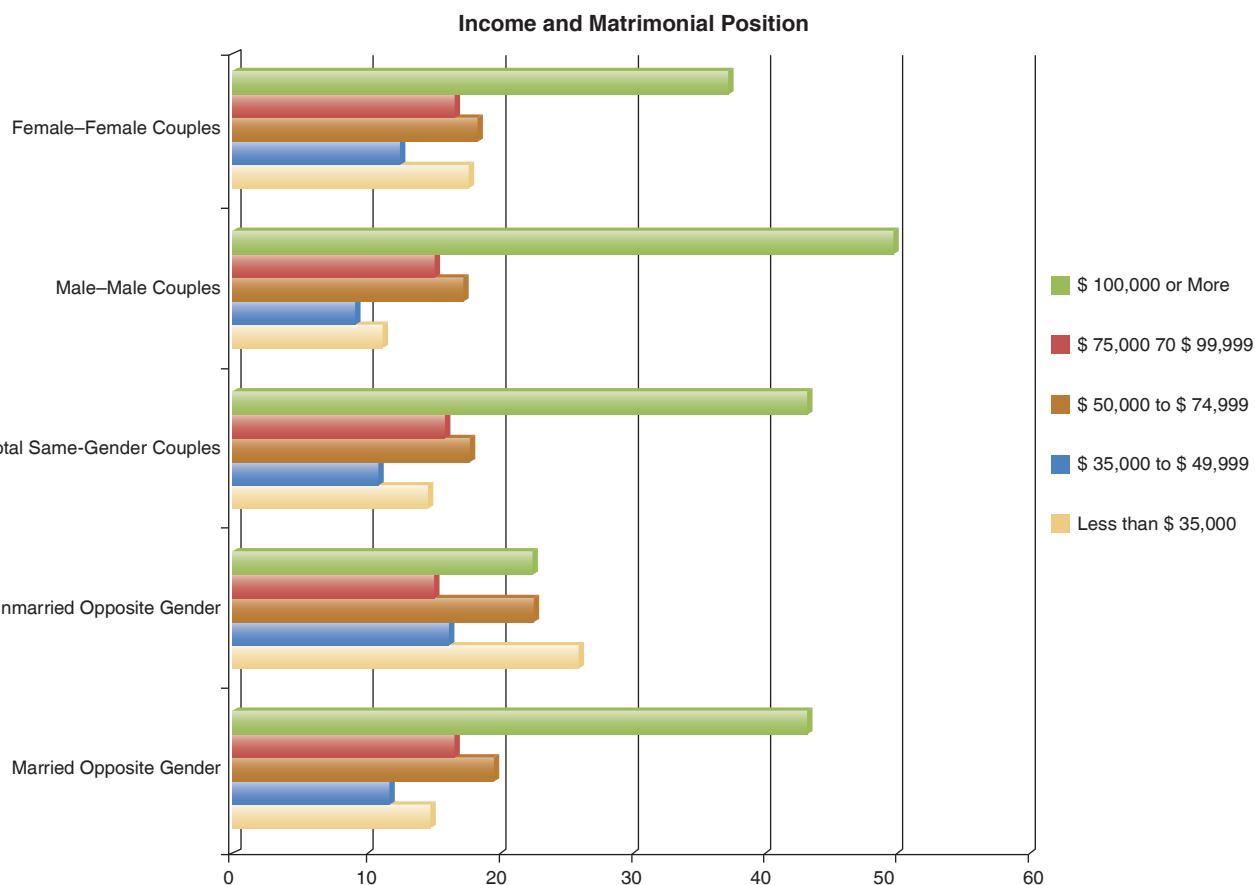


FIGURE 10.12B
Income and Matrimonial Position

Social Standing and Consumer Behavior

Learning Objective

10.5 To understand the impact of social class on consumer behavior.

social class

The division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either higher or lower status.

Social class is the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status. Social class represents the degree of prestige the members of one social class have in comparison with members of other social classes. Status is composed of several factors, including **wealth** (amount of economic assets), **power** (the degree of influence over others), and the amount of **esteem** one receives from others.

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

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

SOCIAL CLASS AND SEGMENTATION

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

Social-class hierarchies are reflected in consumption patterns. Consumers purchase certain products because these products are favored by members of either their own or a higher social class (e.g., a high-priced Swiss wristwatch), but will avoid products that they perceive as “lower-class” (e.g., a “no-name” brand of sneaker or off-the-rack suits). Relationships between product usage and social-class membership exist in all Western societies. For example, Germans perceive instant coffee as an upscale product, whereas French consumers view it as a downscale product.⁴³ Many studies have reported that social class often determined consumer attitudes toward adopting certain products or not, and strongly influenced their purchases of product types, services, and brands.

WHAT'S MY SOCIAL CLASS?

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

Social-Class Consciousness

social-class consciousness
A person's level of identification with a given social class.

Social-class consciousness is a person's level of identification with a given social class. It is established by asking respondents to determine their social standing: “*Which of the following four categories best describes your social class: lower class, lower-middle class, upper-middle class, or upper class?*” The value of this measure is limited because most people classify themselves as “middle class.” Such perceptions are subjective measures that represent the participants' *self-perceptions* and *identification* with others, rather than comparisons with others belonging to different social groups.

Demographics

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

Unlike income or educational attainment, occupational prestige cannot be determined objectively (or numerically). Instead, occupational rankings are based on public opinion as measured by administering surveys to large national samples (between 1,000 and 3,000 people).

One method of calculating job prestige—named the *ladder of social ranking*—consists of giving respondents index cards with about 100 or so jobs listed on them and asking them to arrange the cards from the most to the least prestigious. Another method consists of questioning respondents directly. For example, the results of the Harris Poll (featured in Figure 10.13) are based on responses to this question: “*I am going to read off a number of different occupations. For each, would you tell me if you feel it is an occupation of very great prestige, considerable prestige, some prestige, or hardly any prestige at all?*”

Occupational prestige ranking represents society’s beliefs regarding the occupation’s social worth and desirability, as stemming from the knowledge required to attain it (i.e., educational level) and the material rewards that occupants receive (i.e., income). Interestingly, prestige rankings reflect society’s historical events and changing economics, as illustrated by the Harris Poll surveys of occupational prestige, which are featured in Figure 10.13A. As shown, the prestige of firefighters and police and military officers has increased steadily after the 9/11 terrorist attacks and the subsequent engagement of the U.S. military in operations overseas. The prestige of business-related executives has been low, probably because of the insider-trading and accounting scandals of the past decade. Many surveys have shown that the occupational prestige of bankers and stockbrokers continued to plummet following the financial blowup of 2008 and the stagnant economy that followed. The prestige of doctors has steadily increased, despite the continuing debate over medical costs and the emergence of health insurance coverage as the most prominent social problem in the United States. In the Harris Poll study, occupations that more than one-quarter of respondents indicated had “hardly any prestige at all” included politicians, stockbrokers, video game developers, real estate brokers, and public relations consultants.⁴⁴

Another way to gauge occupational prestige is the degree of ethics and honesty associated with it. As principles for our behavior, ethics and honesty are the most important behavioral guidelines within our culture. For example, part of every child’s education in the United States has included the Golden Rule, originating in biblical times and mandating that you “treat others as you would like others to treat you”; George Washington’s statement, “I cannot tell a lie”; and President Lincoln’s fame as “Honest Abe.” Personal honesty is regarded as a virtue. The Gallup Poll has continuously measured Americans’ perceptions of the honesty and ethics associated with popular occupations by using the following question: “*Please tell me how you would rate the honesty and ethical standards of people in these fields—very high, high, average, low, or very low?*” The professions perceived as *most honest and ethical* (by more than 50% of respondents) are featured in Figure 10.13B, and the ones viewed as the *least honest and ethical* (by 40% or more of respondents) are listed in Figure 10.13C.

FIGURE 10.13A

Top Ten Prestigious U.S. Occupations

Source: Harris Poll, 2016, http://media.theharrispoll.com/documents/Prestigious+Occupations_Data+Tables.pdf. The Nielsen Company

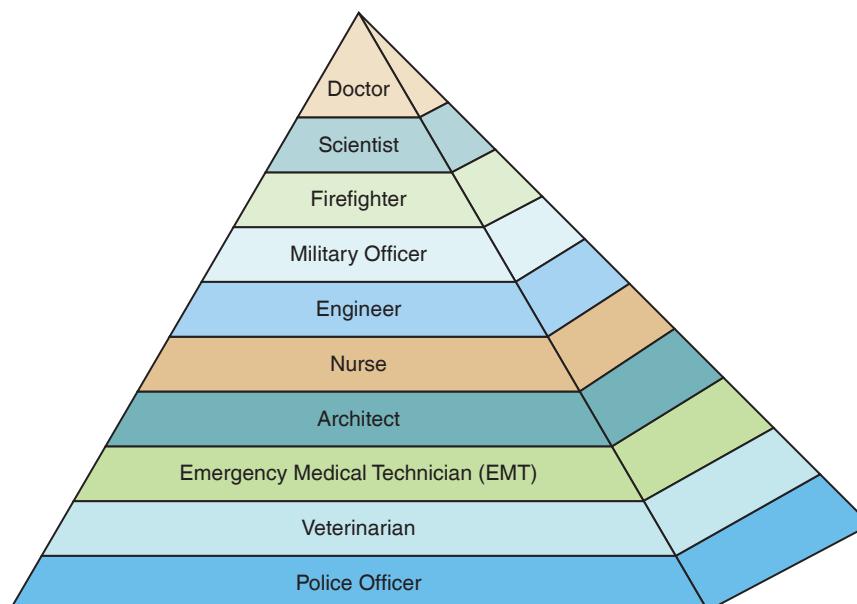
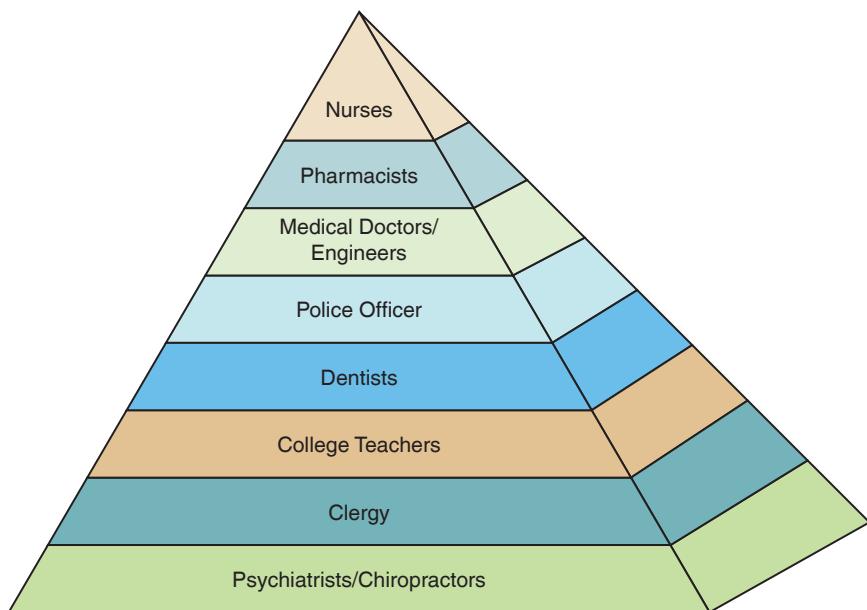


FIGURE 10.13B

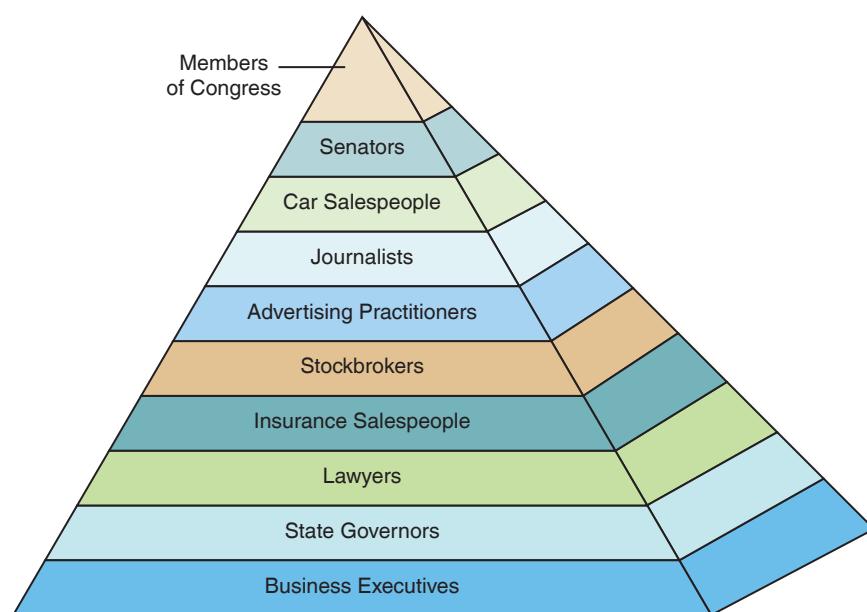
Top Ten U.S. Professions
Perceived as Most Honest and
Ethical

*Source: Gallup Poll, December 2016,
[http://www.gallup.com/poll/1654/
honesty-ethics-professions.aspx](http://www.gallup.com/poll/1654/honesty-ethics-professions.aspx)*

**FIGURE 10.13C**

Top Ten U.S. Professions
Perceived as Least Honest and
Ethical

*Source: Gallup Poll, December 2016.
[http://www.gallup.com/poll/1654/
honesty-ethics-professions.aspx](http://www.gallup.com/poll/1654/honesty-ethics-professions.aspx)*



Marketers create ads that feature members of certain occupations as a shorthand for trust, social class, and prestige. For example, ads that feature doctors educate consumers about certain medications, and ads that feature firefighters educate consumers about smoke alarms. Given the prestige of these occupations we know consumers believe that they can trust the message in the advertisement. Furthermore, military, doctors, or firefighters in advertisements symbolically indicate the prestige of a brand.

The amount of income is another objective estimate of social standing and prestige. The more education people have, the more likely it is that they are well paid, have prestigious occupations, and therefore belong to higher social classes than the less educated. According to the latest estimates from the U.S. Bureau of Labor Statistics, the more education a person obtains, the lower the unemployment rate and the greater the income, which illustrates that college education makes people more affluent. For example, unemployment rates for people with a bachelor's degree is 2.7%, whereas for someone with only a high school diploma it is 5.2 percent.

Furthermore, the median weekly earnings for someone with a bachelor's degree is \$1,156 in contrast to someone with only a high school diploma who earns a weekly salary of \$692.⁴⁵

Social-class membership is often mirrored in one's ***education***. For example, students at the most selective universities in the country are often the sons and daughters of alumni and upper-class Americans, whereas lower-class children are often encouraged to "get a good job." In a series of articles on social class, a 50-year-old man, whose father was a factory worker, was quoted, "The whole concept of life was that you should get a good job in the factory . . . if I'd said I wanted to go to college, it would have been like saying I wanted to grow gills and breathe underwater."⁴⁶ Almost one in three Americans in their mid-twenties today is a college dropout (compared to one in five in the late 1960s), and most of those are members of poor and working-class families. In contrast, the children of the middle and upper classes generally graduate from college "because they can hardly imagine doing otherwise."⁴⁷

Individual or family income is frequently used to measure social standing. When using income as a measure, it is important to study the ***source*** of income, as well as its amount. It is also important to distinguish between ***income*** and ***wealth***. Wealth is based on savings, may include inheritance, and is often the outcome of having network and alliances, some of which expand over generations. Income often represents only the ability to spend more, whereas net worth (i.e., wealth) can be used to create more financial resources. The distribution of net worth in the United States has become markedly unbalanced over the past few decades. In the year 2001, the richest 1% of households possessed almost 34% of all net worth; the bottom 90% of all households accounted for only 28.5% of all net worth. Since then, the rich have gotten richer, and the poor have gotten poorer.⁴⁸

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

Magazines are an excellent medium because they reach selective consumer segments in terms of income, education, and occupation. For example, marketers who target upper-middle-class consumers should consider placing ads in the Wine and Food magazine because most of its readers are young, educated, and hold managerial positions.⁴⁹

Indices

There are two indices that combine several demographics to determine social-class:

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

America's Social Classes

Learning Objective

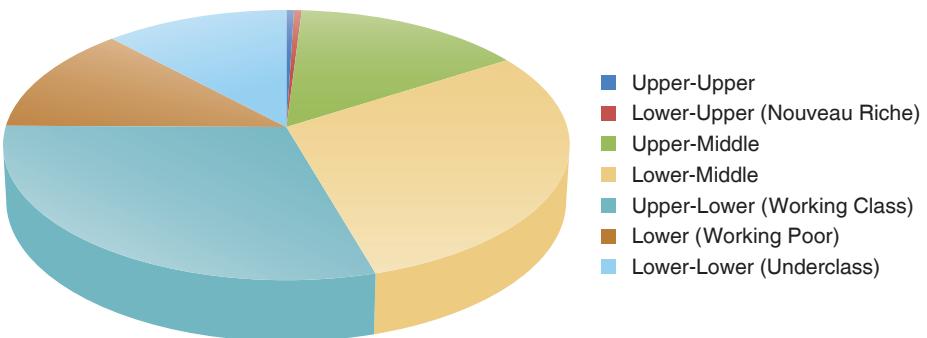
- 10.6** To understand the demographics, lifestyles, and consumption patterns of social classes.

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

Lifestyles, consumption patterns, leisure activities, hobbies, media exposure, and many other factors are homogeneous within and heterogeneous among social classes. Figure 10.14 shows the distribution of the U.S. population by social class.

FIGURE 10.14

Distribution of Social Classes in the United States



AMERICA'S SOCIAL CLASSES

The following lists present an overview of the U.S. population as divided into seven social classes.⁵⁰

The Upper-Upper Class—Inherited Wealth and Privilege

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

The Nouveau Riche—Money Is King

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

The Upper-Middle Class—Achieving Professionals

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

The Lower-Middle Class—Faithful Followers

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

The Upper-Lower Class—Security-Minded

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

The Working Poor—The Insecure

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

The Underclass—Rock Bottom

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

UPWARD MOBILITY

upward mobility

The opportunity to move from a lower social class to a higher one because of the availability of educational resources and free enterprise.

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

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

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

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

trickle-down effect

Originally applied to fashion, the concept states that members of lower classes adopt the fashions of the upper class and maintain them even after the upper class has abandoned these fashions, presumably because they no longer reflect the exclusivity of the upper class. To “restore” their exclusivity, members of the upper class adopt new fashions, which are subsequently copied by the lower classes, and the cycle is repeated.

YOUNG ADULTHOOD

The population of 18- to 34-year-olds is a *cohort*, which is a group of people who share a common demographic characteristic—in this case, age. This cohort of 18- to 34-year-olds is divided into two groups—ages 18 to 24 (young millennials) and ages 25 to 34 (older millennials)—in

U.S. Census reports. Over the past few decades, this age group has changed more than any other cohort.⁵¹ For example:

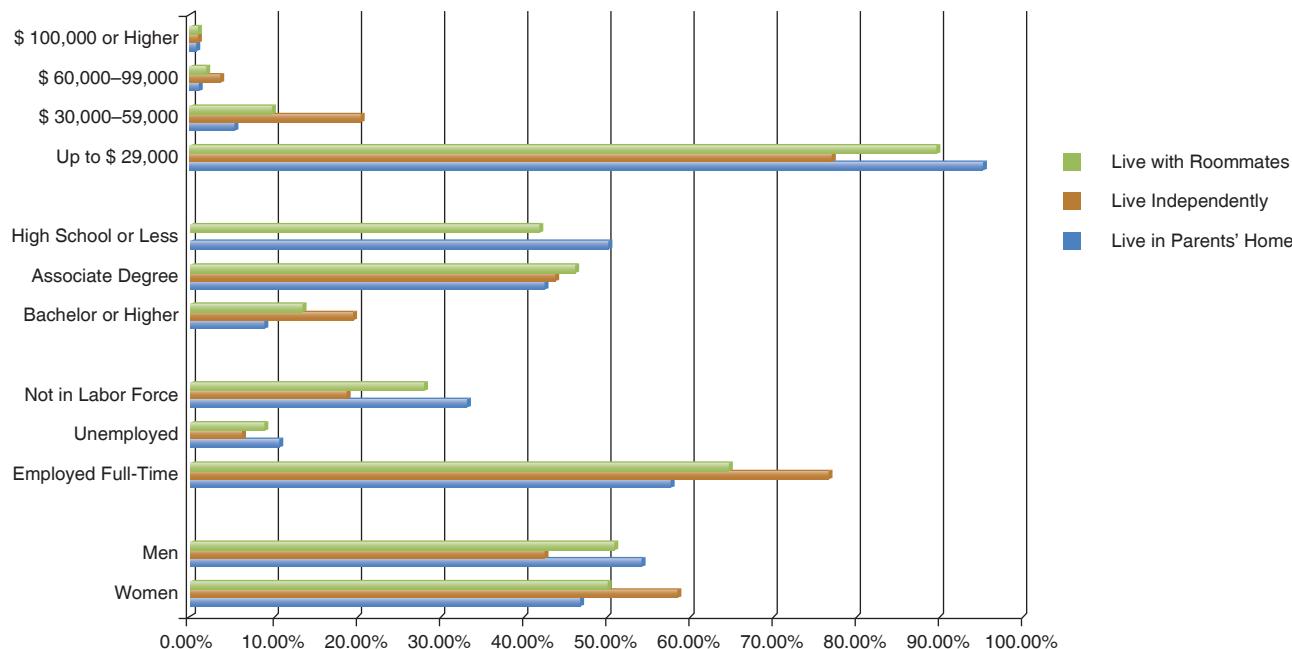
- In the 1970s, 80% percent of the population married by the time they turned age 30. Today, not until the age of 45 have 80% married.
- About 24 million 18- to 34-year-olds (i.e., 1 in 3) lived in their parents' home in 2015.
- In 1975, only 25 percent of men, aged 25 to 34, had incomes of less than \$30,000 per year. By 2016, that share rose to 41 percent of young men. (Incomes for both years are in 2015 dollars.)
- In 1975, 43 percent of all women aged 25 to 34 were homemakers compared with only 14 percent in 2015. But, in 1995, women had a 95 percent chance of marrying by age 25, compared with 44 percent in 2015.
- Of young people living in their parents' home, 1 in 4 neither go to school nor work. This figure represents 2.2 million 25- to 34-year olds.

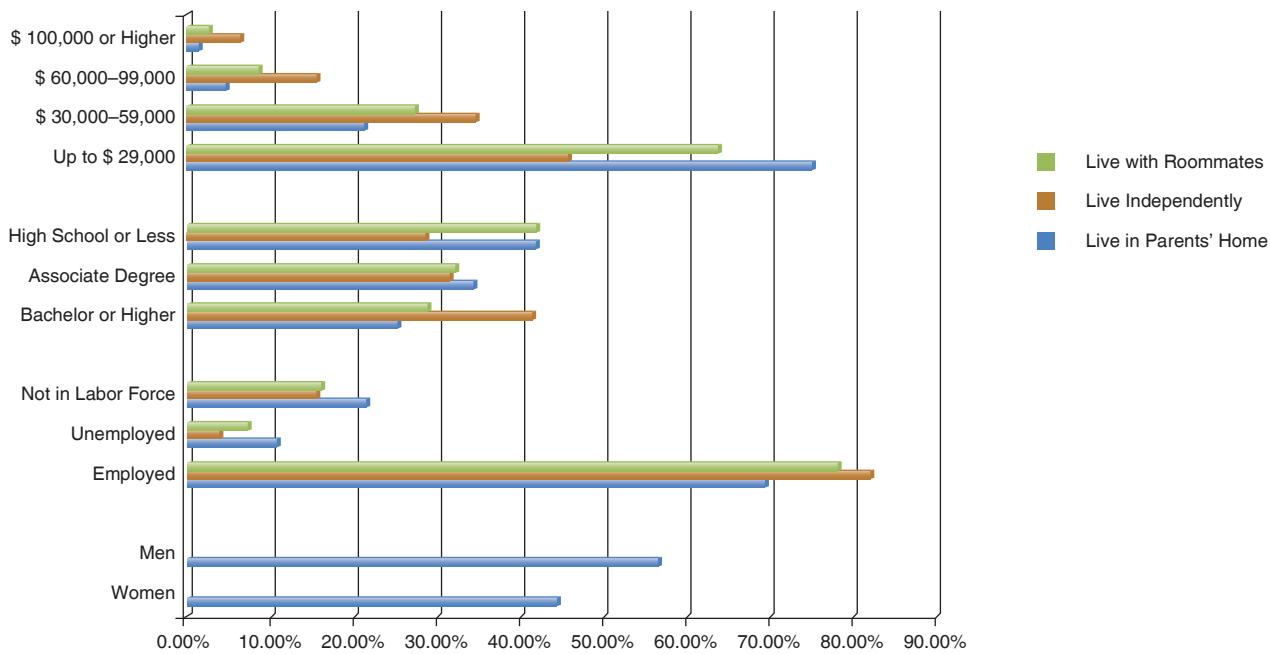
Today's 18- to 35-year-olds tend to delay marriage and starting families, preferring to pursue education and incomes that would enable them to support families. Those who marry and become parents by their late 20s are the minority; increasingly more young adults live alone, with roommates, or with an unmarried partner. More than half of all Americans believe that getting married and having children are not important to becoming an adult, and more than 90 percent believe that finishing school and being employed are important in defining adulthood. One study discovered that men and women ages 18 to 32 have egalitarian attitudes about gender roles, across education and income levels. But when faced with a lack of family-friendly policies, most fell back on traditional roles.⁵²

Out of 28 million young millennials (aged 18 to 24), 16 million—more than half—live in their parents' home, and most are enrolled in school and out of the labor force. Among older millennials (aged 25 to 34) who lived in their own household in 2015, about 41 percent had at least a bachelor's degree and about two-thirds had a full-time job that employed them year-round. Figures 10.15A and 10.15B list the demographics of the two groups of young adults.

FIGURE 10.15A

Young Adults Aged 18 to 24



**FIGURE 10.15B**

Older Adults Aged 25 to 34

AFFLUENT CONSUMERS

Affluent households have large disposable incomes and are a lucrative target market for luxury cruises, foreign sports cars, ski resorts, second homes, fine jewelry, and art, among many other goods. Overall, the affluent are healthier, have higher life expectancies, and are more likely to become marketers' "*customers for life*" than the less wealthy.⁵³ However, some studies indicate that children of the affluent often have problems with substance abuse, anxiety, and depression, which are caused by excessive pressures to achieve and isolation from parents (both physically and emotionally).⁵⁴

Americans' wealth grew dramatically during the 1990s, partially due to the longest bull stock market in U.S. history. From 2002 to 2004, the number of **high net worth individuals (HNWIs)** in North America, defined as individuals with a minimum net worth of \$1 million, grew by 9.7% to 2.7 million. Between 2006 and 2007, this number grew from 2.9 million to more than 3 million, a gain of 3.7%.⁵⁵ Indeed, although North America has only 6% of the world adult population, it accounts for 34% of the world's household wealth.⁵⁶

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

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

Although affluent households represent only 20% of total U.S. households, they account for more than half of the combined income of all the households in the United States. The average household income for the affluent is \$195,600, with average household liquid assets of \$500,900.⁵⁷ By some estimates, 9 million American households have a net worth of at least \$1 million. The IPSOS/Mendelsohn Affluent Survey distinguishes between **affluence** and **wealth**; it defines wealthy household as having liquid assets of at least \$1 million (e.g., cash or cash equivalents, such as CDs, mutual funds, stocks, bonds). According to this definition, out

affluent market

Upscale market segment that consists of households with incomes that are, according to most definitions, over \$100,000. However, what is considered "affluent" varies among geographic locations.

TABLE 10.3 Key Trends from Tracking the Affluent from 1977 to 2016

The Democratization of Luxury	The Abundance of Options	The Broadening of Tastes	The Transformation of Technology
<ul style="list-style-type: none"> A much broader segment of the population has access to luxury products and services. 	<ul style="list-style-type: none"> There are many more options in the marketplace and media, which can lead to consumers feeling overwhelmed. 	<ul style="list-style-type: none"> Affluent consumers have a wider variety of preferences in products and brands. 	<ul style="list-style-type: none"> Affluent consumers are traveling less for business due to new communication technologies and are using advanced technologies available in the current marketplace.

Source: Adapted from the Ipsos 40th Annual Survey of the Affluent.

of the 23.3 million affluent households, about 3 million households are considered wealthy. In addition, more than 1 million households have both more than \$1 million in wealth and annual household incomes of at least \$250,000.⁵⁸

The media habits of the affluent differ from those of the nonaffluent.⁵⁹ The members of households earning more than \$100,000 are increasing their use of digital media while their use of traditional media (e.g., television, radio, and magazines) is remaining stable. Specifically, 78% of the affluent consumers use Facebook for a median of 3 hours per week. There is also growth in their use of Instagram and Twitter. Affluent millennials are using Snapchat and Gen Xers are using Pinterest and Twitter. Seniors use of LinkedIn is increasing. There are four key trends that emerged from tracking the affluent consumer over 40 years. These are highlighted in Table 10.3.⁶⁰

Affluent consumers are not uniform; they can be divided according to their consumption habits and lifestyles. The “upper deck” consumers are the top 10% of the U.S. population in terms of annual income, and consist of several segments. Marketers can employ this segmentation in many ways. For instance, consumers belonging to the “no strings attached” segment are more interested in going to live theater performances; members of the “nanny’s in charge” segment would rather attend a country music performance; and members of the “good life” segment are particularly interested in bird-watching.⁶¹

MIDDLE-CLASS CONSUMERS

There is no standard definition of *middle class*. It’s not surprising, then, that business people and sociologists often define it somewhat differently. Many sociologists divide the middle class into two strata: the “upper or professional middle class,” which includes highly educated, salaried professionals and managers (about 15 to 20% of all Americans), and the “lower middle class,” consisting mostly of semi-professionals, skilled craftspersons, and lower-level management (about one-third of the population). Sociologists describe middle-class persons as having comfortable living standards, economic security, and the expertise they need to maintain their lifestyles. To many, college education is a key indicator of middle-class status. Others focus on the nature of the occupations that are most commonly found among members of the middle class, which enable members to be independent, intrinsically motivated, nonconformist, and innovative. Some define the middle class as 50% of the combined incomes of all American households, which amounts to about 57 million households earning between \$25,000 and \$85,000.⁶² In contrast, some polls suggest that 90% or more of Americans consider themselves to be “middle class,” “upper-middle class,” or “working class.”⁶³ Marketers generally consider middle class as households ranging from lower-middle to middle-middle class. Many researchers maintain that the middle social class in the United States has been shrinking. They argue that some members of the middle class are moving upstream to the ranks of the upper-middle class, whereas others are losing ground and slipping backward to the working class.⁶⁴

Procter & Gamble—the maker of virtually all brands of personal care and home maintenance products (globally)—defined middle class as the core of its business and as households with annual incomes between \$50,000 and \$140,000 (amounting to 40% of American households). As the stagnant economy of the last decade dragged on, the purchasing power of these households steadily declined, and P&G discovered that its core customers were no

longer willing to pay more for iconic, premium-priced brands (e.g., Pampers and Tide). In response, the company introduced lower-priced alternatives, such as Gain dish soap that sold for about half the price of its Dawn Hand Renewal dish soap.⁶⁵

DOWNSCALE CONSUMERS

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

Marketing to the working class can be tricky. For example, a study conducted in the U.K. showed that brands catering to blue-collar households often introduced “upmarket” makeovers, because research indicated that “working class” represents something to escape from, and to some is even a pejorative term. The study also showed that Pizza Express was among the most popular brands among the working class, presumably because its members are less likely to go to table-service restaurants.⁶⁶ To many working-class consumers, food represents an area of “indulgence,” which may have undesirable outcomes. One British writer, reflecting on the growth of supersized fast-food offerings in the United Kingdom, noted that, “[i]t isn’t the wealthy middle classes . . . that are generally obese—it’s the under-class . . . with little budget [or] knowledge of diet . . . that is suffering.”⁶⁷ Indeed, studies in the U.K. (and in the United States) confirmed that obesity among children from lower classes is significantly more common than among wealthier kids.⁶⁸

CLOTHING, FASHION, AND SHOPPING

A Greek philosopher once said, “Know, first, who you are; and then adorn yourself accordingly.”⁶⁹ What is considered fashionable, tasteful, or elegant varies across social strata. For example, some working-class consumers often wear T-shirts, caps, and clothing that carry logos, trademarks, or names of celebrities or music groups. In contrast, upscale consumers prefer clothing without conspicuous labels and in subtle colors and practical styles (e.g., L. L. Bean or Brooks Brothers).

America’s upper social class has often been identified with the “preppy look” and often emulated by lower classes. Preppies (both males and females) prefer practical, comfortable, and timeless rather than trendy clothing. There are few designer labels and even fewer trends. Machine-washable khaki shorts and unisex dressing are very popular because khaki is to preppies what denim is to the lower classes: an everyday staple. Visors are a favorite for women—they keep the sun out of the wearer’s eyes without messing up her hair, and they’re excellent for tennis. Clothing embroidered with animals or sea creatures are always popular, like bathing trunks embroidered with crabs, as are shirts embroidered with club logos. Any excuse to wear themed clothing is embraced, and wearing red, white, and blue on the Fourth of July is expected at the holiday’s parties. Polo shirts are an exception to the no-obvious-designer-labels rule; in fact, preps were wearing Polo long before it became a designer label. The preppy style originated among members of the upper class also known as WASPs (White Anglo-Saxon Protestants). WASPs are often irritated by shopping guides urging people—men in particular—to buy expensive designer clothes in order to “look like a WASP,” such as ads for expensive, designer-label white buck shoes. Most preps have a pair of such shoes that, most likely, they purchased from Johnston & Murphy (for \$130) years ago. Most importantly, preppies wear white bucks only for special occasions like weddings or cocktail parties, but not for running errands on a Saturday afternoon.⁷⁰

A brand’s social-class symbolism is a tricky issue. According to news reports, Abercrombie & Fitch, an upscale brand, offered to pay cast members of the trashy MTV show, *Jersey Shore*, NOT to wear their brand on air.⁷¹ Apparently, these marketers felt that such “undesirable” customers might blemish the images of their products. Ironically, some fashions originated among adolescents and teens residing in low-income neighborhoods. For example, several years ago, after observing lower-class kids, several designers began marketing pairs of men’s shorts—one pair longer than the other—to be worn simultaneously, with one on top of the other; this new fashion was very successful. When shopping, consumers avoid stores that appeal to social

classes significantly different from their own, but savvy marketers can cater to multiple social classes. For example, The Gap stores offer quality clothing to middle-class consumers. The Gap also introduced Old Navy clothing stores to sell good-value clothing to working-class families who usually purchased their casual and active wear clothing from general merchandise retailers such as Kmart, Wal-Mart, or Target. The Gap also owns Banana Republic, originally a small retailer of safari-themed clothing that is now positioned as an upscale store.

SAVING, SPENDING, AND CREDIT CARD USAGE

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

An Australian study focused on the differences in financial management and a “sense of empowerment” between working-class and young professionals (25–30 years of age). The study discovered that young professionals perceived themselves to be empowered in the sense that they could achieve whatever they set their minds to, and they were disciplined and results oriented. In contrast, working-class participants perceived themselves as being average and expressed frustration (e.g., “I can never finish things”) and uncertainty about the future.⁷²

COMMUNICATIONS

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

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

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

Lower-class answer: “*At Charlie’s.*”

Sociologically, linguistics indicates that middle-class consumers have a broader or more general view of the world, whereas lower-class consumers have a narrow and personal perspective and see the world only through their immediate experiences. Differences in social class can often be detected based on terminology used for the same product. For instance, there is a difference in social class in Britain between people who use the word *toilet* and *Loo* as well as *vacuum* and *hoover*. Marketers need to use the language that fits the social class of the target audience.

Exposure to mass media differs by social class. In watching TV, the members of higher social classes tend to watch for about one hour per day, prefer current events and drama, and avoid “reality TV,” whereas lower-class individuals prefer soap operas, quiz shows, and situation comedies. Higher-class consumers read more magazines and newspapers than do their lower-class counterparts. Lower-class consumers have greater exposure to publications that dramatize romance and the lifestyles of movie and television celebrities. For example, magazines such as *True Story* appeal heavily to blue-collar or working-class women who enjoy reading about the problems, fame, and fortunes of others. Middle-class consumers read fact-based and informative magazines and newspapers, and watch more movies and late-night programs than lower-class persons.⁷³

downward mobility

Represented by people who have a lower social class level than their parents in terms of the jobs they hold, their residences, level of disposable income, and savings.

DOWNTWARD MOBILITY

Commonly, in the United States, each generation lived better than its predecessor. However, there are now signs that some **downward mobility**, defined as moving down rather than up the social ladder, is taking place. In fact, many predict that today’s youngest

generation—often referred to as the Eco Boomers—will experience lower living standards than their parents.

Specifically, researchers have found that the odds that young men's incomes will reach middle-class levels by the time they reach their thirtieth birthday have been slowly declining, regardless of ethnicity, education, or parents' income.⁷⁴ For example, while household income grew by \$1,869 from 1969 to 1979, by \$2,855 from 1979 to 1989, and by \$3,888 from 1989 to 2000, from 2000 to 2007, the change in household income was a negative \$324.⁷⁵

Additionally, income inequality has been rising to levels not seen since the 1880s—known as the “Gilded Age”—and the gap between the rich and the poor has widened considerably since 1970. Although the income of households in the top one fifth grew 70% between 1979 and 2000, the real income of households in the bottom one fifth rose only 6.4%. Although most Americans find little wrong with income inequality so long as plenty of social mobility still exists, there are signs that social mobility is also failing. Some data show that 42% of the individuals born into the poorest one fifth of the United States remained at the bottom and that another 24% moved from the bottom only slightly, to the next-to-bottom group. Only 10% of adult men born into the bottom quarter of the population ever made it to the top quarter.⁷⁶

Geodemography and Social Class

Learning Objective

- 10.7** To understand how to employ geodemographics to locate target markets.

geodemographic segments

Segments identified through geodemographics.

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

The most sophisticated geodemographic segmentation is Nielsen's **PRIZM®** (www.MyBestSegments.com). PRIZM® combines socioeconomic and demographic factors—education, income, occupation, family life cycle, ethnicity, housing, and urbanization—with consumer buying and media exposure data. It is used by marketers to locate concentrations of consumers with similar lifestyles and buying behaviors. This framework designates every household in the United States as belonging to one of 66 segments. Some of the 66 segments are classified according to urban density and wealth. For example, “Young Digerati” are tech-savvy and live in trendy upscale neighborhoods with fitness clubs and all types of casual restaurants. PRIZM® also classifies all U.S. households into eleven “life stages.” For example, one segment labeled “Kids & Cul-de-Sacs” represent upper middle-class suburban married families with children who live in multicultural neighborhoods.⁷⁷

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

Summary

Learning Objective 10.1:

To understand consumer socialization.

The family is the primary reference group for many attitudes and behaviors. The family is also the prime target market for most products and product categories. As the most basic membership group, a family consists of as two or more persons related by blood, marriage, or adoption who reside together. Socialization is the process of making people behave in a way that is acceptable to their society. In the context of marketing, the most important role of the family is

the socialization of family members, ranging from young children to adults. This process includes imparting to young children the basic values and modes of behavior consistent with their culture, including moral principles, interpersonal skills, acceptable dress and grooming standards, appropriate manners and speech, and the selection of suitable educational and occupational or career goals.

Learning Objective 10.2:

To understand how families make purchase decisions.

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

Learning Objective 10.3: To understand the family life cycle.

The family life cycle represents the life stages of a typical family. It is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a “typical” stage. The ages of the parents and the relative amount of disposable income are inferred from the family’s stage in the cycle. The family life cycle starts with bachelorhood/bachelorette and then moves on to marriage (and creation of the family unit). Marriage usually leads to a growing family (with the birth of children) and later to family contraction (as grown children leave the household). The cycle ends with the dissolution of the family unit (due to the death of one spouse).

Learning Objective 10.4: To understand the consumer behavior of nontraditional families and households.

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

Learning Objective 10.5: To understand the impact of social class on consumer behavior.

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

also reflected in differences in the values, attitudes, and behaviors (including consumer behavior) among members of different social classes. Social class is a continuum along which society’s members—usually as households—are placed into one stratum; that is, they are “assigned” to a social class according to their relative prestige within that society.

The measurement of social class is concerned with classifying individuals into social-class groupings. These groupings are of particular value to marketers, who use social classification as an effective way to identify and segment target markets. There are two basic methods for measuring social class: subjective measurement and objective measurement. Subjective measures rely on an individual’s self-perception, whereas objective measures use specific socio-economic measures, either alone (as a single-variable index) or in combination with others (as a composite-variable index). Composite-variable indexes, such as the Index of Status Characteristics and the Socioeconomic Status Score, combine a number of socioeconomic factors to form one overall measure of social-class standing.

Learning Objective 10.6: To understand the demographics, lifestyles, and consumption patterns of social classes.

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

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

Learning Objective 10.7: To understand how to employ geodemographics to locate target markets.

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

Review and Discussion Questions

- 10.1.** How does the family influence the consumer socialization of children? What role does television advertising play in consumer socialization?
- 10.2.** For many years, the key subjective measurement of social class has been particular items of value, such as the type of car, brand of clothing, and the technology that an individual has access to. Looking at recent advancements in technology and consumer buying power, is this still one of the measures used today?
- 10.3.** As individuals reach the age of retirement, they become more dependent on services. These services can be provided by both private and public sectors. Identify which services are required and how involved the government should be in providing these services.
- 10.4.** Why do marketing researchers use objective, rather than subjective, measures of social class?
- 10.5.** A composite-variable index is used to better understand social class. Explain and evaluate each element of the index. The three key elements are:
- a. Occupation
 - b. Education
 - c. Income
- 10.6.** Which status-related variable—occupation, education, or income—is the *most* appropriate segmentation base for: (a) family vacations, (b) opera subscriptions, (c) subscribing to online.wsj.com, (d) shopping at Whole Foods supermarkets, (e) buying from freshdirect.com, (f) purchasing new models of the iPhone, and (g) becoming a member of a 24-hour fitness center?
- 10.7.** To what extent is technology an aspect of social class? Does it require its own social group?
- 10.8.** Lifestyles, consumption patterns, leisure activities, hobbies, media exposure, and scores of other factors are homogeneous within social classes and heterogeneous among them. What age subculture and social class subculture do clothing brands such as UNIQLO and Old Navy target for their respective winter line of clothing? How different are they?

Hands-on Assignments

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

Key Terms

- Affluent market 295
- Authoritarian parents 272
- Authoritative parents 272
- Autonomic decisions 277
- Bachelorhood 280
- Consumer socialization 269
- Dissolution 282
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Cultural Values and Consumer Behavior

Learning Objectives

- 11.1** To understand culture's dynamics and impact on consumer behavior.
- 11.2** To understand cultural learning.
- 11.3** To understand the means to study cultural values.
- 11.4** To understand core cultural values and their marketing applications.

CULTURE is the collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society. Cultural values express the collective principles, standards, and priorities of a community. Most of the promotional messages across the world reflect, to some degree, the target audiences' cultural values. For instance, the ad for Campbell's Chunky soup in Figure 11.1 emphasizes saving time and tells consumers that they can prepare the soup quickly and also receive value for their appeals to consumers' desire to save time. The ad for the company's Healthy Request focuses on health and fitness (Figure 11.2)—another priority in many peoples' lives. Marketing relies on consumer insights about cultural changes in order to

discover new opportunities and abandon markets that have disappeared because of cultural changes. Marketing both influences and is influenced by culture by both promoting, reflecting, and reinforcing cultural values.

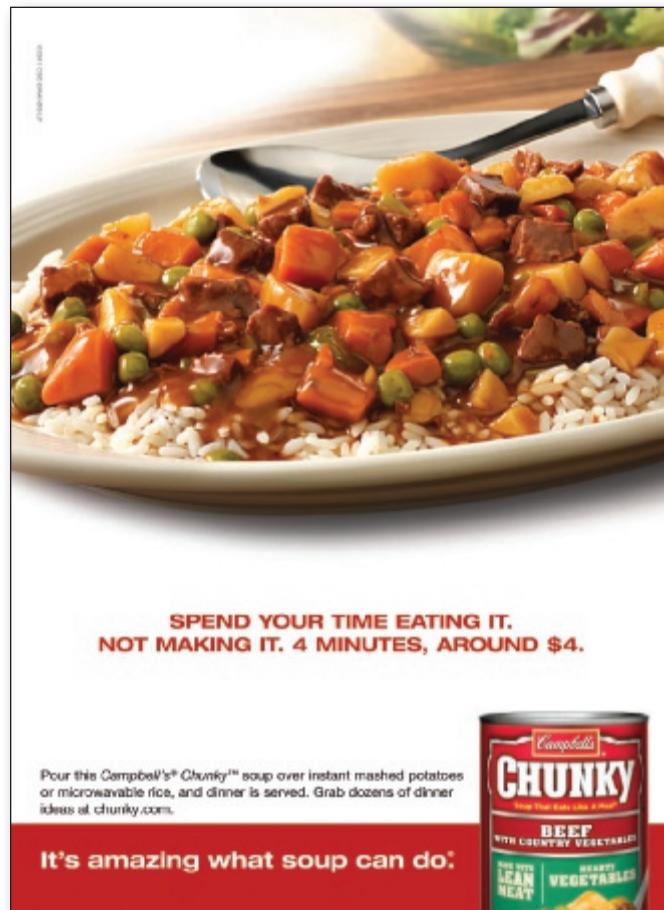
This chapter describes the societal role and dynamics of culture, explains how cultural values satisfy needs, and investigates how they are learned, expressed, and measured. For example, content analysis, field observation, and value surveys are the most common way that marketers learn about culture. As a way to highlight the idea of core cultural values, we discuss 11 American core values which we illustrate with ads and promotional themes. We also present research that provides evidence that these American core values also resonate with consumers from other cultures.

FIGURE 11.1

Saving Time

culture

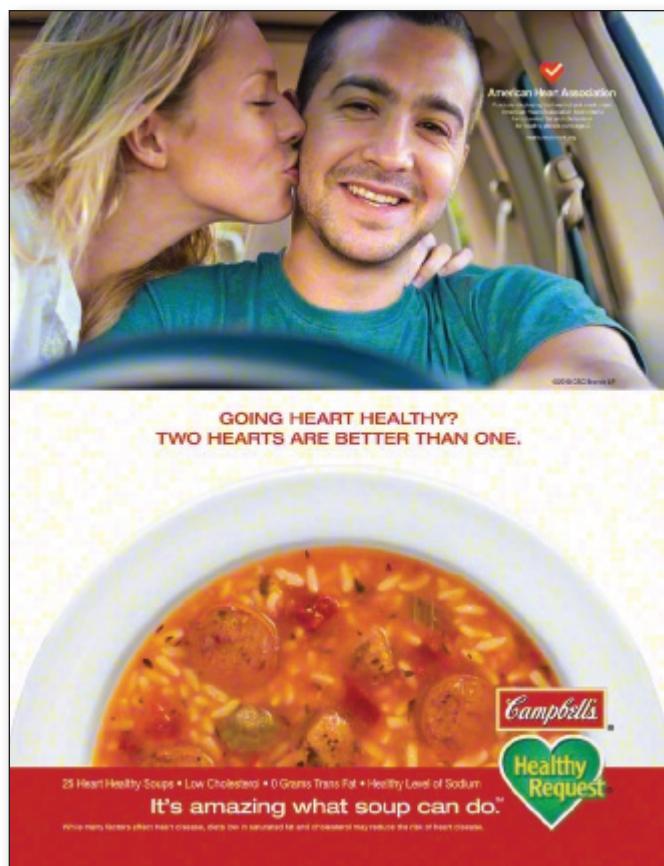
The collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society which express its principles, standards, and priorities.



Source: Campbell Soup Company

FIGURE 11.2

Fitness and Health



Source: Campbell Soup Company

Culture's Role and Dynamics

Learning Objective

- 11.1** To understand culture's dynamics and impact on consumer behavior.

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

Some researchers conceptualized different “levels” of cultural norms:

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

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

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

CULTURE'S EVOLUTION

Marketers must always monitor cultural changes to discover new opportunities and abandon markets that have “dried up” because of cultural changes. To this end, marketers should periodically reconsider *why* consumers are doing what they do, *who* are the purchasers and the users of their offerings, *when* they do their shopping, *how* and *where* they can be reached by the media, and *what* new product and service needs are emerging. For example, cultural changes in the United States have increasingly recognized the expanded career options open to women. Today, most women work outside the home, and frequently in careers that were once exclusively male oriented. Later in this chapter, we explain why achievement and personal success are two of this nation’s core values and how marketers can use them in advertising. Although traditionally associated with men, especially male business executives, achievement has become important for women as well, as they increasingly enroll in undergraduate and graduate business (and other college) programs and often attain top-level

business positions. Also, many women are now in professions previously dominated by males (e.g., medicine, engineering, science). Therefore, many ads that target women now depict appeals that emphasize achievement and success, whereas some years ago the same kinds of promotions appealed to women's roles as mothers and housewives.

A longitudinal study examined how women in the United States have been depicted in advertising over the years, and discovered that changing gender roles were manifested in promotional messages. Specifically, there has been a fourfold increase in the number of women as the "figure" (i.e., the focal point of the print advertisement) compared to men, and a substantial increase in the number of ads portraying women as business professionals.³ In contrast, gender stereotypes and the portrayal of women as dependent on men continue to exist. For example, a study that was conducted by reviewing television advertising in Belgium revealed that women are continued to be portrayed as dependent, housewives, and taking care of children.⁴ Furthermore, research evidence suggests that what consumers watch on TV, what magazines they read, and what they see on social media contributes to their views of gender roles.⁵

Marketers must change their offerings as culture evolves. For example, for many decades, *Esquire* magazine was a men's bible to grooming and dressing well, symbolized by the ***Esquire Man***. However, in the era of same-gender marriage and millennials who take their cues from pop stars they follow, the magazine must chart a new course—and discover a ***new Esquire Man*** in order to stay relevant.⁶

CULTURAL BELIEFS REFLECT CONSUMERS' NEEDS

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

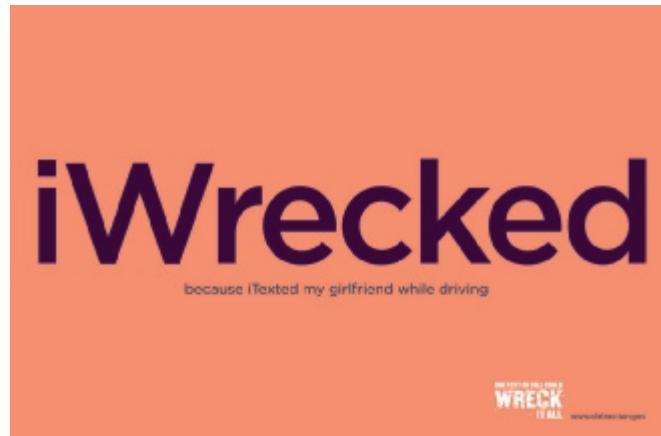
Culture also dictates which clothes are suitable for different occasions (such as what to wear around the house; what to wear to school, to work, to church, and to a movie theater; and what to wear at a fast-food restaurant). Marketers advertise "Back-to-School" clothes and accessories (e.g., backpacks) for children who are returning to school at the end of the summer vacation.

In recent years, dress codes have changed drastically and most Americans have been dressing casually for occasions that once required more formal attire. For example, in large cities, only a handful of restaurants and clubs still require men to wear jackets and ties. With the relaxed dress code in the corporate work environment, fewer men are wearing dress shirts, ties, and business suits, and fewer women are wearing dresses, suits, and pantyhose. Instead, employees wear casual slacks, sports shirts and blouses, and even neat jeans and polo/golf shirts.

Some customs, however, are unlikely to change. For example, soft-drink companies would prefer that consumers receive their morning "jolts" of caffeine from one of their products, instead of coffee. Because most Americans do not consider soda a suitable breakfast beverage, soft-drink companies have faced a dual challenge: "overcoming" culture, as well as the competition among breakfast drinks. Teas, soft drinks, and even caffeinated water have challenged coffee as the traditional source of morning caffeine—mostly unsuccessfully. Indeed, coffee is entrenched in our culture not only as a breakfast beverage but also as the core

FIGURE 11.3

Discouraging Distracted Driving



Source: United States Department of Transportation

of the “coffee break.” Wisely, coffee marketers have not relied on their cultural advantage, but have been preempting their competitors by introducing assortments of gourmet and flavored coffees and also by aggressively targeting young adults with such exotics as espresso, cappuccino, and café mocha.

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

Learning Cultural Values

Learning Objective

11.2 To understand cultural learning.

formal learning

Learning that occurs when parents, older siblings and other family members teach younger members “how to behave.”

informal learning

Learning that occurs when children imitate the behaviors of selected others, such as family members, friends, or TV and movie heroes or characters.

technical learning

Learning that occurs when teachers instruct children about how to behave and “do things” in social and personal settings.

enculturation

Learning one’s own culture.

acculturation

Learning a new culture.

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

FORMS OF LEARNING

We learn cultural norms and customs mostly from family and peers, and begin to understand at a very young age that some behaviors are appropriate and others are not. Anthropologists have identified three forms of cultural learning. **Formal learning** takes place when parents, older siblings, and other family members teach younger members “how to behave.” **Informal learning** takes place when children imitate the behaviors of selected others, such as family, friends, or TV and movie heroes and characters. **Technical learning** happens when teachers instruct children, in educational environments, about what should be done, how it should be done, and why it should be done, in social as well as personal settings. Our ethical values (e.g., the importance of kindness, honesty, and responsibility) are also formed during childhood as youngsters learn them from parents, teachers, and other significant adults.⁷

ENCULTURATION AND ACCULTURATION

Anthropologists distinguish between the learning of one’s own (or native) culture, referred to as **enculturation**, and the learning of new cultures, called **acculturation**. In Chapter 13, we demonstrate that acculturation is important for marketers who sell products in multinational

markets. When selling products overseas, marketers must study the culture(s) of their potential customers so as to determine whether their products will be acceptable and how to communicate the characteristics of their products effectively and persuade consumers to buy them.

Sometimes, consumers can be “foreigners” in their own countries. For example, one study traced a group of provincial women in Thailand as they enrolled at a university in Bangkok (Thailand’s capital city). As their first semester began, the women quickly formed their own group; they kept to themselves and did not mix with students from Bangkok or participate in the city’s social scene. Ironically, the longer the provincial women lived in Bangkok, the more they resisted adopting Bangkok’s culture and strongly expressed their provincial values.⁸

A key component of enculturation is **consumer socialization** (see Chapter 10), which includes teaching children and young adults consumption-related values and skills, such as the meaning of money and value, how to judge product quality, styles and preferences, product usage, and the meaning and objectives of promotional messages.⁹ In addition to the family unit, educational and religious institutions also convey cultural values to younger members. Educational institutions impart the knowledge of arts, sciences, civics, and professional and specialized skills. Religious institutions provide spiritual and moral guidance and values, which often have a substantial impact on behavior.

MARKETING INFLUENCES ON CULTURAL LEARNING

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

In advertisements, not only are cultural values depicted in the advertising copy but they are also coded in the visual imagery, colors, movements, music, and other nonverbal elements of an advertisement.¹⁰ Many products became American icons and tangible expressions of the nation’s cultural values. For example, the ever-popular baseball cap provides wearers with a cultural identity. Baseball caps function as trophies (as proof of participation in sports or travel to particular destinations), and many brands serve as self-proclaimed labels of belonging to a cultural category (e.g., Harley-Davidson owner) or even means of self-expression (e.g., highly customized Harley Davidson motorcycles). The statuses of Coca-Cola and Disney as the most recognized commercial American icons are illustrated by the millions of people wearing their logos (and their counterfeits) in virtually every location on our planet.

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

In contrast, social media such as Facebook can be a mechanism for immigrant consumers to avoid adapting culturally. Some immigrant groups use Facebook for social interaction with other immigrants from their own community and close themselves off from learning about their new host culture.¹¹

SYMBOLS AND RITUALS

symbol

A verbal or nonverbal thing that represents or stands for something else.

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

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

Prices and channels of distribution are symbols reflecting cultural meanings. For instance, the “pricey” stores where clothes are sold symbolize quality to most people. In fact, all the elements of the marketing mix—the product, its promotion, its price, and the stores where it is sold—communicate the item’s quality, value, image, and prestige.

A **ritual** is a symbolic activity consisting of a series of steps occurring in a fixed sequence and repeated periodically.¹² Rituals can be public, elaborate, or ceremonial (e.g., weddings), or mundane routines (e.g., daily grooming). Typically, ritualized behavior is formal and often scripted (e.g., a religious service or proper conduct in a court of law), and occurs repeatedly (e.g., singing the national anthem before the start of a sports event). Figure 11.4 describes a facial care ritual.

FIGURE 11.4

Facial Beauty Ritual



FIGURE 11.5
Cultural Rituals and Artifacts

Wedding	Birth of a Child	Birthday
• White gown, catered party with friends and family, gifts	• Gifts, U.S. Savings bond, silver baby spoon	• Card, gift, cake with candles
50th Wedding Anniversary	Graduation	Valentine's Day
• Catered party, card, gift, display of photos of the couple's life, montage	• Card, gift, party	• Candy, card, flowers, chocolates
Thanksgiving	Super Bowl Party	Starting a New Job
• A home-cooked turkey dinner with family and friends	• Beer, chips, pretzels, hero sandwiches, nachos	• Haircut, new clothes
Getting a Promotion at Work	Retirement	Death
• Taken out to lunch by co-workers	• Company party, watch, plaque	• Sympathy cards/notes, flowers, donations to charity to honor the deceased, home-made food to grieving family's home

Many rituals include artifacts, or something characteristic of the ritual, and some products are marketed specifically for certain rituals. For instance, turkey, stuffing, and cranberries are part of the ritual of Thanksgiving Day in America. Rituals such as graduations, weekly card games, or visits to beauty salons also include artifacts. Figure 11.5 lists culturally appropriate artifacts for various occasions. As you can see, many of these rituals occur around life status changes, such as weddings, births, and deaths, and when one becomes a spouse, a parent, or an orphan. The gifts that are common for these occasions help the recipient enact the new status or the new role.

Measuring Cultural Values

Learning Objective

- 11.3** To understand the means to study cultural values.

content analysis

Analyzing the content of verbal and/or pictorial communications of a given society in order to uncover its members' values, this method is often used in anthropological and sociological studies.

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

CONTENT ANALYSIS

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

1. Identify the intentions, focus, or communication trends of an individual, group, or institutions
2. Describe attitudinal and behavioral responses to communications
3. Determine psychological or emotional state of persons or groups¹³

Content analysis can determine what social and cultural changes have occurred in a specific society or can compare different cultures. A content analysis of more than 250 ads appearing in 8 issues of *Seventeen Magazine*—4 Japanese issues and 4 American issues—found that teenage

girls are portrayed quite differently. Portrayals of American teen girls often reflected images of independence and determination, whereas those of Japanese teen girls portrayed happy, playful, childlike girlish images.¹⁴ Another content analysis study compared American and Chinese television commercials targeted to children. It revealed that 82% of the Chinese ads aimed at children were for food products, whereas 56% of the ads directed at American children were for toys.¹⁵ Furthermore, a content analysis of advertising for eco-friendly products found that, over time, consumers are finding environmental claims to be more trustworthy.¹⁶

FIELD OBSERVATION

field observation

A research method, used in anthropological and sociocultural studies, that consists of observing the daily behavior of selected members of a society in order to learn about its beliefs, values, and customs.

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

Field observation:

1. Takes place within a natural environment
2. Generally occurs without the subjects aware that they are being watched
3. Focuses on observation of behavior

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

In some cases, researchers become **participant-observers**—that is, they are active members of the environment that they are studying and engage in the same behaviors, rituals, and customs that they study. For example, if researchers were interested in examining how consumers select a washing machine, they might take a sales position in an appliance store and observe and interact with the customers. Researchers who specialize in field observation often videotape subjects at work, at home, in their cars, and in public places. For instance, if researchers ask teenagers directly why they are buying certain T-shirts, teenagers might give answers that they believe will make them look sensible to the researchers. Instead, watching teenagers as they shop and listening to their conversations with other shoppers or salespersons might reveal more about their motivations for buying. As a classic example, when Nissan was designing its Infiniti automobiles in the 1990s, two individuals, posing as students, rented rooms in the suburban homes of two families in the Los Angeles area and observed the car-related behaviors and preferences of “typical” Americans, without the families’ awareness. Among other findings, they discovered that the Japanese notion of luxury was very different from the American notion; whereas the Japanese crave simplicity, Americans crave visible opulence.¹⁷

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

Researchers exploring the symbolic meanings of foods conducted 30 in-depth interviews (lasting 1.5 to 2.5 hours) of females and males within the (very wide) age range of 22 to 71 years old. They found that, in the context of cultural settings, there are six types of foods:¹⁸

1. **Symbolic:** Homemade and comfort foods
2. **Individual:** Healthy foods

3. **Social:** Foods typically shared with family and others
4. **Ritualistic:** Foods associated with nostalgic events
5. **Context:** Date and coffee-break foods
6. **Experience:** Foods from other cultures

VALUE SURVEYS

Anthropologists have traditionally observed the behavior of members of a specific society and inferred the underlying values of the society from the behaviors observed. However, there are also structured, self-administered questionnaires that measure individuals' cultural values, such as the Rokeach Value Survey, the Values and Lifestyles **VALS™** (see Chapter 2) measure, Gordon's survey of personal and interpersonal values, and the World Values Survey.

The **Rokeach Value Survey** is a self-administered, two-part values inventory, where respondents are asked how important each value is to them as a **guiding principle** in their lives. There are two categories of values and two subsets within each:

1. Eighteen **terminal values:** The goals and desirable states of existence, defined as **ends**, such as happiness, pleasure, freedom, and self-respect. Some terminal values focus on **personal** aspects, such as a comfortable or exciting life, happiness, and inner harmony; the others target **interpersonal** factors, such as a world of peace and beauty, and national security.
2. Eighteen **instrumental values:** The **means** to achieve the ends, such as ambition, honesty, politeness, and responsibility. The instrumental values examine **competence**, such as being ambitious, intellectual, and responsible, as well as being a **moral** person—forgiving, helpful, and polite.

According to the Rokeach typology, there are four types of cultural orientation personalities. Figure 11.6 shows the promotional appeals that are likely to appeal to each type.

FIGURE 11.6
The Rokeach Typology
and Promotional Appeals

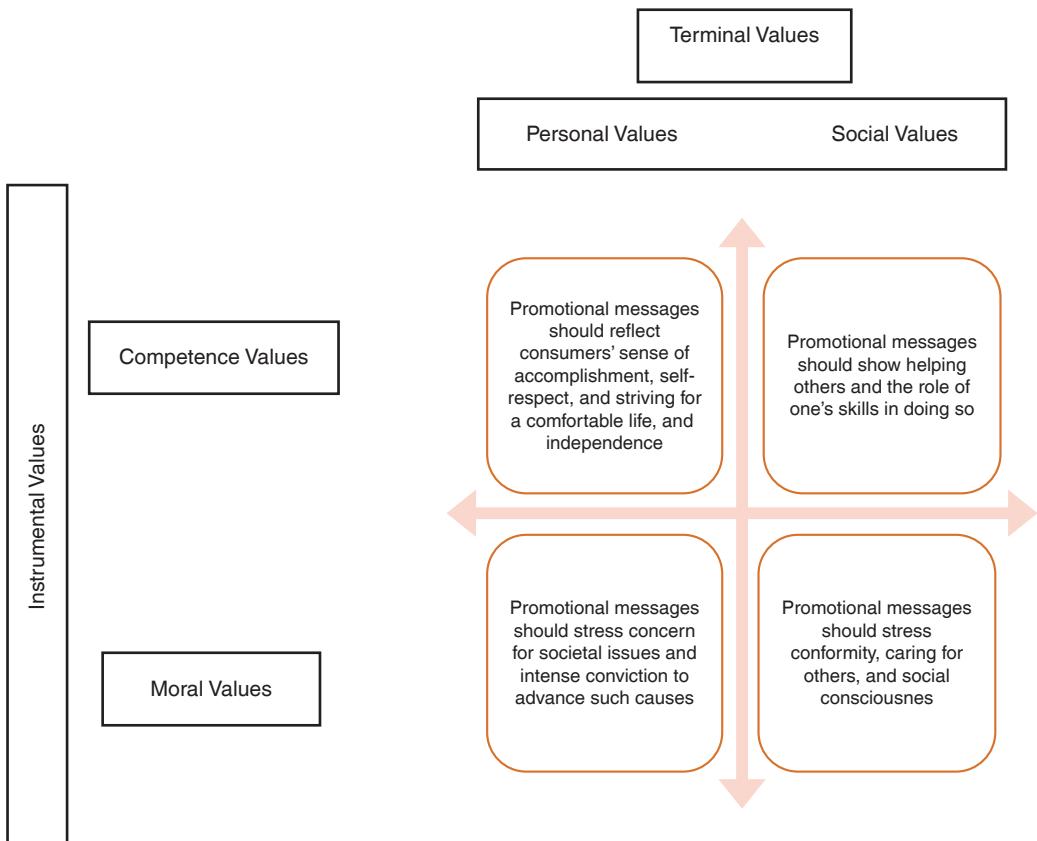


TABLE 11.1 Marketing-Applicable Values from Gordon's Inventory

Personal Values	Social Values
Achievement: Enjoying challenge, growth, and accomplishment. Knowing what one wants to accomplish and doing so in an outstanding manner.	Leadership: Being in charge and having authority and power. Having others work under one's direction.
Goal Orientation: Preferring to have well-defined objectives and completing tasks. Knowing exactly what one is aiming for.	Recognition: Being looked up to, considered important, and admired. Having people make favorable remarks. Being noticed.
Variety: Disliking routines and preferring new experiences. Visiting new places. Trying new and different things. Being able to travel.	Conformity: Doing the correct thing and following regulations. Doing what's accepted and proper. Conforming strictly to rules and moral standards.

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

This *World Values Survey* examines four groups of values:

- 1. Traditional versus Secular:** Traditional values emphasize religion, family, and authority, whereas secular values do not emphasize these values and are more accepting of divorce, abortion, euthanasia, and suicide.
- 2. Survival versus Self-Expression:** Survival values emphasize security (physical and economic), whereas self-expression values are less traditional and tend to be pro-environmental protection, pro-acceptance of foreigners, and pro-gay rights and gender equality.

Citizens of different countries exhibit different attitudes based on these values. For example, cultures differ in their attitudes and behaviors toward privacy concerns on Facebook (i.e., who can see your posts, who can find you on Facebook, and what kind of information you choose to share).¹⁹

Gordon's Survey of Personal and Interpersonal Values (or social values) measure values that determine how people cope with their daily lives.²⁰ There are two surveys—one for *personal values* and one for *social values*—described in Table 11.1.

Gordon's Survey of Personal and Interpersonal Values
A research instrument measuring the values that represent how people cope with their daily lives.

Core Cultural Values

Learning Objective

11.4 To understand core cultural values and their marketing applications.

In this section, we identify several **core values** that both affect and reflect the character of U.S. society as well as other cultures. Designating core values for any culture is difficult. However, it is particularly difficult to designate the core values of the United States. First, the United States is a diverse country, consisting of many subcultures whose members interpret and respond differently to the same set of values and beliefs (see Chapter 12). Second, the United States is a dynamic society that has undergone rapid changes throughout its relatively short history, as illustrated by the technological developments that have altered every aspect of our lives during the past 20 years. Finally, there are some contradictory values in this country's society. For instance, as a society, Americans embrace the freedom of choice, but among peers, many Americans tend to conform (in dress, in furnishings, and in fads) to the rest of society. In the context of consumer behavior, Americans like to have a wide choice

of products and prefer those that uniquely express their personal lifestyles, but also often conform to peer pressures in their consumption behavior.

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

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

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

ACHIEVEMENT AND SUCCESS

Americans maintain that challenges and competition drive people to excel. For example, young children are encouraged to excel in their studies and sports and surpass others. Free enterprise is the core of the U.S. economic system, and has made Americans more productive and allowed them to enjoy better lifestyles than most other nations. Personal achievement is a fundamental American value, with historical roots in the Protestant work ethic, which considers hard work as wholesome, spiritually rewarding, and an appropriate end in itself. Historically, our society's focus on achievement has significantly affected American society's technical development and economic growth.²¹ Individuals who consider a "sense of accomplishment" an important personal value are high achievers and strive for success.

Researchers have discovered that individuals who scored higher on "sense of accomplishment" use the internet widely for learning or gathering information, making reservations or researching travel, doing work/business tasks, buying goods or services, looking up stock quotes, and participating in online auctions by buying or selling products. Conversely, internet activities not associated with a high "sense of accomplishment" included surfing the Web, communicating with others in chat rooms, and gathering product or retail store information.²²

Success is closely related to achievement, but the two are not identical. Specifically, achievement is its own direct reward (it implicitly satisfies the individual achiever), whereas success includes an extrinsic reward (such as luxury possessions, financial compensation, and high status). A study that examined the choices of majors among incoming college students discovered that, for men, the most important factor was the field's potential for advancement and high salaries, whereas for women the most influential factor was aptitude and interest in the subject.²³

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

TIME AND ACTIVITY

Americans consider time valuable (i.e., "time is money" and "time waits for no one"). In fact, many visitors from other countries often comment on how many times Americans look at their watches and how concerned they are about deadlines and promptness. We hold time in high regard because we can accomplish more and be more productive if we use time wisely, keep busy, and do not waste time (e.g., see Figure 11.1). Americans dislike "wasting" time

and are discouraged from “sitting around doing nothing,” but like to plan and follow schedules and, at times, seem to be controlled by timetables. We often speak about being on time, saving time, using time wisely, and not wasting time.

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

The premium placed on time has had both positive and negative effects on U.S. society. For example, the quest for saving time has driven the development and growth of fast foods, the widespread and often too enthusiastic consumption of which has resulted in poorer health for many Americans and increased medical costs for all. Because Americans are preoccupied with time, they believe it is in short supply and want things to happen quickly (e.g., we hate waiting in line or for deliveries to arrive).

EFFICIENCY AND PRACTICALITY

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

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

The iPhone is probably the best illustration of Americans’ desire to carry a single device that performs many functions, such as texting, emailing, knowing up-to-the-minute news, TV remote controlling, watching movies, playing games, enjoying social media, and paying for products and services.

PROGRESS

Most Americans view change as desirable because it symbolizes development (personal as well as societal), improvement, and growth. Traditional cultures often consider change disruptive, try to avoid it, and value stability and continuity. For example, in the United States, one’s wealth is generally more important than one’s heritage, whereas in many European societies, the opposite is true. Together with the notion that saving time, pragmatism, and hard work lead to achievement, innovation, and growth, Americans believe that change (almost) always brings about a better future. Because they hold progress in high regard, Americans react favorably to messages that mention or promise progress. In our consumption-oriented society, new products or services designed to fulfill previously unsatisfied needs or satisfy needs more effectively, represent progress. Therefore, we often buy products advertised as “new,” “improved,” “better,” “longer-lasting,” “quicker,” “smoother and closer,” “increased strength,” and “smarter.”

COMFORT AND PLEASURE

For most Americans, from a very young age, material comfort and possessions signify attainment of “the good life”—a life that likely includes more than one car; a home with air conditioning, a hot tub, and a pool; a boat or a camper; and an almost infinite variety of other convenience-oriented and pleasure-providing goods and services. Americans often compare themselves to others in terms of the value of their possessions and tend to believe that they are happier than those who have less. Nevertheless, as many popular songs point out, the ownership of material goods does not always lead to happiness. For instance, many very affluent people have failed marriages and dysfunctional children as a direct result of being extraordinarily wealthy. Still, the expression, “He who dies with the most toys wins” is widely used, and not always ironically.

Stereotypically, people from other nations view Americans as too materialistic—a notion that most Americans shrug off based on their belief that material objects are desirable and just rewards for their hard work, as well as symbols of their achievement. However, most of us do accumulate more possessions than the members of other societies, and, to some extent, obtaining, maintaining, and protecting our possessions comes before developing and enjoying relationships.

American's **materialism** is often expressed in preferring bigger quantities of things. Recently, however, there has been a noticeable shift away from the **more is better** viewpoint to a **better is better** vision—one that stresses better quality and better design. This trend, known as the **design economy**, includes four elements:²⁴

1. Sustained prosperity
2. Technological development
3. Openness to change
4. Sophisticated marketing

Shopping has always been an important part of Americans' lives. A widely-quoted essay even suggested, “**Shopping is what we do to create value in our lives.**”²⁵ Still further, because online shopping is always available (as opposed to physical stores that are not always open), we now spend more time than ever before on viewing and comparing products, and, presumably, buying more objects that we do not *truly* need.

INDIVIDUALISM AND CONFORMITY

Americans value “being themselves.” Self-reliance, self-interest, self-confidence, self-esteem, and self-fulfillment are popular expressions of individualism in American language. Striving for individualism is the rejection of dependency; that is, it is better to rely on oneself than on others. Indeed, the opposite of individualism is collectivism, which implies that “being in a group” is a basic human endeavor, so that humans’ self-concept involves group membership²⁶; collectivism is also strongly associated with communism—a failed and largely distinct economic system.²⁷ American “rugged individualism” stems from the belief in self-reliance and competition, which consists of outperforming others in order to meet one’s individual needs and fulfill one’s goals. Rugged individuals consider solo performance superior to teamwork, and maintain that tasks should be accomplished alone and victory should be earned alone.²⁸ The objective of advertising appeals to individualism is to persuade consumers to buy products and services that reflect and emphasize their individual identities. For example, advertisements for high-style clothing and cosmetics promise consumers that these products will enhance their exclusive and distinctive characteristics and set them apart from others.

Conceptually, the marketing concept is congruent with individualism. The essence of the marketing concept lies in understanding consumers' needs and making only those products that customers truly believe will satisfy their needs.

Individualism and conformity exist side by side. Although Americans deeply embrace freedom of choice and individualism, they nevertheless accept the reality of conformity. The

individualism–conformity paradox is also manifested in our product choices. On the one hand, standardized products, which have been made possible by mass production, reflect uniformity. On the other hand, online shopping increasingly enables people to purchase customized personal items (e.g., sneakers, sunglasses, clothing) easily (and often inexpensively) and readily express their individualism.

The acceptance of casual dressing in the workplace is an interesting example of the “ping-pong” relationship between seeking individualism and accepting conformity. Male and female executives alike are abandoning decades-old workplace dress codes and wearing casual slacks, sport shirts, and blazers to work rather than traditional business attire. Increasingly, businesspeople (including some lawyers and even accountants) have sought more comfortable work clothes and have become more confident in their ability to choose casual yet appropriate clothing.

FREEDOM OF CHOICE

Freedom as an American core value stems from the nation’s fundamental principles: Freedom of speech, press, assembly, and religion. Americans prefer and even expect to be able to choose from a wide range of alternatives in all aspects of their lives, as illustrated by the large number of competitive brands and product variations on the shelves of supermarkets, specialty stores, drugstores, and other outlets. Apparently, such varieties are uncommon outside of the United States. One of the authors, who resides in midtown Manhattan—an area where tourists are always present—has seen, on numerous occasions, tourists pointing excitedly at (and even taking pictures of) the scores of shampoos, soaps, shaving creams, and other personal-care products displayed in drugstores. For many products, American consumers can select from a wide variety of sizes, colors, flavors, features, styles, and even special ingredients.

HUMANITARIANISM

Americans are often generous and willing (and even eager) to help those in need. They support many humane and charitable causes, and often sympathize with the underdog who must overcome adversity to get ahead. They also tend to be charitable and willing to aid people who are less fortunate than they are. Illustrations of attitudes about charitable giving appear in Figure 11.7.²⁹

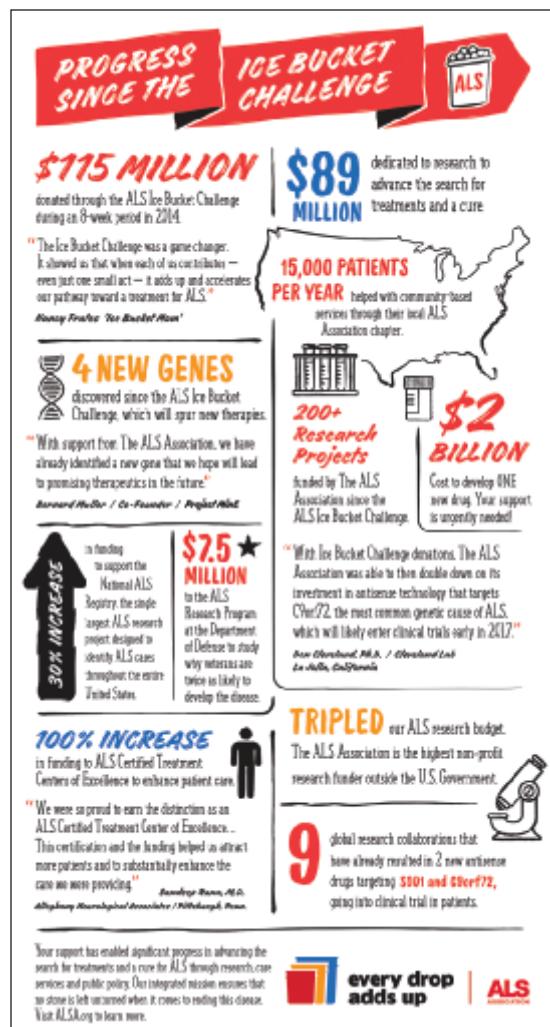
In 2015, the ALS Ice Bucket Challenge was all over social media. The ALS Association, a nonprofit organization fighting Lou Gehrig’s Disease, sponsored the challenge as a viral fundraising campaign. This viral campaign asked people to drop ice water on themselves and then to challenge others to pour a bucket of ice water on themselves as well. Just search on Google for images or videos of “ALS Ice Bucket Challenge” and you will see thousands of people—famous people and everyday people—dropping buckets of ice on themselves. This viral campaign encouraged consumers to take the challenge and donate to the ALS Association to help fund research. The Ice Bucket Challenge raised an incredible amount of money for research. Their website states, “When you participated in the ALS Ice Bucket Challenge, you contributed to a phenomenon that continues to fuel progress. Every person helped, every

FIGURE 11.7

Attitudes toward Donating Money to Charities



FIGURE 11.8
ALS Ice Bucket Challenge



Source: *The ALS Association*

research project funded, every discovery made—it all adds up!"³⁰ Notice the appeal to progress and humanitarianism. The infographic in Figure 11.8 represents the accomplishments with the money raised for the ALS association from the Ice Bucket Challenge.

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

1. **Belongingness:** Being associated with and loyal to the institution, helping to build a successful athletic program, and continue tradition
2. **Trusting:** Confidence in the institution's leadership and vision
3. **Social-practical motivation:** Exploring social and professional contacts, receiving priority seating at sports events, and tax deductions
4. **Prestige:** Pride in supporting a prestigious institution and sports teams³¹

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

Americans' humanitarianism has also affected their consumption and investments. For example, some refuse to invest in companies that use child labor (in foreign countries), harm the environment, or make weapons, and investments in socially conscious mutual funds are now commonplace. One study showed that during Christmas shopping, the number of consumers indicating that they intend to purchase from retailers that support social causes has been steadily increasing.³²

YOUTHFULNESS

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

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

FITNESS AND HEALTH

Being fit and healthy is an important core value and very evident in many aspects of American life. Witness the large number of health clubs and chains of fitness-related services, including yoga and similar forms of body-and-mind conditioning; a seemingly endless array of innovative fitness equipment (often featured in long TV infomercials); fitness centers and activities in some companies; biking and running lanes in many cities; the increasing availability of organic, low-fat, and no-fat foods and foods with less sodium and sugar; the sizable number of fitness magazines; the large array of vitamins and other supplements, backed by aggressive advertising; the variety of diet programs, "gurus," and exercise equipment designed specifically for reducing weight; portable monitors of heart rate, body fat, and the number of calories used during physical activities; wearable fitness trackers such as the fitbit; the increasing popularity of "active" and "adventure" vacations (e.g., backroads.com); and reductions in health insurance costs to nonsmokers and people who enroll in wellness programs. These are only an exemplary few of the products and services available because of Americans' preoccupation with fitness and health.

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

The reasons behind the growing importance of fitness and health in America have been investigated continually. One study suggested that Americans believe they have lost the ability to control their environment and, as a result, feel anxious and insecure and also experience self-doubt. People who feel that they lack external self-control turn inward; they feel that if they can't control the world, they can at least control and change their own bodies through exercise.³³

Many Americans have adopted healthier lifestyles and buy healthier foods at least some of the time.³⁴ Virtually all food companies have modified at least some of their products to cater to health-conscious consumers. Frozen dinners have become more nutritious and some "junk foods" have become less unhealthy. Makers of high-calorie and low-nutrition snack foods have introduced "light," "fat-free," "low-sodium," "no-preservatives," "no-cholesterol" versions. Even marketers of alcoholic beverages realize that consumers are interested and therefore they are offering healthier versions of their products.³⁵ One study sponsored by Progressive Grocer, a leading food retailing publication, suggested that "the most lucrative consumer trend in the next five to ten years" is going to be "health and wellness," and that consumers who currently make their grocery shopping decisions based on price, taste, and convenience will upgrade "health benefits to a No. 1 or No. 2 priority."³⁶ Consumers have also become concerned with more hygienic home maintenance products, such as antimicrobial home-cleaning solutions.³⁷

Websites are the most popular sources of health and fitness information. Countless websites are devoted to fitness and health, offering workout tips, nutritional information, and

fitness-related products and services, among many others. In addition, most of the websites set up by companies that market consumer goods provide health and fitness information associated with their products (e.g., sellers of cleaning products offering advice on more sanitary housekeeping and marketers of sunglasses advising consumers how to protect their eyes from the sun even when not wearing glasses). A website that monitors online surfing reported that in a given period, most internet users have looked online for information on health topics, with increased interest in diet, fitness, drugs, health insurance, experimental treatments, and particular doctors and hospitals.³⁸

In spite of the explosive growth of the fitness and wellness industry and the scores of healthier foods introduced, about two-thirds of Americans are overweight, and, as reported by the Centers for Disease Control and Prevention (CDC), 36% of American adults are obese (as defined clinically), as are 17% of children ages 2 to 19. At this rate, 44% of all Americans will be obese within the next 15 years or so; obesity-related medical costs, which presently amount to \$150 billion, will double or even triple.³⁹ (A discussion of marketers' impact on obesity rates appears in Chapter 15.) As expected, losing weight and eating healthier have been at the top of Americans' New Year's resolutions for decades (usually followed by getting out of debt and saving more money).⁴⁰ Campbell's Healthy Request soup—featured in Figure 11.2—is one of the thousands of products introduced in response to Americans' health concerns.

ENVIRONMENTAL CONCERN

green marketing

Green marketing is the process of producing and promoting reusable, recycled, and recyclable, eco-friendly products, as well as promoting the idea of reuse, reduce, and recycle for a sustainable future.

Green marketing is producing and promoting reusable and eco-friendly products. Over the past 20 or more years, virtually all companies have adopted at least some environmentally friendly practices in response to the global awareness of climate change and its potentially dire consequences for our planet and its inhabitants. For instance, because emissions from cars are a prominent contributor to environmental deterioration, automobile makers now produce more environmentally sound cars. Most advertisers inform consumers that they use renewable, clean, and sustainable energy and recycled and nonpolluting materials.

Many Americans consider buying environmentally sound products to be part of their duties as consumers and a societal and cultural priority. Although numerous consumers claim to be "green" and support ecological causes, studies indicate that such attitudes do not always result in pro-environmental behavior. That is, there is a discrepancy between what people say and what they do.⁴¹ Furthermore, consumers' eco-consciousness is fickle, and the sales of such products as recycled toilet paper, organic foods, and hybrid cars sharply decline during economic recessions.⁴²

The Harris Poll has been investigating ecologically sound attitudes (Figure 11.9A) and behaviors (Figure 11.9B). Somewhat surprisingly, the poll discovered that "green" attitudes and behaviors have declined over a relatively recent three-year gap.⁴³ Another study found that most consumers did not know which lifestyle changes were the best means to reduce global warming.⁴⁴

Researchers have also discovered that consumers find environmental labels difficult to understand and that this issue increases their price sensitivity regarding ecologically sound products.⁴⁵ Yet another study indicated that even consumers with pro-environmental beliefs have difficulty correctly identifying "green" products (other than cleaning items) and do not find "green" marketing engaging.⁴⁶ Together, these studies indicate that marketers must improve their promotion of "green" products.

Several studies have focused on consumers' likelihood to buy environmentally safe products. One study examined online consumer reviews of "green" (e.g., environmentally friendly) automobiles to uncover the values that are at the heart of purchasing hybrid and electric cars. The research found that Americans buy these cars more for the other values discussed (e.g., progress, saving time, efficiency, and freedom of choice) than for their environmental concern.⁴⁷

Consumer environmental stewardship is one's personal sense of responsibility for the environment, accountability for purchases' environmental impact, and willingness to sacrifice personal comfort for the good of the environment. People with strong environmental

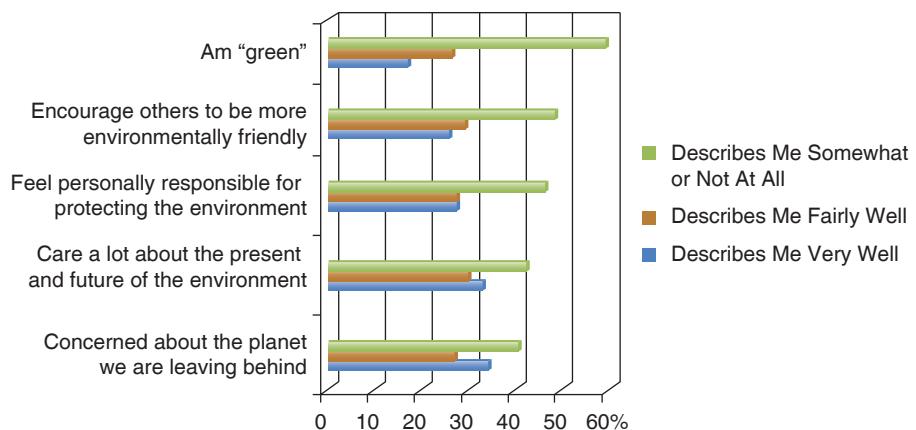
consumer environmental stewardship

Consumer environmental stewardship is one's personal sense of responsibility for the environment, accountability for purchases' environmental impact, and willingness to sacrifice personal comfort for the good of the environment.

FIGURE 11.9A

Americans' "Green" Attitudes

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

**FIGURE 11.9B**

Americans' "Green" Behaviors

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



concerns believe that each person can take measures to decrease pollution by consuming responsibly, and they feel empathy and affinity toward future generations.⁴⁸

"Green" consumers are attractive prospects for many products, so it comes as no surprise that marketers have explored targeting them. One study identified three types of "green" consumers:⁴⁹

- 1. Environmental Activists:** These "green" enthusiasts 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:** These consumers are concerned about sustaining their own health and not so much about sustaining the planet.
- 3. Economizers:** These consumers experiment with buying eco-friendly products in order to save money.

Another study identified four groups of "green" consumers:⁵⁰

- 1. True Greens:** These enthusiasts have adopted environmental-friendly behaviors. They try to convince friends to use environmental-friendly products and to avoid buying products that have a negative environmental impact. "True Greens" 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. They also 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 are unwilling to change their shopping behaviors.
- 3. Learning Greens:** These people are still learning about environmental issues but are not actively engaged in ecological causes. They sometimes consider environmental impact when purchasing products but are skeptical about environmentalists' claims.
- 4. Non-Greens:** These consumers do not care about wildlife or environmental issues. They neither engage in environmental-friendly behaviors nor feel guilty about adversely impacting the environment. Although some of them acknowledge environmental problems, "Non-Greens" 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.

Table 11.2 summarizes Americans' core values and illustrates their persuasive potential. One study indicated that nearly identical values have influenced consumer behavior in other countries.⁵¹

TABLE 11.2 Core Cultural Values

Core Value	Definition	Promotional Appeals
Achievement and Success	Working hard and excelling in other aspects of life.	"Fact: Our car members experience more" "You're worth it" "For people who are in the best shape they've ever been in but still aren't satisfied"
Time and Activity	Being active and busy in one's job and life and expanding one's horizons.	"A new challenge daily—Wow, I'm so fortunate" "Prepare today, to lead for a lifetime"
Efficiency and Practicality	Saving time and effort and finding pragmatic products and solutions. Less theory, more practice.	"The taste you want, the energy you need" "So easy, even an adult can open our container"
Progress	Seeking and adopting new processes that replace less advanced ones.	"One-step process to a better complexion" "Only 4 minutes to a great family meal"
Comfort and Pleasure	Accumulating possessions that enable a more comfortable and pleasurable life.	"Bring the family together: Create a great backyard" "Even more legroom"
Individualism and Conformity	<i>Individualism:</i> Being yourself and marching to the "beat of your own drum," as opposed to adhering to group norms and being the same as others. <i>Conformity:</i> Desiring to fit in.	<i>Individualism:</i> "You answered to your own drum in college, now how about a challenging position for your career?" <i>Conformity:</i> "Drive carefully" "Respect others" "Be included: Vote this November"
Freedom of Choice	Having freedom of choice and expression.	"Almost more colors than hairs on your head" "America is about choice"
Humanitarianism	Helping the less fortunate and people in need.	"No kid should go hungry" "We combat natural disasters with human kindness"
Youthfulness	Looking youthful and remaining "young at heart" despite aging chronologically.	"Never look your age again" "Be Young. It's a state of open-mindedness"
Fitness and Health	Caring about one's health and ability to be physically active.	"Relax—It's the good fat" "Create your perfect body"
Environmental Concerns	Caring about the environment and buying "green" products.	Clorox Green Works cleaner—"Shockingly Powerful, Naturally" "Planet's favorite hybrid"

Summary

Learning Objective 11.1: To understand culture's dynamics and impact on consumer behavior.

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

Learning Objective 11.2: To understand cultural learning.

Society's members share their values and customs through a common language, although some cultures include more than one language. We learn cultural norms and customs mostly from family and peers, and begin at a very young age to understand that some behaviors are appropriate and others are not. Anthropologists have identified three forms of cultural learning: formal learning, informal learning, and technical learning. Our ethical values are also formed during childhood, as we learn them from parents, teachers, and other significant adults. Anthropologists distinguish between enculturation (learning one's own culture) and acculturation (learning about a new or foreign culture). The contents of media, advertising, and marketing reflect cultural values and convey them to all members of society very effectively. Given Americans' extensive exposure to print, broadcast, and online media, as well as the easily ingested and entertaining presentation formats of their contents, media and advertising are powerful vehicles for imparting cultural values.

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

Learning Objective 11.3: To understand the means to study cultural values.

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

Learning Objective 11.4: To understand core cultural values and their marketing applications.

Americans' and other societies' core values—often employed as persuasive appeals in advertising campaigns—include achievement and success, time and activity, efficiency and practicality, progress, comfort and pleasure, individualism and conformity, freedom of choice, humanitarianism, youthfulness, fitness and health, and environmental concerns.

Review and Discussion Questions

- 11.1. Distinguish between terminal and instrumental values and their subsets. What does this classification identify? According to the Rokeach typology, in terms of cultural orientation, individuals can belong to one of four types. Make a list of them, including the subsets, and analyze their characteristics.
- 11.2. In what ways do the three forms of cultural learning differ from one another? How can each be used effectively in marketing and advertisements?
- 11.3. The Malaysian Palm Oil Association (MPOA) is planning a persuasive advertising campaign to encourage consumers to switch from a diet of *teh tarik* (literally “pulled tea”) to drinking coconut water. By measuring the influence of culture on consumer behavior (cultural, consumption, and product-specific), explain how the data is useful to the MPOA for their campaign planning.
- 11.4. For each of the following products and activities:
 - a. List two relevant core values and explain your choices.

- b. Describe how each value either encourages or discourages buying the product or engaging in the activity.

The products and activities are:

1. Donating blood
2. Visiting tanning salons
3. Buying a smartphone
4. Buying a tablet device
5. Drinking diet beverages
6. Travelling overseas
7. Using sun protection products regularly
8. Buying a convection oven
9. Buying a pair of sneakers online
10. Following the latest fashions

- 11.5. Food companies are now modifying their products to cater to health-conscious consumers. Why?
- 11.6. Do consumers react differently to green products depending on their countries of origin? If so, why?

Hands-on Assignments

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

Key Terms

- Acculturation 306
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Chapter

12

Subcultures and Consumer Behavior

Learning Objectives

- 12.1** To understand the subcultures and consumption globally and within the United States.
- 12.2** To realize the influence of nationality and ethnicity subcultures on consumer behavior.
- 12.3** To understand the impact of religious affiliations on consumer behavior.
- 12.4** To know about the influence of geographic locations and regional characteristics on consumer behavior.
- 12.5** To comprehend age and generational influences on consumer behavior.
- 12.6** To understand the influence of gender, gender identity, and sexual orientation on consumer behavior.

ASUBCULTURE is a group that shares certain beliefs, values, and customs and exists within a larger society. A subculture can stem from a person's ethnicity (Figure 12.1), religion, geographic location, age, or gender.

Subcultures are based on sociocultural and demographic variables, such as nationality, religion, geographic locality, ethnicity, generation, and gender. When marketers single out a subculture, they must

often modify the product to better meet the needs of the targeted consumers and also change the marketing message to suit the subculture's values and tastes. For instance, when targeting the American Hispanic subculture, companies often supplement their English-language advertising with ads in Spanish, which are more effective than the English ads when targeting this rapidly growing American market segment.

FIGURE 12.1

Targeting African Americans and Portraying Changing Gender Roles

subculture

A group that shares certain beliefs, values, and customs, stemming from ethnicity, religion, geographic location, age, or gender, while also being a part of a larger society.



Source: *Mothers Against Drunk Driving (MADD), USA*

Subcultures in the United States

Learning Objective

- 12.1** To understand the subcultures and consumption globally and within the United States.

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

FIGURE 12.2

Culture and Subcultures

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

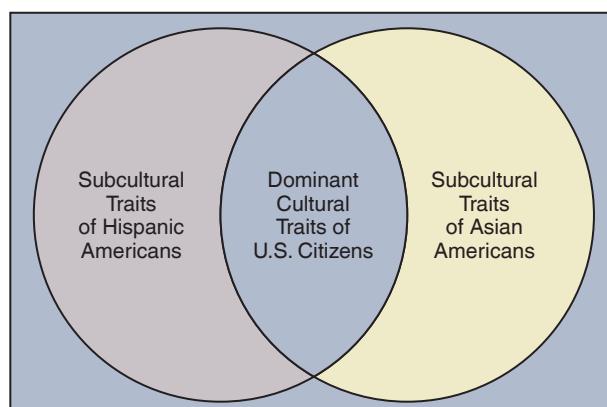
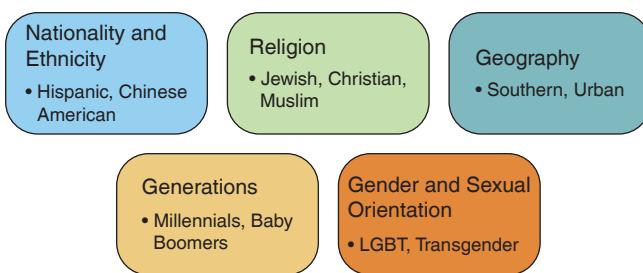


FIGURE 12.3

The Primary Subcultures



traits, yet both groups share the dominant traits of the overall American culture. Figure 12.3 lists and illustrates the subcultures discussed in this chapter.

Most Americans belong to more than one cultural group. For example, a 10-year-old girl might be African American, Baptist, a preteen, and a Texan. Membership in each different subculture provides its set of specific beliefs, values, attitudes, and customs. Subcultural analysis enables marketers to identify the sizable and subcultural segments. Subcultures are dynamic—for example, the ethnic groups that comprise the U.S. population have been changing in size and economic power. The Caucasian white population of the United States, which made up 72% of Americans in the year 2011, was projected to decline to about 46% of the U.S. population by the year 2050.¹ However, in 2016, almost 77% of the population is white in the United States. In addition, many consumers who are multiracial consider themselves white because they look white, live in mostly white neighborhoods, and have mostly white friends.² The U.S. Census Bureau has estimated that by 2042, “Americans who identify themselves as Hispanic, black, Asian, American Indian, Native Hawaiian and Pacific Islander will together outnumber non-Hispanic whites.”³ Frequently, California is called a “window on America’s future,” and its multicultural or combined minority is now the state’s majority population.

The following sections examine several subcultures stemming from nationality, ethnicity, religion, geographic regions, age and generation, and gender and gender identity. Some marketers take many subcultures into account in one campaign. Furthermore, marketers are appealing to consumers from a variety of ethnic backgrounds and gender identities in their advertising by employing actors and real people from these subcultures.

Nationality and Ethnicity Subcultures

Learning Objective

- 12.2** To realize the influence of nationality and ethnicity subcultures on consumer behavior.

ethnic subcultures

A subculture that is based on belonging to a group that has a common national or cultural heritage.

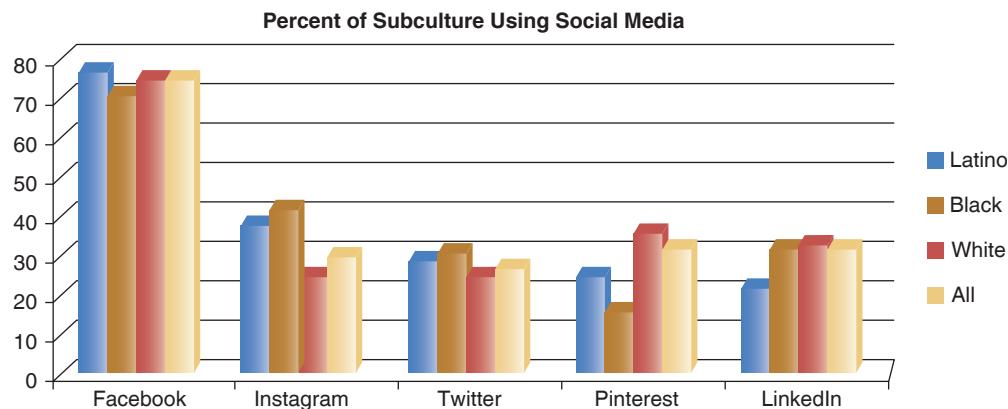
America’s immigrants brought with them cultural values and lifestyles that blended into the American culture (i.e., the “melting pot” concept). Each cultural ancestry has blended, to some extent, into the diversity of the United States, which many believe to be the country’s key strength. The 2010 U.S. Census reveals that between 2000 and 2010, nearly 13% of the American population was foreign born (5.6% are naturalized citizens and 7.3% are currently noncitizens). In 2014, that percentage rose to 13.2%.⁴ Still further, Queens County (one of the five boroughs that make up New York City) is one of the most multicultural counties in America, and 46% of its residents were born outside the United States.⁵ When it comes to consumer behavior, “ancestral pride” is manifested in the consumption of ethnic foods, travel to the “homeland,” and the purchase of cultural artifacts (ethnic clothing, art, music, foreign-language newspapers). The three primary **ethnic subcultures** in America are Latino Americans (also referred to as Hispanic Americans), African Americans, and Asian Americans. A recent increase in warring nations and civil wars has created many more people seeking asylum in peaceful nations. In 2017, there were “65.6 million people displaced from their homes.” This number is an increase by 300,000 people from 2015, which was already at an all-time high since the end of World War II.⁶

Savvy companies recognize subcultures in targeting consumers. For example, in one campaign, Kmart included spots that featured African American, Asian American, Hispanic American, Anglo American, and multiethnic families.⁷ Marketers must take into account

FIGURE 12.4

Percent of Internet Users from Each Subculture Using Social Media

Source: Adapted from Jens Manuel Krogstad, "Social Media Preferences Vary by Race and Ethnicity," Pew Research Center, February 3, 2015.



ethnicities' media usage patterns. For example, the Pew Research Center reported that there are differences between blacks, Latinos, and whites in their use of social media, as you can see from Figure 12.4. Note that white consumers use Instagram much less frequently than black consumers do, but white internet users are on Pinterest much more than black internet users are. Furthermore, Latinos use LinkedIn much less frequently than do the other subcultures. This pattern may be due to cultural norms within the community.

LATINO AMERICAN AND HISPANIC AMERICAN CONSUMERS

The 2010 U.S. Census found that 53% of all foreign-born U.S. citizens were from Latin America; these persons represent 15% of the U.S. population, and their number is estimated to become 30% of the U.S. population by the year 2050 (i.e., about 133 million).⁸ In 2011, Latino Americans had an estimated purchasing power approaching \$1.2 trillion, and 4 million Hispanic Americans had annual incomes of \$75,000 or more.⁹ In contrast to other American population segments, Hispanic Americans are younger: in 2006, when almost 34% of Hispanic Americans were under 18 years of age, only 25% of the U.S. population was under age 18. The median age for Hispanic Americans is 27 years of age, whereas the median age for all of the United States is 36 years.¹⁰ Hispanic Americans have larger families, and many live in extended family households consisting of several generations of family members. Also, Hispanic American households have more children than do black or non-Hispanic American white families with children, and they spend more time caring for their children.¹¹

It is estimated that by 2020, only 34% of Hispanics living in America will be foreign-born first generation; 36% will be U.S.-born second-generation children of immigrants, and 30% will be third-generation children of U.S.-born Hispanics.¹² In terms of acculturation, only 20% of the Hispanic/Latino market has recently migrated to the United States and speak only Spanish. Of the remaining 80%, some 20% speak only English and 60% speak both Spanish and English. Of the more than 44 million Latino Americans, 77% live in the seven states that have an Hispanic population of 1 million or more (California, Texas, New York, Florida, Illinois, Arizona, and New Jersey). Furthermore, although Hispanics represented 42% of New Mexico's total population, the highest percentage of any state, some counties in North Carolina, Georgia, Iowa, Arkansas, Minnesota, and Nebraska are between 6 and 25% Hispanic.¹³

Some people consider all Latinos as one subculture because of the common language. However, there are 12 distinct Hispanic subgroups in the United States. The three largest Hispanic subcultural groups are Mexican Americans (about 67% of America's Latinos), Puerto Rican Americans (8%), and Cuban Americans (4%). These subcultures are heavily concentrated geographically, with more than 70% of their members residing in California, Texas, New York, and Florida; Los Angeles alone is home to one-fifth of the Hispanic population of the United States. Whereas more than 60% of all Mexican Americans (the largest Hispanic group) were born in the United States, 72% of Cuban Americans were born in Cuba.

Hispanic American consumers have a strong preference for well-established brands, and traditionally prefer to shop at smaller stores. However, as Hispanics acculturate, they become

less brand loyal and shop differently than they used to.¹⁴ In New York City, many Hispanic consumers preferred to buy food in bodegas—small food specialty stores located in Spanish neighborhoods—despite lower food prices in supermarkets. However, as they adopt American customs, most Latinos in the United States begin buying food in supermarkets rather than small stores. Young Latinos are fashion conscious, loyal to well-known brands, and like the same brands as other young Americans. A study reported that female Hispanic high school students had a higher “need for uniqueness” than non-Hispanic females. Thus, marketers might appeal to some young Hispanic Americans with advertising focused on nonconformity and independence.¹⁵ The number of Hispanic American households with internet access has been increasing annually.¹⁶ In fact, 78% of English-dominant Hispanics and 76% of bilingual Hispanics are internet users.¹⁷ Some evidence indicates that many Hispanics prefer Web content that reflects the culture of their country of origin. Older Latinos are not impulse shoppers, and many are suspicious of marketers. Furthermore, Hispanic consumers are highly interested in being homeowners because they believe that owning a home is the best way to raise a family.¹⁸ Marketers should tailor their real estate advertising to Hispanic consumers, as well as marketing products such as home furnishings.

Marketers targeting Latinos must be aware that identifying Hispanic consumers is complex. Some identify themselves as Latino because of their surnames or the fact that Spanish is their first language. From a marketing viewpoint, the best way to target a Hispanic market is on the basis of the group’s degree of personal ethnic identification. Some marketers use Spanish to cater to Latinos. For example, Ford started promoting its Flex, a crossover vehicle, with product placement that had the car “starring” in Telemundo’s 22-episode mini-novella, *Amores de Luna*. Ford’s message was aimed at a new type of Hispanic American consumer known as the Nuevo Latino, a 30- to 39-year-old bicultural consumer who strongly identifies with the Hispanic ethnicity but increasingly embraces American customs and norms.¹⁹ In recent years, Miller Lite has made soccer a priority in order to attract Hispanic beer drinkers, including striking a sponsorship deal with the Chivas de Guadalajara team of the Primera Division soccer league in Mexico.²⁰ As another example, Jeep, a company with a strong American identity and rich history, uses the concept of lineage to target Hispanic consumers.

However, some research that shows that as consumers from the Hispanic ethnic subcultures become affluent, their buying behavior becomes similar to non-Hispanic consumers who are also affluent. Marketers need to realize that they need to use a selection of marketing variables to segment and appeal to the Hispanic American consumer.²¹

AFRICAN AMERICAN CONSUMERS

According to the latest U.S. Census, the African American population of the United States consists of 42 million persons, and is estimated grow to 70 million African Americans by 2050.²² This represents approximately 13.6% of the overall U.S. population. African Americans currently constitute the second-largest minority in the United States (after Latinos), and have a purchasing power estimated to have reached \$1 trillion. It is also important to note that more than half of African American consumers are less than 35 years of age.²³ Generally, the consumption of African Americans consumers is a function of their social standing rather than ethnicity. Nevertheless, compared with all American consumers, African Americans consumers prefer leading brands, are brand loyal, and are unlikely to purchase private-label and generic products. One study found that almost two-thirds of African Americans were willing to pay more to get “the best,” even for brands that were relatively unknown. The study also reported that successful African Americans often bought high fashions and name brands to demonstrate their success and social advancement.²⁴ African Americans account for more than 30% of spending in the \$4 billion hair care market, and they spend more on telephone services than any other consumer segment. Still further, they spend an average of \$1,427 annually on clothing for themselves, which is \$458 more than all U.S. consumers.²⁵ Similarly, African American teens spend more on clothing and video games than all U.S. teens and were more brand loyal.²⁶

Radio One's study ("Black America Today") found that 64% favor businesses that give back to the black community, 49% prefer buying brands that are respectful of the black culture, and 33% favor brands that are popular with their culture.²⁷ One of Radio One's research reports—Black America Today—identified some eleven segments for characterizing the African American market.²⁸ For example, there is the "Black Is Better" segment who shops in drugstores, convenience stores, and price clubs monthly; whereas the "New Middle Class" segment spends more than the other African American segments in terms of shopping on the internet.

Approximately \$400 million of the \$1.7 billion spent annually on ads reaching out to African Americans is spent on magazine advertising, which includes such publications as *Black Enterprise*, *Ebony*, *Essence*, *Jet*, and *Vibe*. Because of the importance of "black media" to African American consumers, many marketers supplement their general advertising expenditures with ads placed in magazines, newspapers, and other media directed specifically to African Americans. Still further, internet usage among African Americans is the same as among all Americans (68% of African Americans are online versus 71% of all Americans), and two thirds of African Americans shop online.²⁹

ASIAN AMERICAN CONSUMERS

There are approximately 21 million Asian Americans, representing 5.7% of the U.S. population. They are the fastest-growing American minority, with some estimates showing that by 2055 they will be the largest of all minority groups in America. In 1990, there were 6.9 million Asian Americans; in 2000, there were 11.9 million. In 2015, the largest nationalities within America's Asian population were Chinese (4.9 million), Filipino (3.9 million), Indian (4 million), Vietnamese (1.98 million), Korean (1.8 million), and Japanese (1.4 million). Thus, unlike Latinos, Asian Americans do not share a common language and are a highly diverse market segment. The Asian American population is greatly urbanized, with nearly three quarters of them living in metropolitan areas with population greater than 2.5 million. The three metropolitan areas with the highest Asian American populations are the Greater Los Angeles area, the New York metropolitan area, and the San Francisco Bay area. The most striking characteristics of Asian Americans is a high level of educational attainment. As shown in Figure 12.5A, the percentages of all Americans with college and advanced degrees is significantly smaller than the corresponding percentages for Asians (Figure 12.5B).³⁰

Asian Americans are largely family-oriented, highly industrious, and strongly driven to achieve a middle-class lifestyle. They are an attractive market for an increasing number of marketers. During a recent year, Asian American households had a median income of \$73,060 which is greater than the median annual household income of household of \$53,600 among all U.S. households. However, this is not uniform across all Asian households. For example, the median income for Burmese-Americans is \$36,000.

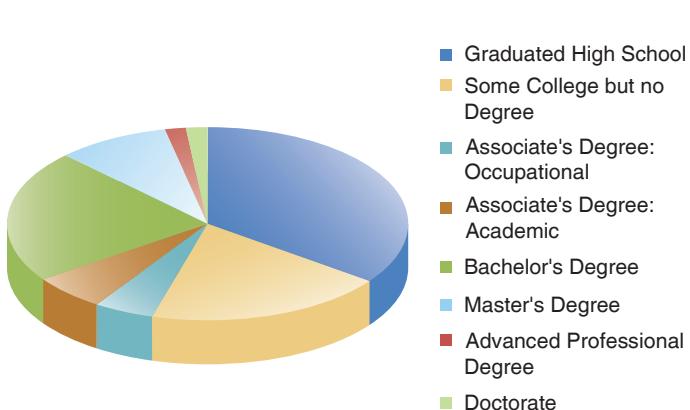


FIGURE 12.5A Educational Attainment of All Americans

Source: US Census Bureau, 2010 Population Census, Population Asian-Americans, issued 2012

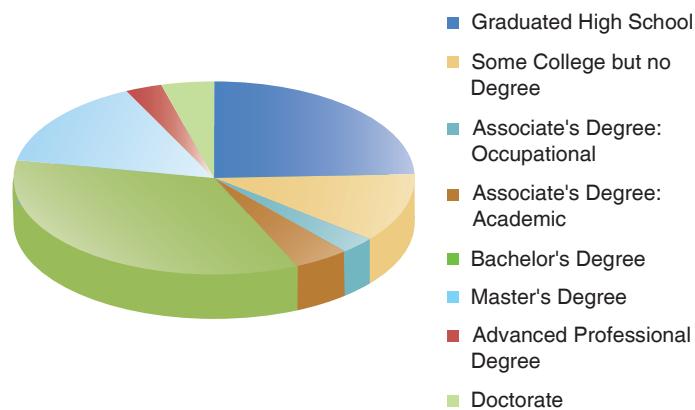


FIGURE 12.5B Educational Attainment of Asian Americans

Source: US Census Bureau, 2010 Population Census, Population Asian-Americans, issued 2012

In terms of family structure, about 26% of Asians live in multigenerational households (e.g., with two or more adult generations in one home) which is a greater percentage than the United States overall (19%).³¹ Further, since they value family, Asian-Americans are more likely than all Americans to be married (59% vs. 51%). Furthermore, Asian-Americans are more likely to raise their children in households with two married parents as compared to all American households (80% vs. 63%).³² The importance of the effect of family structure on consumer behavior is discussed in Chapter 10.

Asian Americans value quality (and associate quality with well-known, upscale brands). Asian Americans are tech savvy and digitally fluent. They are early adopters of technology and social media.³³ In particular, Asian American women have the highest smartphone ownership of any racial or ethnic U.S. subculture. In addition, their use of communication apps such as Skype, GroupMe, WhatsApp, and Hangouts is greater than any other U.S. racial or ethnic subculture.³⁴ Furthermore, Asian American have an impact on the broader American culture. For example, the most subscribed to woman owned YouTube channel is Vietnamese American Michelle Phan's make up and beauty advice channel. Still further, Asian Americans tend to live healthy lifestyles and have a greater consumption of organic food than the total American population.³⁵

In 2015, more than half of all Asian residents in the United States over the age of 25 had completed an undergraduate university degree.³⁶ Completing a university degree is highly valued and viewed as a necessary path to achieving success.³⁷

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

The use of Asian American models in advertising is effective in reaching this market segment. Research reveals that responses to an ad for stereo speakers featuring an Asian model were significantly more positive than responses to the same ad using a Caucasian model. In general, 33% of Asians residing in the United States prefer to watch media (e.g., internet and TV) in English.³⁸ However, the percentage of Asian Americans who prefer advertisements that are not in English varies among different Asian American groups. For instance, 93% of Vietnamese consumers prefer ad messages in the Vietnamese language, whereas only 42% of Japanese Americans prefer ad messages in Japanese.³⁹ Aware of the increasing importance of the Asian American market, Procter & Gamble has named its first Asian American advertising agency, and Wal-Mart has begun running TV commercials in Mandarin, Cantonese, and Vietnamese, as well as Filipino print ads.⁴⁰ In contrast, though, it is important to note that according to the most recent Census, almost 80% of Asian Americans speak English "very well," with 20% indicating that they speak only English.

Religious Affiliation Subcultures

Learning Objective

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

religious affiliation

A subculture that is based on identification with a religious or faith based group.

Brian Grim wrote in the World Economic Forum, "Today, seven of the G8 nations have Christian-majority populations." By 2050, it is expected that the only country projected to have a majority Christian population is the United States. In contrast, India has a Hindu majority and Indonesia has a Muslim majority. China and Japan enjoy high levels of diversity of religion.⁴¹ When one religion is dominant in a country, the other religions are the subcultures in that country. The United States reportedly has more than 200 different organized **religious affiliations** (or subcultures). Of this number, Protestant denominations, Roman Catholicism, Islam, and Judaism are the principal organized religious faiths. The members of all these religious groups at times make purchase decisions that are influenced by their religious identity. Commonly, consumer behavior is directly affected by religion in terms of products that

are symbolically and ritualistically associated with the celebration of various religious holidays. For example, Christmas has become the major gift-purchasing season of the year.

Several studies examined the impact of consumers' religion on their consumer behavior. Recent research by the Pew Research Center indicates that religious affiliation in the United States is declining. The unaffiliated tend to be younger than those who are practicing religion. In addition, a greater number of families are raising their children in more than one faith. That being said, the majority of Americans continue to identify as being members of a Christian faith.⁴²

A study of Jewish consumers found no significant differences with respect to brand loyalty and word-of-mouth between American Jews and non-Jews.⁴³ Religious requirements or practices do, however, sometimes take on an expanded meaning. For instance, dietary laws for an observant Jewish family represent an obligation. The *U* with a circle around it and *K* marks on food packaging are symbols that the food meets Jewish dietary laws. For nonobservant Jews and an increasing number of non-Jews, however, these marks often signify that the food is pure and wholesome—a kind of “Jewish Good Housekeeping Seal of Approval.” Packaging and print ads for food items that are kosher sometimes display the word *pareve*. This word tells shoppers that the product is kosher and that it contains no milk products and no meat products. Consumers who are allergic to dairy products can look for the word *pareve* and know the product is safe to eat because there is no dairy in it. Furthermore, consumers who are vegan and do not eat any food that comes from an animal can safely eat *pareve* food as well.

In response to the broader meaning given to kosher-certified products, a number of national brands, such as Coors beer and Pepperidge Farm cookies, have secured kosher certification for their products. A kosher Manhattan steak house, the Prime Grill, claims that about half of its clientele are non-Jews, but the restaurant offers a menu that “just happens to be kosher.”⁴⁴ In addition, Muslim consumers have similar dietary laws to follow. These laws are called *Halal* and food products are marked for followers of Islamic dietary rules.

Targeting specific religious groups with specially designed marketing programs can be profitable. For instance, a study investigated 450 religious oriented mobile apps on iTunes. This research discovered 11 categories of religious apps. For example, there are apps for praying, for sacred texts, and for performing religious acts. More specifically, there are apps for learning about your religion or keeping track of dates and times to perform ritual acts.⁴⁵ Furthermore, if you go to the app store on your smartphone, you can download dating apps specific for your religion. JSwipe is a dating app to match with Jewish singles and ChristianMingle is the app to match with Christian singles. Marketers can advertise on the apps in order to find a target audience based on religion. JSwipe promotes advertising opportunities on its website (jswipeapp.com), stating, “We are proud to offer unparalleled access to and engagement with Jewish millennials.” In addition, many of the broad-based dating apps and websites allow users to narrow results by religion.

Geographic Subcultures

Learning Objective

- 12.4** To know about the influence of geographic locations and regional characteristics on consumer behavior.

geographic subcultures

A subculture that is based on geographic locations and differences in consumer behavior based on lifestyle differences because of living in that location (e.g., climate, urban or rural, mountains or plains, and regional consumer preferences).

The United States is a large country, one that includes a wide range of climatic and geographic conditions. Given the country's size and physical diversity, it is only natural that many Americans have a sense of “regional identification” when comparing and describing themselves to others (e.g., “he is a true Southerner”). Anyone who has traveled across the United States has probably noted many **geographic subcultures** in consumption behavior, especially when it comes to food and drink. For example, a “mug” of black coffee typifies the West, whereas a “cup” of coffee with milk and sugar is preferred in the East. There also are geographic differences in the consumption of staple foods, such as bread. Specifically, in the South and Midwest, soft white bread is preferred, whereas on the East and West coasts, firmer breads (rye, whole wheat, and French and Italian breads) are favored. Regional differences also include brand preferences. Why do you suppose Skippy is the best-selling brand of peanut butter on both the East and West Coasts, whereas Peter Pan sells best in the South and Jif sells best in the Midwest? Differences also exist in the use of words in different regions of the United States. For example, a shredded mixture of cabbage, carrots, mayonnaise, vinegar, and spices is known as *slaw* in southern states and *coleslaw* in northern states.⁴⁶ Marketers need to be aware of how they label packages or refer to products on menus and in advertising.

One study illustrated the differences in candy preferences across the United States. It was found that in New York State, the most preferred candy is Sour Patch Kids, whereas in California, for example, the most preferred candy is M & Ms. In Kansas, located in middle America, the most loved candy is Reese's Peanut Butter Cups.⁴⁷ Furthermore, a study of TV viewing across the US revealed that differences exist based on whether you live in a metropolitan area or rural area. This study found that in cities and their suburbs, for example, the Netflix series *Orange is the New Black* and the CBS sitcom *The Big Bang Theory* are popular. In contrast, in rural areas, ABC network series *Dancing with the Stars* and the TLC series *Cake Boss* are two of the more popular shows.⁴⁸

A recent study reported that the growth rate for online shopping is different in each of the states in the United States. In general, consumers in more affluent states will do more online shopping. In addition, for city dwelling consumers the growth rate is stronger, indicating that consumers in cities find it more difficult to go to brick-and-mortar stores. This may be due to traffic congestion, difficulty finding parking, and carrying heavy packages. In contrast, the online shopping in Alaska and Hawaii has not experienced the same growth rate. They are affluent states, but the cost of shipping and the time products take to arrive may deter consumers from shopping online.⁴⁹

A national brand is a brand that is available in all 50 states, although the market shares of most brands vary among geographic regions. A beer company's website states, "The U.S. beer market operates as a series of smaller, very different markets, and the company uses a marketing strategy tailored to the different conditions of each market."⁵⁰ These differences in market share across geographic markets may be the result of such factors as the common marketing practice of putting more merchandising dollars in markets that sell more.⁵¹ Also, the availability of scanner data has allowed marketers to reallocate resources (e.g., moving inventory around the country and shifting ad expenditures) geographically and increase profitability.⁵²

Although geographic differences in sales and market share are common for many brands of consumer packaged goods in the United States, brands in many smaller nations do not exhibit similar regional differences.⁵³ However, larger and more diversified countries, such as large Asian nations, are highly diverse geographically. A study conducted in mainland China found that urban children were more skeptical toward advertising than rural children.⁵⁴ Another study found that rural consumers' favorite product category was food, whereas urban consumers considered their computers their favorite possessions.⁵⁵ A study of Indian consumers found that regional differences stemming from various geographic, topological, and cultural factors—including values, motives, and lifestyle—were important determinants of consumption patterns.⁵⁶

Generational Subcultures

Learning Objective

- 12.5** To comprehend age and generational influences on consumer behavior.

According to the U.S. Census, there are 317 million Americans. Figure 12.6 shows the generational classification of the U.S. population and the proportion of each generation.⁵⁷ Each generation is a distinct subculture and market segment, because its members have unique priorities and purchase patterns. For instance, don't you listen to different music than your parents and grandparents, dress differently, enjoy different apps and social media, different forms of entertainment, and visit different websites? Important shifts occur in an individual's demand for products and services as he or she goes from being a dependent child to a retired senior citizen. In this section, we describe the consumption patterns and impact of technology on the following age (or generational) subcultures: Generation Z, Generation Y, Generation X, baby boomers, and the GI Generation. Furthermore, generational differences in use of technology are discussed.

Generation Z (Homeland Generation, Digital Natives)
The age cohort representing people born from 1997 till the present.

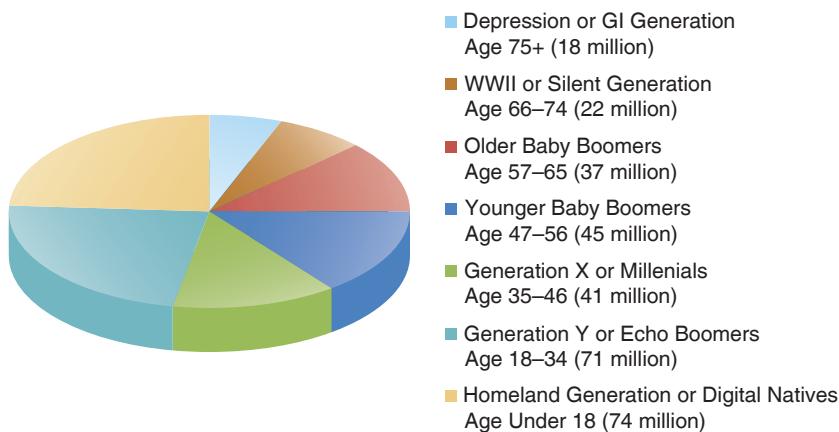
GENERATION Z: PERSONS BORN BETWEEN 1997 TO THE PRESENT

Generation Z (Homeland Generation, Digital Natives) is the cohort of people born from 1997 to the present day. Members of "Gen Z" are highly "connected," having had

FIGURE 12.6

The Generations within the United States (in millions)

Source: Adapted from data in "American Generation Fast Facts," CNN Library October 20, 2016, www.cnn.com



lifelong exposure to and use of communication and media technology such as the internet, instant messaging, text messaging, and cell phones. Most of Gen Z received their first smartphone by the age of 13, something that was unheard of in the previous generations. Gen Z is the most diverse American generation ever, consisting of 54% Caucasian, 24% Hispanic, 14% African American, 4% Asian, and 4% mixed race/other. It is also the last generation to have a Caucasian majority in the United States. This generation is more likely than older generations to have social circles that include people from different ethnic groups, races, and religions. Experts expect Gen Z members to be the first generation to earn less than their parents, because they are growing up in a period of fundamental changes in the wealth distribution in the United States.

One study identified the psycho-demographic variables related to *connectedness* with reality television among preteens and teens. The results showed that young people who greatly valued popularity and physical attractiveness were more likely to feel connected to reality-television programs. In contrast, teens who were more interested in excitement were less likely to be connected to reality programming. The value of excitement was unrelated to connectedness among preteens. These results are important to marketers because viewers with a high level of connectedness to a program are more likely not only to view the program but also to watch it in real time and without time shifting. Marketers can develop more effective strategies by understanding connectedness, rather than relying only on demographics.⁵⁸

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

In the past, teens and tweens were often lumped together with younger children, such as those aged 6 to 11 or 5 to 12. Therefore, some marketers have alienated them, most often by talking down to them. Teens and tweens like companies whose messages are tailored directly to them. Marketers who effectively tailor products and brands to the needs and desires of this target market will succeed in making them customers. Tweens tend to be more brand loyal and teens more brand skeptical. Technology is the center of both groups' lives and they fully accept technological innovation and obsolescence. Among teens and young adults, surfing the internet is the primary leisure activity. Most teens and tweens create content on the internet and use social networking sites. They go to the mall to socialize and buy things. The average teen or tween earns close to \$30 per week from all sources, and 30% of them are involved in family purchase decisions on items such as cable providers and cell-phone service. All told, teens spend about \$160 billion annually, whereas tweens have buying power at about one quarter of that.⁵⁹

teens

The age cohort representing youngsters who are between 13 and 17 years old.

tweens

The age cohort representing youngsters who are between 8 and 12 years old.

Among 13- to 17-year-olds, YouTube is the most popular way to listen to music, with 64% using it. Radio was next, with 56%, followed by iTunes (53%), CDs (50%), and Pandora (35%). Among adults, the most popular ways to listen to music were radio (67%), CDs (61%), YouTube (44%), Pandora's custom radio service (32%), and Apple iTunes (29%).⁶⁰

Furthermore, Generation Zs are more likely to make purchases directly within social media platforms (e.g., Snapchat), prefer automatic replenishment programs in fashion, have not formed store loyalties (but will for the right stores), are likely to write product reviews—because it's fun, prefer shopping in physical stores, buy on impulse, and prefer mobile devices.⁶¹

Generation Z individuals are more likely to be on Snapchat than Facebook—also a major shift from previous generations. Furthermore, they are more likely to shift to the next big thing in social media, whatever it happens to be. Also, they believe that it is okay to give up some privacy in order to have a faster or more customized experience. In addition, these young consumers are more apt to voice their opinions on social media by creating content such as product reviews.⁶²

MILLENNIALS: BORN BETWEEN 1980 AND 1996 (OR LATE 1970S AND LATE 1990S)

Millennials (Echo Boomers, Generation Y)

The age cohort representing people born between 1980 and 1996. Some definitions also include people born in the late 1970s and late 1990s in this cohort.

Millennials (Echo Boomers, Generation Y) are people born between 1980 and 1996. However, some historians include people born in the late 1970s and late 1990s in this cohort. Millennials are an important demographic that consumer-products companies are still trying to figure out. They comprise about one quarter of the U.S. population and are surpassing the baby boomers as the largest generation.

Millennial consumers tend to be tech-savvy and heavy users of social media. They are often unresponsive to the barrage of marketing communications that they face in their daily lives. They are big on having access to information anywhere and at any time, and marketers must look for ways to engage them through entertainment and music. For example, HBO hired “campus agents” to create social media buzz around the 2012 series premiere of the show *Girls*, about recent college grads living in New York City. The agents distributed viewing kits, complete with popcorn and candy designed for parties based around the premiere. One of the major issues that companies face when targeting this group is their exposure to so many media options. Thus, Mountain Dew partnered with Warner Brothers when the movie *The Dark Knight Rises* was released, recognizing that Millennials were excited about this film. Toyota promoted Prius with a campaign with media company Buzzmedia and targeted Millennials through Hype Machine, a site that aggregates more than 800 music blogs.⁶³

“Gen Y” members grew up with technology and embraced it. They are attracted to higher levels of stimulation and are bored easily. They are more confident than other generations were at their age, because of growing up in child-centric households, a youth-oriented society, and the American emphasis on self-esteem. As consumers, they want faster product turnover, personally relevant promotions, and interactive marketing platforms. Many want to design their own products, build and manage their own networks, and rate products. They are comfortable with shopping online or shopping on their mobile devices for a variety of products (e.g., groceries and technology), and a variety of delivery options (e.g., delivery to home, automatic subscription, order online and pick up in store).⁶⁴

Millennials are the largest users of cell phone and text messaging. Research found that 63% of Gen Y members use text messaging, compared with only 31% of members of Gen X. In today’s cell phone market, 76% of 15- to 19-year-olds and 90% of consumers in their early 20s regularly use text messaging, ringtones, and games. In contrast, only 18% of cell phone users in their 40s, and 13% in their 50s use such features regularly.⁶⁵ Gen Y adults do not respond to marketing the same way their parents did, and the most effective way to reach them are messages online and cable TV, and the use of instant messaging, blogs, chat rooms, social networking, and so on.⁶⁶ For Gen Y, a “community” is an entity located in virtual space.⁶⁷ Figure 12.7 is an ad for Glyde, a mobile and web store for buying and selling used technology—with a focus on cell phones. Notice the use of language in the advertisement,

FIGURE 12.7

Glyde for Tech Savvy Millenials



Source: Glyde Corporation

which will particularly appeal to the Millennial generation. Figure 12.8 details Millennials' online usage.

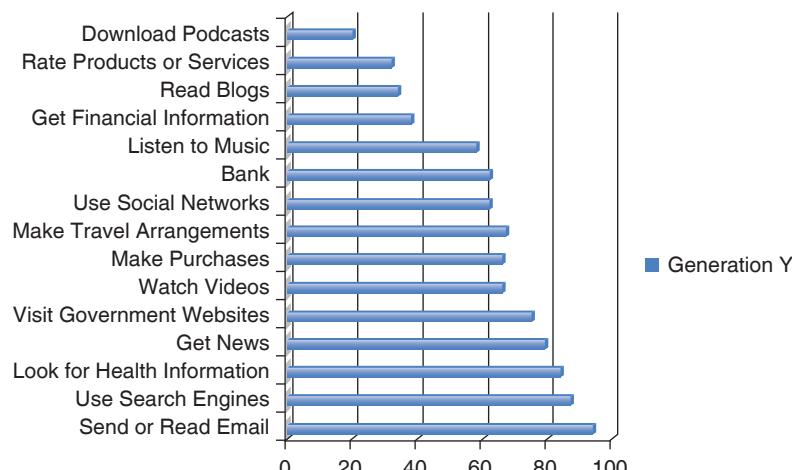
Generation Y, like all generations, is not a uniformed group in terms of values and priorities. One researcher identified six segments of Millennials:

- Hip-ennials:** They believe that they can have an impact on the world and make it better. They are aware of what's going on globally, give to charity, and search for information regularly. Although they read social media content, they do not produce it.

FIGURE 12.8

Gen Y (Millennials) Online (percentages)

Source: Kathryn Zickuhr. *Generations 2010*. December 16, 2010. Pew Research Center. <http://www.pewinternet.org/2010/12/16/generations-2010/>



2. ***Millennial Moms:*** They enjoy traveling, getting in shape, and treating their “children” as they were treated (pampered). They are confident, very family-oriented, and proficient in technology. They participate in social networks online and are very attached to their peer groups.
3. ***Anti-Millennials:*** They care mostly about their businesses and their families, and avoid the Gen Y “norms.” They do not buy green products like most Millennials do. They seek comfort instead of change, whereas most Millennials embrace different activities to make life more interesting.
4. ***Gadget Gurus:*** They are always looking for the next big gadgets, usually from Apple, and will stand in line to get them first. They are highly egotistical, wired, free spirited, and laid back. They often create content online and tweet continuously. Gadget Gurus are male dominated and single because they live in their own world.
5. ***Clean and Green Millennials:*** They take care of themselves and support others. They are driven by social causes, ecological issues, philanthropy, and positive outlooks on life.
6. ***Old-School Millennials:*** They did not adopt many of the typical Gen Y rituals, like updating their Facebook pages during meals. They would rather meet people in person than online or through text, and read books instead of blogs. They are independent and self-directed, whereas most Millennials want mentors and constant feedback.

Most likely, there are no marketers of consumer goods that have not designed products and promotional strategies specifically appealing to Millennials. For example:

- Spanish-language Univision acquired a large stake in The Onion, the comedy and satirical digital media group, to extend its digital reach and strengthen the portfolio of comedy by reaching out to Millennials.⁶⁸
- Estée Lauder Cosmetics discovered that Millennials aren’t willing to invest in expensive skin creams and prefer products that provide more immediate results. They move away from mainstream brands to natural products and more authentic brands.⁶⁹
- Millennials entering the workforce become serious about clothes. Rather than fast fashion options, they seek some grown-up variety, especially when it comes to the basics of a wardrobe. Rather than visit malls, they order online because mobile retailers offer personalized experience, authenticity, and a sense of intimacy.
- Everlane.com sourcing and origins of clothes, socially conscious shoppers reassured items from sweatshops.⁷⁰
- Television station ABC Family became Freeform, a name that reflects the “fluid” way that teenagers and young adults consume media; stress family friendliness to increase cool factor.⁷¹
- *Cosmopolitan Magazine* appealed to young female readers as “Generation Glamour,” replacing its traditional “Glamour Girls” slogan.⁷²
- *Maxim Magazine*’s ad pages were dropping quickly. It retained its DNA—appealing to young male—but began to feature luxury fashion ads from Prada, Marc Jacobs, and Calvin Klein not chewing tobacco, cigarettes, and a special razor for shaving one’s chest that appeared in prior issues.⁷³
- *Self Magazine* repositioned itself from sole focus fitness to more fashion and lifestyle appeal to 18 to 30 females. Larger fonts and catchy article titles appeal to readers accustomed to short, snappy summaries of content like Twitter.⁷⁴

In terms of media, Millennials are content without cable or satellite service because they rely on internet streaming video. Nearly one fifth of younger adults do not subscribe to a cable or satellite service. However, it is suggested that they might connect to cable when they start families. They are more likely to accept cable if they have children than if they don’t

have children. Furthermore, whether they eventually connect with cable depends on where they live. If they live in rural locations, they are more likely to get cable. Picture this: a Millennial who lives in an urban area and has a college education and a high-paying job. This consumer is more likely to continue to watch streaming TV over the internet.⁷⁵ In addition, Millennials are okay with being forced to watch ads on their media if it means that the content is free. For example, they will listen to ads on Spotify so that they don't have to pay for the service. This is good for marketers who want Millennials to see and hear their ads. However, Millennials tend to be distracted. They don't pay that much attention to the ads, and have a difficult time recalling the ads and brands.⁷⁶

GENERATION X: BORN BETWEEN 1965 AND 1979

Generation X (Xers)

The age cohort representing people born between 1965 and 1979.

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

The following is a list of some additional traits and/or lifestyle factors that can generally be applied to the nature and makeup of Xers:⁷⁷

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

Members of Generation X are sophisticated consumers. Although many claim that they are not materialistic, they do purchase prestigious and pricey brands, but not necessarily designer labels. They want to be recognized by marketers as a group in their own right and not as mini-baby boomers. Therefore, advertisements targeted to this audience must focus on their style in music, fashions, and language. One key for marketers appears to be sincerity. Xers are not against advertising, but they do strongly oppose insincerity.

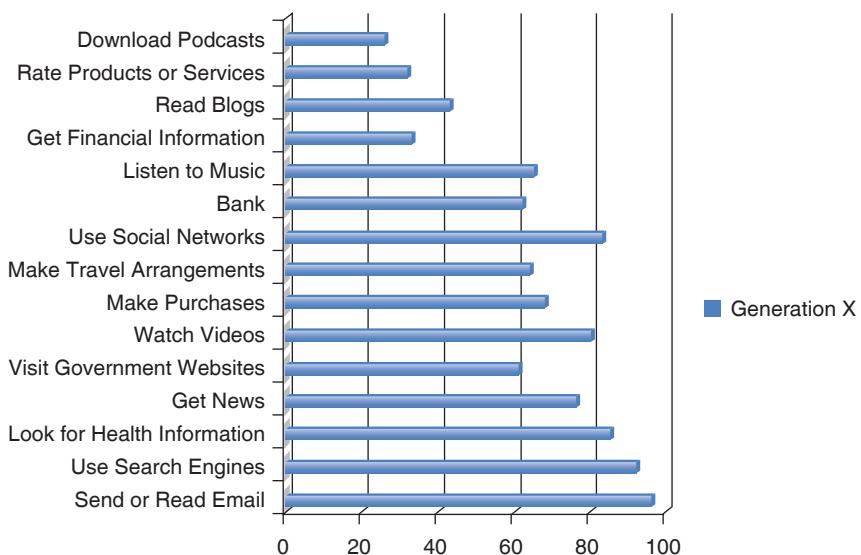
The media exposure patterns of baby boomers and Xers are different. Specifically, 65% of those aged 50 to 64, and 55% of 30- to 49-year-olds read a newspaper regularly, but only 39% of younger Xers regularly read a newspaper.⁷⁸ Xers are the MTV generation and therefore use the internet more than any other age cohort. For example, 60% of Xers have tried online banking, whereas only 38% of Generation Y members have tried online banking.⁷⁹

Hotel chains are also making changes in their offerings to better attract Gen X travelers, the fastest-growing group of hotel patrons. Marriott, for example, has remodeled rooms to include flat-panel LCD TVs, high-speed internet access, ergonomic desk chairs, and high thread-count sheets.⁸⁰ Additionally, Xers are generally dissatisfied with most current shopping malls—they want to do more than just shop. For instance, Xers seek to be able to eat a proper sit-down meal at the mall, rather than “grab something quick” at the food court.

FIGURE 12.9

Gen X Online (percentages)

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



Being online comes easy to Xers. They grew up with the advantages of computer technology, and spending time online and searching for information is an essential part of their daily lives. They see computers and cell phones and technology as “friendly” tools for managing their time, and feel that the internet has had a great and positive impact on society. The online pursuits of Xers appear in Figure 12.9.

BABY BOOMERS: BORN BETWEEN 1946 AND 1964

baby boomers

The age cohort representing people born between 1946 and 1964.

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

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

1. They constitute about 50% of all those in professional and managerial occupations and more than half of those have at least one college degree.
2. They are a large and distinctive age category (the term *baby boomers* was probably the first distinct and universally recognized name of an American generation).
3. They frequently make similar purchase decisions that influence entire categories of consumer goods.
4. They include trendsetting, upwardly mobile professionals who have influenced the consumer tastes of all age segments.
5. They account for nearly half of consumer-packaged goods spending and control between 65% and 75% of the disposable income in the United States.⁸¹
6. In the year 2010, fully one third of all Americans, 97.1 million of them, were over 50 years old, and the American Association of Retired Persons (AARP) estimated that U.S. consumers in this age bracket own 80% of U.S. financial assets.⁸²

The large increases in health club memberships and a boom in the sales of vitamin and health supplements are evidence that baby boomers are trying hard to look and feel “young;” they do not want to age gracefully but will fight and kick and pay whatever is necessary to look young. In advertisements, they want to be portrayed as they see themselves—lively and attractive.⁸³ Most important to marketers who understand them, they have money and they want to spend it on what they feel advances the quality of their lives.

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

Today, though, as many yuppies are maturing, they are shifting their attention away from expensive status-type possessions to travel, physical fitness, planning for second careers, or some other form of new life directions. Indeed, there has been a move away from wanting possessions toward wanting experiences; “Boomers today are more interested in doing things than having things.” Still further, boomers are computer literate, with 70% of U.S. 55- to 64-year-olds using the internet (compared, for example, to 11% for the same age cohort in Spain).⁸⁴ Baby boomers’ online activities appear in Figure 12.10.

Some baby boomers do not look forward to retirement; others do. People’s outlooks about retiring are related to their levels of fulfillment during their professional careers, their accumulated financial resources, and their health status. Some researchers examine the relationship between baby boomers’ job satisfaction and attitudes toward retirement. Table 12.1 details one study that identified four senior segments regarding adjustment to retirement. It then adds our thinking as to corresponding “marketing opportunities.”⁸⁵ Marketers often divide baby boomers into two groups: Old and young.⁸⁶

OLDER CONSUMERS

America is aging. A large proportion of the baby boomers have already turned 60, with plenty more to come in the next decade. There 43 million Americans age 65 and over and it is anticipated that, by 2050, more than 88 million Americans (20% of the total population) will be 65 years of age or older.⁸⁷ In addition, from the start to the end of the twentieth century, life expectancy in the United States rose from about 47 years to 77 years; whereas a 65-year-old in 1900 could expect, on average, to live about 12 more years, a 65-year-old in 2002 can expect about 18 more years of life.⁸⁸

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

FIGURE 12.10

Baby Boomers Online (percentages)

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

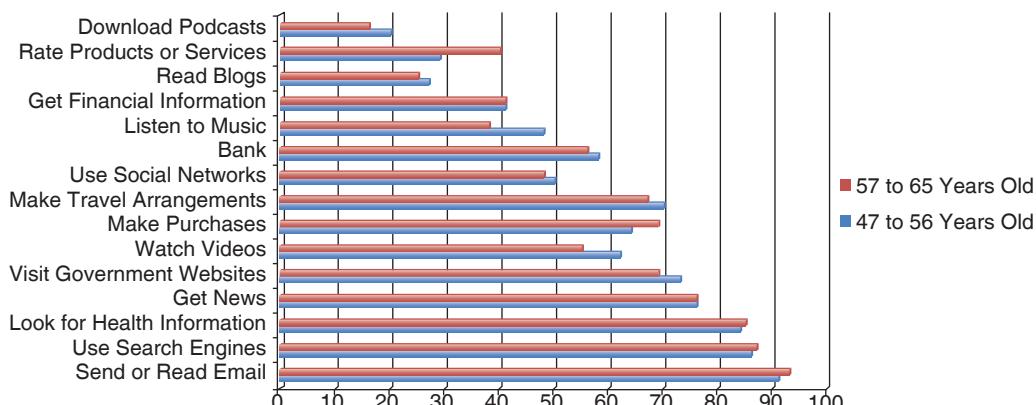


TABLE 12.1 Retirement Segments and Marketing Opportunities

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

Source: Christopher D. Hopkins, Catherine A. Roster, and Charles M. Wood, “Making the Transition to Retirement: Appraisals, Post-Transition Lifestyle, and Changes in Consumption Patterns,” *Journal of Consumer Marketing*, Vol. 23 (2) (2006): 89–101.

Older consumers—who represent a subculture based on age—are a lucrative market segment in the United States because the American population is aging faster than the birth rate and because life expectancy has been rising. Savvy companies have been adapting their products to the specific needs of older persons. For example, Kohler—a marketer of bathroom and kitchen products—introduced Elevance, a line of products designed to provide greater safety and independence. The Elevance Rising Wall Bath features an extra-wide opening, chair-height seat, integrated grab bar, and easy-to-lift rising wall. To enter the bathtub, the person sits on a comfortable seat, turns on the water, slides legs into the tub, and easily raises the wall until it latches (the wall has a double seal to ensure that no water spills out).

Diana Schrage, a senior interior designer at Kohler, stated:

Physical and mental differences vary greatly from the moment of birth and are not just a factor of age. It is important to recognize that imperfect vision, hearing impairment, and limited mobility are a part of *all* life. A lever faucet handle is easy to operate with arthritis, but equally easy to operate as a child. Grab bars stabilize an older person with less muscle tone but also stabilize the child who may slip and fall in a wet environment. Intent with products that serve the older consumer is the same as intent with market in general—what is the best experience a person can have with our product? How can the product be a joy to use? How can the consumer have their bathing needs met with the best designed, best functioning product possible?⁸⁹

Kohler’s online video states, “Elevance helps you achieve the independence you desire,” and features “added accessibility,” “a stylish alternative to a traditional walk-in bath,” and “a natural bathing experience.” The description mentions no specific bathing problems—such as safety—but focuses on the solutions. Repeatedly, it stresses the benefits of the product and its advantages over traditional bathtubs. The product’s unique features benefit all consumers, regardless of age. Although people become more frail and prone to falling while bathing as they age, younger individuals also benefit from products that provide a safer wet environment.

Some incorrectly view older consumers as people without substantial financial resources, in generally poor health, and with plenty of free time on their hands. In fact, more than 30% of men and more than 20% of women aged 65 to 69 are employed, as are 19% of men and 12% of women aged 70 to 74. Additionally, millions of seniors are involved in the daily care of a grandchild, and many do volunteer work. The annual discretionary income of this group amounts to 50% of the discretionary income of the United States, and these older consumers

spend \$200 billion a year on major purchases such as luxury cars, alcohol, vacations, and financial products. Americans over the age of 65 now control about 70% of the net worth of American households.⁹⁰

Describing "Age"

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

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

1. **Feel Age:** How old one feels
2. **Look Age:** How old one looks
3. **Do Age:** How involved a person is in activities favored by his or her age group cohort
4. **Interest Age:** How similar a person's interests are to those of others in his or her age group

The results indicated that the majority of older consumers perceived themselves as younger (cognitive age) than their chronological age.⁹¹ For marketers, these findings underscore the importance of looking beyond chronological age to perceived or cognitive age when appealing to mature consumers and to the possibility that cognitive age might be used to segment the mature market.⁹²

Segmentation and Targeting

Older consumers are not a homogeneous subcultural group. Gerontologists have determined that older persons are more diverse in interests, opinions, and actions than other segments of the adult population.⁹³ Although this view runs counter to the popular myth that the elderly are uniform in terms of attitudes and lifestyles, both gerontologists and market researchers have repeatedly demonstrated that age is not necessarily a major factor in determining how older consumers respond to marketing activities. One segmentation scheme partitions the elderly into three chronological age categories:

1. **The Young-Old:** Age 65 to 74
2. **The Old:** Age 75 to 84
3. **The Old-Old:** Age 85 and older

A study of elderly consumers' "quality-of-life orientation" identified a distinct group of older persons, which the researchers named the "new-age elderly."⁹⁴ The new-age elderly are individuals who feel, think, and do according to a cognitive age that is younger than their chronological age. They retire later than other elderly and feel more in control of their lives. They are self-confident in making consumer decisions and view themselves as more knowledgeable and alert consumers. Many are "selectively innovative" and adopt only innovations that truly enhance their lives. They seek new experiences and challenges over new possessions or things. They are satisfied and feel financially secure. To marketers, these findings indicate the significance of using cognitive rather than chronological ages when targeting older consumers.

Older consumers are open to being marketed to, but only for the "right" kinds of products and services and using the "right" advertising presentation. For example, older models are underrepresented in advertisements and, when they do appear, are often shown as being infirm or feeble. Part of the problem, according to some writers on the subject, is that the advertising professionals who create the ads are often in their twenties and thirties, and have little understanding of or empathy for older consumers. Seniors often want to be identified not for what they did in the past but by what they would personally like to accomplish in the future. Retirement or moving to a sunbelt community is viewed as the opening of a new

cognitive age

An individual's perceived, not chronological, age.

chapter in life, not a quiet withdrawal from life. In the same vein, the increase in the number of older adults taking vacation cruises and joining health clubs signifies a strong commitment to remaining functionally young. Research has also found that when considering how to advertise to seniors, older adults have a higher liking for and better recall of emotional appeals (younger consumers have a higher liking for and recall of rational appeals).⁹⁵

For some products and services, seniors do exhibit different shopping habits than younger consumers. For example, when shopping for a car, older consumers consider fewer brands, fewer models, and fewer dealers. They also are more likely to choose a long-established brand of automobile.⁹⁶ Older shoppers tend to be more store loyal than younger age groups, especially with respect to supermarkets. In addition, the importance of factors such as store location (e.g., distance from home) is often a function of the senior's health status.

The aging process can be difficult for consumers. Many elderly consumers do not hear as well as they did when they were younger, and many do not see as well. Jars and bottles that are easy for a 30-year-old to open often present problems when an 80-year-old tries to open them. Although some marketers have redesigned their products to make them easier for the elderly to cope with, many more product redesigns are needed. To provide an example, consider the following:

When 80-year-old Martha Smith wants to boil a cup of water in her microwave, she turns the dial to the popcorn setting and hits "start." Unable to easily adjust the digital timer on the device, she repeats this three times before it is warm enough for a cup of tea. Martha has become a master of various microwave recipes, all measured in terms of how many "popcorns" it takes to cook the food.⁹⁷

Diana Schrage, a senior interior designer at Kohler, suggested that product designers try out what it is like to be older; "Experience what it is like to have limited vision—put Vaseline on Dollar Store glasses. Put duct tape on your knuckles and try to manipulate various controls. Use crutches/walkers and try to carry things. Visit a nursing home."⁹⁸

Technology in the Generations

Although some people might think of older Americans as individuals who still use rotary phones and are generally resistant to change, this stereotype is far from the truth. Few older consumers are fearful of new technology, and there are more internet users over the age of 50 than under the age of 20. Research studies have found that those over age 55 are more likely than the average adult to use the internet to purchase books, stocks, and computer equipment and that 92% of surfing seniors (e.g., seniors who are proficient in using the internet) have shopped online.⁹⁹ In fact, older internet users (age 65 and older) are the fastest-growing demographic group with respect to the U.S. internet market. Fifty-eight percent of Americans 66 to 74 years old and 30% of those 75 years old and older go online regularly.¹⁰⁰

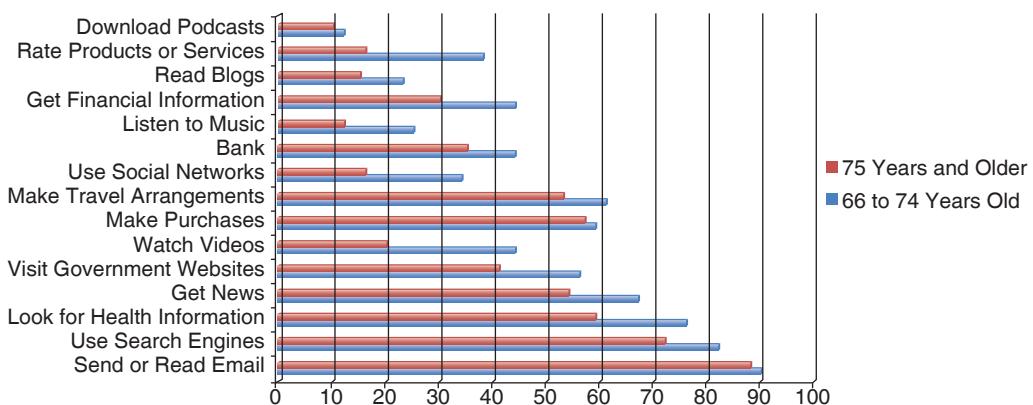
Older persons have discovered that the internet is a great way to communicate with friends and family members living in other states, including grandchildren in college. They also found out that it is an excellent source of information about stock prices, health and medication-related information, entertainment, and a sense of community. There is a relationship between the amount of time an older adult spends on the internet and his or her level of out-of-home mobility (using the internet may serve as a substitute for going out of the house). Having a computer and modem "empowers" older consumers, allowing them to regain some of the control that was lost due to the physical and/or social deterioration in their lives. For example, a consumer can pay bills, shop, and email friends. This may be part of the reason why the AARP claims that 2 million of its members are computer users.¹⁰¹ The online pursuits of older consumers appear in Figure 12.11.

Technology is now the primary force driving consumer behavior. As shown in Figure 12.12, Americans of all generations have incorporated technologies into their lives. As you can see in the diagram, the millennials have adopted all of the new technologies at a higher rate than the generations that came before them. However, you can also see that there are consumers in the older generations that are adopting new technologies.¹⁰²

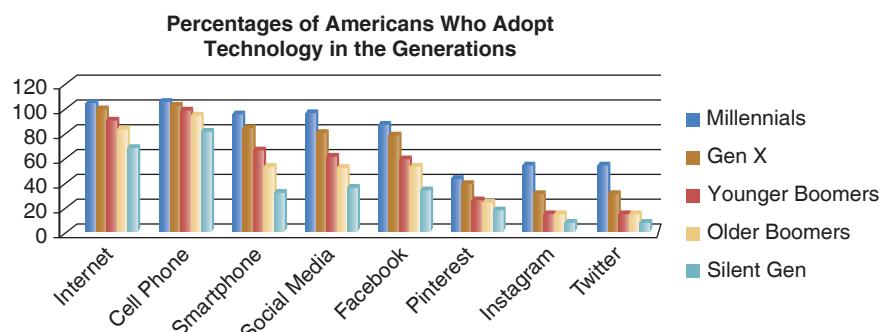
FIGURE 12.11

Older Consumers Online

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

**FIGURE 12.12** Generations and Technology Adoption

Source: Adapted from Lee Rainie and Andrew Perrin, "Technology Adoption by Baby Boomers (and everybody else)" Pew Research Center March 2016 <http://www.pewinternet.org/2016/03/22/technology-adoption-by-baby-boomers-and-everybody-else/>



Gender Subcultures

Learning Objective

- 12.6** To understand the influence of gender, gender identity, and sexual orientation on consumer behavior.

gender subcultures

Members of the same gender tend to behave similarly in the marketplace and, therefore, form a subculture.

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

PRODUCTS AND GENDER ROLES

Within every society, it is quite common to find products that are either exclusively or strongly associated with the members of one gender. In the United States, for example, shaving equipment, cigars, pants, ties, and work clothing were historically male products; bracelets, hair spray, hair dryers, cosmetics, and sweet-smelling colognes generally were considered feminine products. For most of these products, the gender-role link has either diminished or disappeared. For instance, although women have historically been the major market for vitamins, men are increasingly being targeted for vitamins exclusively formulated for men. Furthermore, in the past few years men have exhibited more of an interest in personal health and wellness, closing the gap with women in regard to these areas of personal concern. Also, marketers have realized that over the past decades the number of men who are the primary grocery shoppers for their households has grown steadily. One study showed that men under the age of 60 considered grocery shopping as gender neutral more frequently than older men, whereas many men 40 believed that the purchase of technical products (e.g., computers, cell phones, digital cameras) was gender neutral.¹⁰³ The Covergirl lash equality campaign with

James Charles, a male Instagram sensation for his makeup tips, is included in the campaign for Covergirl cosmetics. In most cultures, it is unusual for men to wear eye makeup. However, this Covergirl includes a variety of subcultures in order to highlight their inclusivity.

WOMEN IN ADVERTISEMENTS

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

WORKING WOMEN

Many marketers are interested in women who work outside the home, especially married working women. They recognize that married working women are a large and growing market segment—one whose needs differ from those of women who do not work outside the home (frequently self-labeled “stay-at-home moms”). It is the size of the working woman market that makes it so attractive: nearly 60% of American women (16 years of age and older) are in the labor force; more than half of all women with children under the age of 1 are working; and more than three quarters of these women are mothers with children at home. When the time spent on everything that a working woman has to accomplish in a day is added into the equation (e.g., work, child care, shopping, cooking), it constitutes a very long day!

To provide a richer framework for segmentation, marketers have identified segmentation categories that differentiate the motivations of working and nonworking women. For instance, a number of studies have divided the female population into four segments:¹⁰⁴

1. Stay-at-home housewives
2. Plan-to-work housewives
3. Just-a-job working women
4. Career-oriented working women

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

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

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

1. As women have increasingly sought to become CEOs of major companies, their attainment of such positions is now occurring at an even faster pace and is now a more popular option.
2. Nearly 40% of working wives currently out-earn their husbands’ earnings. (Past success of female executives has increasingly demonstrated that more and more of them have skill sets that would make them good CEOs.).
3. It has also been proposed that increased use of birth control (starting with the advent of “the pill” in the 1960s) set off a trend that still encourages women to seek a career, and to delay marriage and child rearing.
4. Today, women commonly account for up to as much as 60% of the enrollment in U.S. colleges, and earn more master’s and doctoral degrees than men.¹⁰⁵

Figure 12.13 summarizes a study that identified three segments of working women.¹⁰⁶

FIGURE 12.13

Segmenting Working Women

<p>The Independent</p> <ul style="list-style-type: none"> • Single, 28 to 34 years old, with a median income of \$33,200 and a college degree. • Busy building her career and loves it. Puts off marriage and having kids because she does not want to have obligations to others. • Does not believe in being settled by the time she's 25. • Likes to work late, go out late, and come and go as she pleases. • Views weddings more as parties than as an obligatory step toward building a family, and may even have a child before marriage. • Fashion is an indication of her success. She aspires to buy luxury brands across categories such as travel, clothes, jewelry, and automobiles (e.g., Chanel, Prada, Ritz-Carlton, and BMW). Yet, she loves to shop for bargains. • Considers her virtual image as important as her real-world one. Heavy social media user, mostly via mobile devices.
<p>The Mom Achiever</p> <ul style="list-style-type: none"> • Working mother, 35 to 45 years old, with a median income of \$75,000. • Highly driven, has advanced degrees, and earned executive jobs. • Applies her professional knowledge and ethics to being a mom. • Has a hard time leaving her job behind (can't wait to get back to work on Monday). • Would choose a 50% pay raise over 50% more time with her kids. • Spends a lot of money on herself, mostly on prestige beauty products and services. Most influenced by online reviews in deciding what to buy. • Spends little time on research before buying high-end products, but is also thrifty and looks for discount websites.
<p>The Alpha Goddess</p> <ul style="list-style-type: none"> • Working mother, 55 to 64 years old, with a median income of \$69,000. • "With age comes wisdom." Knows what she wants and has the resources to get it. • Loves to lavish gifts on her family, but her top purchases are for herself (e.g., luxury cars, travel, prescription drugs). • Buys expensive fragrances and is influenced by celebrity endorsements. • Confident in her relationships. Whether married, widowed, divorced, or never married, she does not view a single life as a stigma. • Very receptive to new technologies, especially smartphones. Some use online sources to find dates and new relationships. • Watches more TV than other age groups, but is not a captive audience. While watching TV, she shops online, texts, or reads books and magazines. • Unlikely to compromise on either love or sexual attractiveness in order to have a committed relationship.

Summary

Learning Objective 12.1: To understand the subcultures and consumption globally and within the United States.

Subcultural analysis enables marketers to segment their markets to meet the specific needs, motivations, perceptions, and attitudes shared by members of a specific subcultural group. A subculture is a distinct cultural group that exists as an identifiable segment within a larger, more complex society. Its members possess beliefs, values, and customs that set them apart from other members of the same society; at the same time, they hold to the dominant beliefs of the overall society. Major subcultural categories in the United States include nationality and ethnicity, religion, geographic location, age, and gender. Each of these can be broken down into smaller

segments that can be reached through special copy appeals and selective media choices. In some cases (such as the elderly consumer), product characteristics should be tailored to the specialized needs of the market segment. Because all consumers simultaneously are members of several subcultural groups, the marketer must determine how specific subcultural memberships interact to influence the consumer's purchases of specific products and services.

Learning Objective 12.2: To realize the influence of nationality and ethnicity subcultures on consumer behavior.

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

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

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

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

Learning Objective 12.3: To understand the impact of religious affiliations on consumer behavior.

The United States reportedly has more than 200 different organized religious subcultures. Of this number, Protestant denominations, Roman Catholicism, Islam, and Judaism are the principal organized religious faiths. The members of all these religious groups at times make purchase decisions that are influenced by their religious identity. Commonly, consumer behavior is directly affected by religion in terms of products that are symbolically and ritually associated with the celebration of various religious holidays.

Learning Objective 12.4: To know about the influence of regional characteristics on consumer behavior.

The United States is a large country that includes a wide range of climatic and geographic conditions, and Americans have a sense of regional identification and use it as a way of describing themselves and others. These labels often assist us in developing a mental picture and supporting a "stereotype" of the person in question. There are geographic differences in the consumption of staple foods and brand preferences. National brands are products that are available in all 50 states, although the market shares of most brands vary among geographic regions.

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

Learning Objective 12.5: To comprehend age and generational influences on consumer behavior.

According to the latest U.S. Census, there are 317 million Americans. Each generation constitutes a distinct subculture and market segment, because its members have unique priorities and purchase patterns. Important shifts occur in an individual's demand for products and

services as he or she goes from being a dependent child to a retired senior citizen. The primary age groups applicable to market segmentation are Generations X, Y, and Z, baby boomers, and older Americans.

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

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

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

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

In 2015, there were more than 47 million people in the United States who are 65 years of age or older (almost 15% of the population).¹⁰⁷ Projecting ahead to the year 2050, it is anticipated that more than 88 million Americans (20% of the total population) will be 65 years of age or older. In addition, from the start to the end of the twentieth century, life expectancy in the United States rose from

about 47 years to 77 years. Older consumers are not a uniformed group because people age differently in terms of physical mobility, health, financial resources, and attitudes about retiring and getting older. Cognitive age is a person's perception of how old he or she is. Marketers realize that people's perceptions of their ages are more important in determining behavior than their chronological ages.

Learning Objective 12.6: To understand the influence of gender on consumer behavior.

Because gender roles have an important cultural component, it is quite fitting to examine gender as a subcultural category. All

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

Review and Discussion Questions

- 12.1. Why is subcultural analysis especially significant in a country such as the United States?
- 12.2. Discuss the importance of subcultural segmentation to marketers of food products. Identify a food product for which the marketing mix should be regionalized. Explain why and how the marketing mix should be varied across geographic areas of the United States.
- 12.3. Savvy marketers understand and recognize subcultures in targeting consumers. How do marketers for the brands Safi Shayla, Tan Ngan Lo, and Uncle Saba's Poppadom use advertising appeals and elements in targeting their customers?
- 12.4. Asian Americans are a small proportion of the total U.S. population. Why are they an important market segment? How can a marketer of tablet computers effectively target Asian Americans?
- 12.5. According to a World Global Teen Study, 30 percent of all adolescents value their public image. Based on this data, a leading anti-dandruff shampoo company has plans to revamp its promotional campaigns to include this segment of the market in addition to its young adult target market. Do you think the company should proceed with its plan? Would you suggest that the company develop a new anti-dandruff shampoo for adolescents?
- 12.6. Marketers realize that people of the same age often exhibit very different lifestyles. Using the evidence presented in this chapter, discuss how developers of retirement housing can use older Americans' lifestyles to segment their markets.
- 12.7. a. How should marketers promote products and services to working women? What appeals should they use? Explain.
- b. As the owner of a BMW automobile dealership, what kind of marketing and service strategies would you use to target working women?
- 12.8. Identify a group that can be regarded as a subculture within your university or college.
 - a. Describe the norms, values, and behaviors of the subculture's members.
 - b. Interview five members of that subculture regarding attitudes toward the use of credit cards.
 - c. What are the implications of your findings for marketing credit cards to the group you selected?
- 12.9. Interview one baby boomer and one adult Generation Y consumer regarding the purchase of a car. Prepare a report on the differences in attitudes between the two individuals. Do your findings support the text's discussion of the differences between boomers and Gen Y buyers? Explain.
- 12.10. Perceptions and age influence consumer behavior. Experiences from an early age have shaped and influenced people's consumption patterns. These experiences are known as cohort effects. Therefore, different influences—political, economic, socio-cultural, and technological—have played roles in influencing an individual's purchase and consumption patterns as they age. Describe an incident where an older generation disagreed with or criticized purchases you have made. In addition, describe the cohort effects that explain each generation's view during these disagreements.
- 12.11. Find two good and two bad examples of advertising directed toward elderly consumers. To what degree are these ads stereotypical? Do they depict the concept of perceived age? How could these ads be improved by applying some of this chapter's guidelines for advertising to elderly consumers?

Key Terms

- Baby boomers 338
- Cognitive age 341
- Ethnic subcultures 326
- Gender subcultures 343
- Generation X (Xers) 337
- Generation Z (Homeland Generation, Digital Natives) 332
- Geographic subcultures 331
- Millennials (Echo Boomers, Generation Y) 334
- Religious affiliations 330
- Subculture 324
- Teens 333
- Tweens 333

Chapter 13

Cross-Cultural Consumer Behavior: An International Perspective

Learning Objectives

- 13.1 To understand how cultural values and customs impact the buying patterns of consumers in other countries.
- 13.2 To understand how to research the cultures of consumers in other countries.
- 13.3 To understand localization and standardization of products and promotions.
- 13.4 To understand how to evaluate global marketing prospects.
- 13.5 To understand the applications of psychographics in targeting consumers in other countries.

AMERICAN companies selling their products in other countries must carefully research the cultures of the nations that they target. For example, some American brand names indicate what they represent and others do not. The name **Citibank** suggests that the company it stands for is in banking. However, **Xerox** and **Häagen-Dazs** are made up terms (and not real words in any language). Nevertheless, we know what they stand for because advertisements have conditioned us to think of the offerings each word represents whenever we see and hear it (see Chapter 5).

On the other hand, Chinese consumers expect a brand name to suggest something about the product itself.¹ Thus, the Chinese name for **Citibank** is **Hua Qi Yin Hang**, which literally means "star-spangled banner bank." The soft drink **Coca-Cola** was first introduced in China under the name **Ke-kou-ke-la**. Unfortunately, the Coke company did not study the Chinese language and discovered that the phrase means, "bite the wax tadpole" or "female horse stuffed with wax" (depending on the dialect), only after thousands of cans had been

labelled with this phrase. Coke then researched 40,000 Chinese characters and found a close phonetic equivalent, **ko-kou-ko-le**, which can be loosely translated as "happiness in the mouth." Figure 13.1 shows the two brand names in English and in Chinese. Similarly, the Chinese brand name for **Snickers** (candy bar) is **Shi Li Jia**, which literally means "honorary powerful support." **Tide** detergent is called **Tai Zi**, which, in addition to resembling **Tide** phonetically, also means "gets rid of dirt." **Wei Meng Xian Sheng** means "Mr. Powerful" and the words stand for the **Mr. Muscle** brand.

Companies must also modify their American offerings to fit the preferences of overseas consumers. As another example, Frito-Lay created different flavors for various markets:

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

FIGURE 13.1

Chinese Brand Names for American Products



Source: Michele and Tom Grimm/Alamy Stock Photo

可口可乐

Ko Kou Ko Le

LITERALLY

Happiness in the Mouth



Source: StockSigns/Alamy Stock Photo

花旗银行

Hua Qi Yin Hang

LITERALLY

Star-spangle
banner bank



Source: David Hoggard/Getty Images

威猛先生

Wei Meng Xian Sheng

LITERALLY

Mr. Powerful

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

Some products are positioned uniformly across the world. For example, the products of Patek Philippe—one of the world's best Swiss watchmakers with items in

the \$15,000 to more than \$1 million price range—are manufactured, packaged, and positioned in exactly the same way regardless of the country in which they are sold. In different languages, in all of Patek Philippe's ad campaigns, the tagline "Begin your own tradition" originates from the brand's foundation, "You never really own a Patek Philippe. You merely look after it for the next generation." Across the world, the watch is positioned as an heirloom and an artifact that is passed on from one generation to the next.

Global Brands

Learning Objective

- 13.1** To understand how cultural values and customs impact the buying patterns of consumers in other countries.

global brands

Global brands are brands that hold significant market share in their home country as well as other countries.

Several **global brands** hold significant market shares in many countries. For the most part, their products are similar but not identical across cultures and geographical boundaries. Nevertheless, their most important asset is not individual products but their global image and reputation of quality and consistency. Here are some of them.

Apple is not about products. Apple is a kind of thinking, a certain set of values, and an unmistakable human touch that pervades everything Apple does—which is why our connections to the brand transcend commerce. As expressed in its initial positioning—“**Think Different.**”

Disney's theme parks attract guests welcomed by hosts and hostesses, who are also a cast in a show and onstage when with guests. Disney provides, “happiness and the best in family entertainment through safety, courtesy, show and efficiency.” (Note that safety is first and efficiency is last.)

eBay's millions of consumers across the world have downloaded eBay's mobile app, PayPal, and the brand is on track to double in volume over both mobile retailing and PayPal. However, eBay is not alone in its mobile e-commerce prowess. Amazon's customers have also embraced its mobile app, and the competition in this sector continues to intensify.

Coca-Cola is universally recognized because it makes people experience fun, freedom, and refreshment. The brand maintains a powerful sense of nostalgia that unites generations of Coke lovers and reinforces consumers' deep connections to the brand. Its edgy campaigns continue to push boundaries, and several years ago (2011) Coca-Cola reinforced its values through celebratory promotions relating to its 125th-year anniversary (“Sharing Happiness”) and the 2012 London Olympics (“Move to the beat”).

A landmark, 12-nation consumer research project found that global brands tend to be viewed differently than local brands, and consumers worldwide associate global brands with three characteristics.²

1. **Quality Signal:** Consumers believe that the more people who purchase a brand, the higher the brand's quality (which often results in a global brand being able to command a premium price). Furthermore, consumers worldwide believe that global brands develop new products and breakthrough technologies at a faster pace than local brands.
2. **Global Myth:** Consumers view global brands as a kind of “cultural ideal”; their purchase and use make consumers feel like citizens of the world, and give them an identity (i.e., “Local brands show what we are; global brands show what we want to be”).
3. **Social Responsibility:** Global companies are held to a higher level of corporate social responsibility than local brands, and are expected to respond to social problems associated with what they sell.

The study also identified intra-country segments with respect to how a country's citizens view global brands:

1. **Global Citizens:** Fifty-five percent of the total respondents use a company's global success as an indication of product quality and innovativeness, and are concerned that the firm acts in a socially responsible manner.
2. **Global Dreamers:** Twenty-three percent view global brands as quality products, and are not particularly concerned about social responsibility issues.
3. **Antiglobals:** Thirteen percent believe that global brands are higher quality than local brands, but dislike brands that preach U.S. values and do not trust global companies to act responsibly. Generally, they try to avoid purchasing global brands.
4. **Global Agnostics:** Eight percent evaluate global brands in the same way they evaluate local brands.³

A study of consumers from eight countries discovered that two means of presenting brands were perceived most favorably. First was **self-enhancement** advertisement that stressed that the brand conveys one's status and exquisite taste. Second was advertising that stressed **openness** in terms of allowing people to pursue their goals in exciting ways.⁴

A study comparing U.S. and South Korean adolescents found that Americans considered the availability of well-known brands significantly more important than the South Koreans did, and the Americans were more willing to pay high prices for clothes with a well-known brand name than their counterparts. However, one of the reasons may have been that well-known brands are very expensive in South Korea, and most adolescents there cannot afford them. Interestingly, American adolescents were motivated primarily by social approval and recognition, whereas their counterparts' main motive was self-expressions through the fashions they adopted.⁵

Analyzing Global Markets

Learning Objective

- 13.2** To understand how to research the cultures of consumers in other countries.

cross-cultural analysis

A form of marketing research that examines the differences and similarities among consumers in different countries.

Cross-cultural analysis is a form of marketing research that examines the differences and similarities among consumers in different countries. It provides an understanding of the differences and similarities in psychological, social, cultural, and environmental factors, and permits the design of effective marketing strategies for each of the specific countries involved. For example, some global airlines target upscale business travelers from different countries and cultures similarly because cross-cultural analysis revealed that members of this segment—although from different countries—share the same needs.

BUYING STYLES

The objective of cross-cultural consumer analysis is to determine how consumers in two or more societies are similar and how they are different. For instance, the Chinese society reflects a “**collectivistic**” (“we”) culture, whereas the United States and the United Kingdom are “**individualistic**” (“I”) cultures.⁶ A study of “**I**” versus “**we**” consumers found that collectivists rely more on word-of-mouth, preferring information from trusted, familiar sources when forming their expectations regarding airline travel. In contrast, individualists preferred specific information and implicit information about guarantees and return policies.⁷ A study of consumers in Australia (an individualist nation) and Singapore (a collectivist country) found that Singaporean consumers were more responsive to social influence in a hypothetical buying situation than Australian consumers.⁸

A study in four Central European nations (Croatia, the Czech Republic, Hungary, and Poland) found that although these nations are in the same geographic region, national differences merit different marketing strategies.⁹ A study in four countries (the United

States, the United Kingdom, France, and Germany) discovered four unique consumption styles:

- **German** consumers were less brand loyal, more price-sensitive, and least likely to seek variety in products, and did not consider themselves impulsive shoppers.
- **American** consumers were more likely to seek new and different products than French and German consumers. Americans, in general, see advertising as more informative than do French and German consumers.
- **British** consumers were more likely to seek new and different products than French and German consumers. The British consider advertising as more informative than do French and German consumers.
- **French** consumers believed that shopping is not fun. They claim to engage in comparison shopping, but are not the most likely to purchase products on sale.

Based on consumer style, the researchers were able to segment these consumers into four clusters:

1. Price-sensitive consumers
2. Variety-seeking consumers
3. Brand-loyal consumers
4. Information-seeking consumers

Marketers can develop targeting strategies based on the four buying styles depicted in Figure 13.2. For example, German consumers are significantly more price-sensitive than consumers in the United States, U.K., and France. Thus, marketing should focus on value in targeting Germans. U.K. consumers are highly brand loyal and targeting them should focus on special deals and discounts in order to reinforce their loyalty.¹⁰

MEASURES OF CROSS-CULTURAL ASPECTS

One study identified the dimensions that cross-cultural studies should address:¹¹

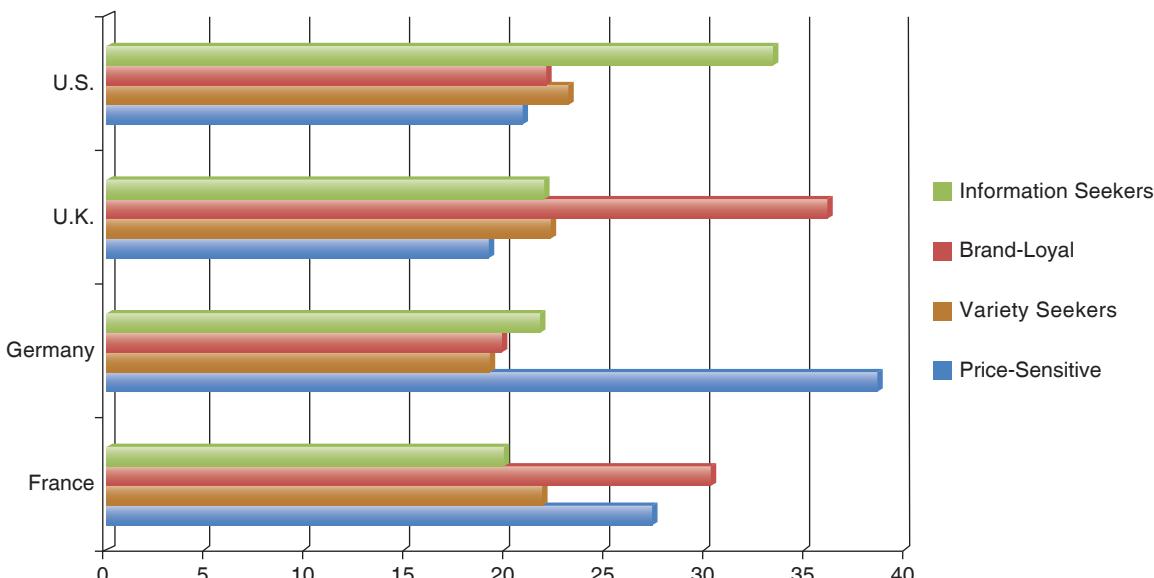
ethnocentrism

A personality trait representing one's tendency toward buying or not buying foreign-made products.

1. Judgments regarding the quality of a country's products
2. Willingness to buy a country's products
3. **Ethnocentrism**—willingness to buy foreign-made products (see Chapter 3)
4. Perceptions of a country's consumption culture

FIGURE 13.2

Buying Styles in Four Nations (percentages)



5. Acculturation—identification with a country's culture
6. Ethnic self-identification
7. National self-identification

Another study investigated the interrelationship between consumers' attitudes toward local and global products and identified the following relevant dimensions for measuring such attitudes (sample statements for "agree/disagree" scales are shown for each item):¹²

1. Entertainment:

"I enjoy entertainment that is popular in many countries around the world more than traditional entertainment that is popular in my own country."

"I enjoy traditional entertainment that is popular in my own country as well as entertainment that is popular in many countries around the world."

2. Furnishings:

"I prefer to have home furnishings that are traditional in my country rather than furnishings that are popular in many countries around the world."

"I don't really like my own country's traditional home furnishings or furnishings that are popular in many countries around the world."

3. Food:

"I enjoy foods that are popular in many countries around the world more than my own country's traditional foods."

"I enjoy my own country's traditional foods as well as foods that are popular in many countries around the world."

4. Lifestyles:

"I prefer to have a lifestyle that is traditional in my own country rather than one that is similar to the lifestyle of consumers in many countries around the world."

"To be honest, I don't find the traditional lifestyle in my own country or the consumer lifestyle that is similar in many countries around the world very interesting."

5. Brands:

"I prefer to buy brands that are bought by consumers in many countries around the world rather than local brands that are sold only in my country."

"I prefer to buy both local brands that are sold only in my country and brands that are bought by consumers in many countries around the world."

Another study identified personal cultural orientations that can be used in cross-cultural measurement (consumers are asked to indicate their levels of agreement or disagreement with each statement):¹³

1. Independence:

"I would rather depend on myself than others."

"My personal identity, independent of others, is important to me."

2. Interdependence:

"The well-being of my group members is important for me."

"I feel good when I cooperate with my group members."

3. Power:

"I easily conform to the wishes of someone in a higher position than mine."

"It is difficult for me to refuse a request if someone senior asks me."

4. Social Inequality:

"A person's social status reflects his or her place in the society."

"It is important for everyone to know their rightful place in the society."

5. Risk Aversion:

"I tend to avoid talking to strangers."

"I prefer a routine way of life to an unpredictable one full of change."

6. Ambiguity Tolerance:

“I find it difficult to function without clear directions and instructions.”

“I prefer specific instructions to broad guidelines.”

7. Masculinity

“Women are generally more caring than men.”

“Men are generally physically stronger than women.”

8. Gender Equality:

“It is OK for men to be emotional sometimes.”

“Men do not have to be the sole breadwinner in a family.”

9. Tradition:

“I am proud of my culture.”

“Respect for tradition is important for me.”

10. Prudence:

“I believe in planning for the long term.”

“I work hard for success in the future.”

11. Consumer Ethnocentrism:

“We should not buy foreign products because it hurts our economy.”

“Only products that are unavailable in our country should be imported.”

12. Consumer Innovativeness:

“I am more interested in buying new than known products.”

“I like to buy new and different products.”

FOODS AND BEVERAGES

Comparisons among countries in foods and beverages are interesting:

- In general, the French do not eat “on the run.” A French person who buys a cup of yogurt at a grocery store will not receive a plastic spoon. Also, the French buy fresh bread, meat, vegetables, and cheese daily and generally do not freeze foods (cheese is not kept refrigerated). In order to keep the small food stores in business, the government limits the number and size of supermarkets.
- The Swiss savor coffee; unlike Americans, they do not just drink it. Each cup is meticulously prepared and refills do not exist. If you ask for a second cup, the Swiss know you are an American and would comply, albeit visibly reluctant.
- Kellogg’s Pop-Tarts proved to be too sweet for British taste.
- General Foods failed when it introduced packaged cake mixes to the people of Japan; only 3% of Japanese homes have ovens. Philips had to reduce the size of its coffeemakers to fit into Japanese homes. Johnson’s wax floor polish made Japanese floors too slippery and the company overlooked the fact that the Japanese do not wear shoes inside the home.

COLORS AND ARTIFACTS

Names for colors and artifacts are quite different depending on where one lives in the world:

- **Blue:** In Holland, the color blue indicates warmth; in Iran, death; in Sweden, cold; and in India, purity. In most of the world, blue is a masculine color, but it is not as manly as red in the United Kingdom and France.
- **Yellow:** In the United States, yellow symbolizes cheap, and in France, it symbolizes infidelity.
- **Green:** Green is a popular color in Muslim countries, but it represents disease in others.
- **Black:** The color black represents death in the United States and western countries, but in Japan and many other countries white represents death.

- **Pink:** In the United States, pink is believed to be a feminine color, but many other countries consider yellow the more feminine color.
- **Red Circle:** A *red circle* on a package has been successful in Latin America but unpopular in Asia, where it reminds people of the Japanese flag.
- **Pronunciation:** In China, packaging golf balls in groups of four was bad because the pronunciation of the word *four* is similar to the pronunciation of the word *death*. In contrast, the number *eight* is considered lucky because its pronunciation is the same as the word *prosperous*. Even Chinese Americans prefer phone numbers and license plates containing no fours, but as many eights as possible.
- **Slogans:** *Pepsodent's* slogan, “You'll wonder where the yellow went,” did not help the product in Southeast Asia, where yellow teeth are a sign of wisdom.
- **Greeting Cards:** Hallmark cards bombed in France. The French people dislike highly sentimental cards and prefer to write their own.
- **Price:** Apparently, many South African customers are very price-sensitive and buy food items in smaller packages and in small stores, instead of supermarkets.¹⁴

ACCULTURATION

acculturation

Learning a new culture.

Acculturation is the process by which marketers learn—via cross-cultural analysis—about the values, beliefs, and customs of other cultures and then apply this knowledge to marketing products internationally. In fact, acculturation is a dual learning process: First, marketers must learn everything that is relevant to the product and product category in the society in which they plan to market. Second, marketers must then persuade, or “teach,” the members of that society to break with their traditional ways of doing things and adopt the new product. To gain acceptance for a culturally new product in a foreign society, marketers must develop a strategy that encourages members of that society to modify or even break with their own traditions (to change their attitudes and possibly alter their behavior). To illustrate the point, a social marketing effort designed to encourage consumers in developing nations to secure polio vaccinations for their children would require a two-step acculturation process: To begin, the marketer must obtain an in-depth picture of a society’s present attitudes and customs with regard to preventive medicine and related concepts. Next, the marketer must devise promotional strategies that will convince the members of a target market to have their children vaccinated, even if doing so requires a change in current attitudes.

Too many marketers contemplating international expansion believe that if their products are successful domestically, they will also succeed overseas. This biased viewpoint increases the likelihood of marketing failures abroad. It reflects a lack of appreciation of the unique psychological, social, cultural, and environmental characteristics of distinctly different cultures. To overcome such a narrow and culturally myopic view, marketers must learn everything that is relevant about the usage or potential usage of their products and product categories in the foreign countries in which they plan to operate. Take the Chinese culture, for example. For Western marketers to succeed in China, it is important for them to take into consideration *guo qing* (pronounced “gwor ching”), which means, “to consider the special situation or character of China.” An example of *guo qing* for Western marketers is the Chinese policy of limiting families to one child (although the current policy is two children). An appreciation of this policy means that foreign businesses will understand that Chinese families are open to particularly high-quality baby products for their single child (“the little emperor”).

CONSUMER RESEARCH DIFFICULTIES

Conducting consumer research studies in other foreign countries is often difficult. For instance, it is hard to conduct Western-style market research in the Islamic countries of the Middle East. In Saudi Arabia, for example, it is illegal to stop people on the streets, and focus groups are impractical because most gatherings of four or more people (with the exception of family and

religious gatherings) are outlawed. American firms desiring to do business in Russia have found a limited amount of information regarding consumer and market statistics. Similarly, marketing research information on China is generally inadequate, and surveys that ask personal questions arouse suspicion. Marketers have tried other ways to elicit the data they need. For example, Grey Advertising has given cameras to Chinese children so they can take pictures of what they like and do not like, rather than asking them to explain their preferences to a stranger. Moreover, ACNielsen conducts focus groups in pubs and children's playrooms rather than in conference rooms; and Leo Burnett has sent researchers to China to "hang out" with consumers.

Another issue in international marketing research concerns scales of measurement. In the United States, a 5- or 7-point scale may be adequate, but in other countries, a 10- or even 20-point scale may be needed. Still further, research facilities, such as telephone interviewing services, may or may not be available in particular countries or areas of the world. To avoid such problems, consumer researchers must familiarize themselves with the availability of research services in the countries they are evaluating as potential markets, and must learn how to design marketing research studies that will yield useful data. Researchers must also keep in mind that cultural differences may make "standard" research methodologies inappropriate.

Localization versus Standardization

Learning Objective

13.3 To understand localization and standardization of products and promotions.

global marketing strategy

Selling the same product using the same positioning and communication approach globally.

local marketing strategy

Customizing both the product and communication approach for overseas market.

A **global marketing strategy** is selling the *same product* using the same positioning approach and *communications* globally. A **local marketing strategy** is *customizing* both the *product* and the *communications* program for each unique market, or standardizing either the product or advertising message, while customizing the other one. For example, McDonald's is an example of a firm that tries to localize its advertising and other marketing communications to consumers in each of the cultural markets in which it operates.

Facebook used a localized strategy based on online speed connectivity. In some countries, consumers with a 2G phone might see an ad with an image, but others with a higher-speed phone could see a video ad.¹⁵

In contrast, Bacardi's global campaign, "Untameable," highlighted the hardships that the brand has faced since its introduction in Cuba in 1862: prohibition in the United States, an earthquake in 1932 that destroyed facilities, and the revolutionary government led by Fidel Castro that seized Bacardi's Cuban assets in 1960. In one ad, a voiceover declared, "Some men are kicked out of bars, others are kicked out of countries. The Bacardi family didn't just survive—we thrived. Because true passion can't be tamed. Bacardi—untameable since 1862."¹⁶

PRODUCT CUSTOMIZATION

Many American products have been customized for global markets. For example:

- **Oakley**, the maker of sunglasses bearing such brands as Ray-Ban, Ralph Lauren, and Prada, has started making glasses in China specifically tailored for the Chinese. Part of their strategy included making technical tweaks to better suit Asian facial characteristics, such as a lower nose saddle, where glasses rest on the face, and prominent cheekbones. Ray-Ban, Oakley, and Vogue have also rolled out special Asian collections.¹⁷
- **Mattel** shut its Barbie stores in China after learning that Chinese parents wanted their girls to model themselves after studious children, not flirts. Consequently, Mattel decided to market mostly educational toys in China.
- **Home Depot** closed many of its China stores because of scant interest for do-it-yourself renovation.¹⁸

- The **McDonald's** menu in Japan has been localized to include corn soup and green tea milkshakes.¹⁹ In Sweden, McDonald's developed a new package using woodcut illustrations and a softer design to appeal to the consumers' interest in food value and the outdoors. In France, McDonald's introduced McBaguette, a traditional French bread with a burger made from France's famed Charolais beef and topped with French-made Emmental cheese and mustard.²⁰ Filipinos like their dried chicken with either rice or spaghetti, and both KFC and McDonald's are serving them such dishes. In China, the company introduced store designs incorporating wood and brick patterns pulled from China's dynastic era, and a menu that added green tea ice cream and rice dishes. New commercials zero in on reaching customers who aspire to own a car and buy a house.²¹
- **Burger King** started selling the Kuro Pearl burger and Kuro Diamond burger in Japan. The burgers feature black buns, black sauce, and black cheese in addition to black-pepper-heavy beef patties. *Kuro* means "black" in Japanese.²²
- **Listerine** makes alcohol-free Listerine Zero for Muslim countries where spirits are forbidden; Green Tea Listerine is made specifically for Asian markets; and Listerine Naturals targets Americans' obsession with nonsynthetic ingredients.²³
- **Starbucks** adjusted its offering in several European countries. For instance, the British like to drink takeaway ("to go") coffee, so Starbucks is planning hundreds of drive-through locations in Britain. Many Britons consider the Starbucks version too watery, so baristas in Britain recently began adding a free extra shot of espresso. Sixty percent of French people like espresso, but many complained that Starbucks' espresso tasted charred. In response, Starbucks introduced a lighter "blonde" espresso roast in Paris. In London, the company experimented with taking customers' names with their orders and then addressing them by name when filling it. Participating patrons got a free coffee, but, using Twitter, many others had complaints about bogus, American-style "chumminess." Starbucks opened a striking space in Amsterdam with local woods and avant-garde architecture, including a stage for poetry readings, designed to make Starbucks feel more like a trendy neighborhood shop.²⁴
- **B & J Ice Cream** introduced chocolate chip cookie dough ice cream in the U.K., but it flopped because the British did not relate to the nostalgic appeal of chunks or rows of cookie dough, a symbolic ritual among American kids. The company introduced Cool Britannia—a combination of vanilla ice cream, strawberries, and chocolate-covered Scottish shortbread—which has been a success.
- **Proctor & Gamble** has brands that are marketed under the same name worldwide—Camay soap, Crest toothpaste, Head & Shoulders shampoo, and Pampers diapers—but the formulas, package sizes, and scents of each product vary from country to country.
- **Cosmetics and personal care products in Europe** tend to be country-specific. Italian women, for example, prefer shades of brown, French women generally prefer bold reds (and, recently, shades of brown), Scandinavians prefer dark shades of foundation, and pearly pinks are popular in Britain and Germany. In the U.K., consumers prefer soap-and-talc while the rest of Western Europeans prefer shower gels.
- **Cosmetics and personal care products in Asia** are somewhat different from those needed in Europe and the United States. A German company introduced Restore & Refresh shampoo as the world's first hair-care product to address problems caused by the lack of ventilation under a head scarf, including split ends, itchy scalp, and unpleasant odor. However, Restore & Refresh products have been less successful in Egypt than in other Arabic countries because consumers prefer more locally tailored products. Procter & Gamble's Olay line targets Persian Gulf customers with skin-lightening creams; Nivea brand collected love stories from mostly female Middle Eastern writers

to market its Sensual Musk body lotion; and a line of Halal cosmetic products does not contain any pork by-products such as pig-fat derivatives, which are used in some makeup brands, or the proteins used in some shampoos. They also shouldn't contain alcohol, which is forbidden under Islamic law.²⁵

- When **Pizza Hut** ventured into China, parent company Yum Brands Inc. opted to introduce Pizza Hut Casual Dining, a chain that more closely resembles a Cheesecake Factory in terms of menu and motif, with a vast selection of American fare, including ribs, spaghetti, and steak, as well as café latte. However, Domino's was not interested in offering table service, even if that was what locals were used to. The company entered the new market with a tried-and-true business model of delivery and carryout pizza that it deploys around the world. In contrast, the chain's U.S. competitor, Pizza Hut, has reinvented itself for China, India, and other emerging markets, in order to mesh with the strikingly different consumer trends there.²⁶
- **Heinz Ketchup's** less-sweet versions are popular in Belgium and Holland because consumers use it as a pasta sauce.
- The **Lauder Company**—marketer of popular brands such as Estée Lauder, Clinique, and Bobbi Brown—introduced a hybrid East-Meets-West beauty line called Osiao (pronounced O-Shao). Osiao's specialized formulas contain Chinese ginseng. To communicate the brand's imported status to consumers, the product names on the bottles appeared in English.²⁷

ADVERTISING AND BRANDING

Many American brand names and slogans must be revised or changed altogether in non-English-speaking countries. Linguistic differences are probably the most challenging factor facing companies that are expanding globally, as illustrated by the following examples:

- **Ronald McDonald** has been renamed **Donald McDonald** in Japan because the Japanese language does not contain the *R* sound.
- The slogan **Chevy Runs Deep** did not translate well in some languages. The company replaced it with the slogan “Find New Roads” because the car represents different things to different people, and the new theme resonates with consumers around the world. Chrysler couldn’t use its U.K. theme “the Original” in Germany because **Die Original** in German implies “peculiar.”²⁸
- When General Motors introduced the **Chevy Nova** in South America, it was apparently unaware that “no va” means “it won’t go.” After the company figured out why it was not selling any cars, it renamed the car in its Spanish markets and called it “Caribe.” A car model named **Matador** translated as “killer” in Puerto Rico—a country with a high traffic fatality rate.
- When **Parker Pen** marketed a ballpoint pen in Mexico, its ads were supposed to say, “It won’t leak in your pocket and embarrass you.” However, the company mistakenly thought the Spanish word *embarazar* meant “embarrass.” Instead, the ads said that “It won’t leak in your pocket and make you pregnant.”
- When **Vicks** first introduced its cough drops on the German market, the company was chagrined to learn that the German pronunciation of “v” is *f*, making its name in German the guttural equivalent of “sexual penetration.”
- In Taiwan, the translation of the **Pepsi** slogan “Come alive with the Pepsi Generation” came out as “Pepsi will bring your ancestors back from the dead.”
- **Johnson Wax** introduced **Pledge** in the Netherlands as *Pliz*, pronounced very much like “piss” in Dutch.

- An American manufacturer of **heavy-duty wrapping paper** inadvertently translated its brand name into Japanese as “He who envelops himself in 10 tons of rice paper.”
- The **Dairy Association’s** “Got Milk?” heading was translated as “Are you lactating?” in Spanish.

PROMOTIONAL APPEALS

Promotional appeals must reflect the local culture’s values and priorities. For example, after surveys indicated that, globally, Coke was regarded as more “daring” and “energetic” than Pepsi, the Pepsi company came up with a new ad push with the tagline, “Live for Now,” and then changed it to “People Who Define the Now,” and its ads featured well-known disc jockeys, celebrities, and artists. Pepsi has a long history of using groundbreaking pop culture artists in its ads (e.g., Madonna, Michael Jackson).²⁹

Surprisingly, IKEA—a company that has been among the first to feature gay couples in its ads and known as standing behind diversity—has changed some global ads in deference to nondemocratic values. IKEA was widely criticized after deleting a photo from its Russian website showing four young people in balaclavas—a photo gesturing support for the Russian punk group Pussy Riot, which was jailed after a performance that the government declared offensive. Shortly afterwards, IKEA digitally removed women from its Saudi Arabian catalog, apparently in deference to the country’s long-standing tradition of excluding women from the media. The worldwide version of the catalog showed a woman in pajamas standing in the bathroom with a young boy next to her and a man kneeling behind while wrapping another young boy in a towel. But in the Saudi catalog, the woman has disappeared from the picture, leaving only the father and his sons in the bathroom.³⁰

A study revealed that there are significant differences between U.K. and Greek humorous advertising. Compared with the United States, in the U.K., riskier, more aggressive, and affective humorous advertisements are used. In contrast, Greeks prefer neutral humorous advertisements whose appeal is not perceived as very offensive. Additionally, in Greece, there is a lower percentage of print ads using humor, compared with the U.K.³¹

Another study showed that many fragrance ads shown in Western countries featured overt sexual appeals. However, in Asian countries, particularly those that are predominately Muslim or Buddhist, advertisers should not portray women in sexual poses.³²

Regarding South Asian cultures, one study discovered that Australian, Chinese, and U.S. consumers form significantly different attitudes regarding the same ad. However, buying intentions toward the advertised brand are not significantly different. Despite the general assumption that Chinese consumers might react least favorably to sex-appeal ads, the study found that they hold similar attitudes toward such ads as U.S. consumers and even more favorable attitudes than Australian consumers.³³ A study of Chinese Generation X consumers, aged 18 to 35, with high incomes and education, found that they were equally persuaded by individualistic and collectivistic ad appeals, whereas their older counterparts were more persuaded by collectivistic rather than individualistic ad appeals.³⁴ A study focused on Chinese wine consumers discovered that some mixed red wine with lemonade and preferred corked (rather than twist-off or screw-cap) wine bottles. The study also uncovered a link between wine consumption and beliefs in traditional Chinese medicine. Interestingly, some Western medicine maintains that red wine consumption reduces cholesterol.³⁵

Comparative advertising has been used more in the United States than in other countries. However, one study of American and Thai consumers discovered that the persuasive ability of comparative ads among both groups was related to the two personality traits: **self-construal**, which refers to how individuals perceive, comprehend, and interpret the world around them, particularly the behavior or action of others toward themselves, and **need for cognition** (see Chapter 3).³⁶ Another study compared American and Korean consumers and demonstrated that cultural values were more important in influencing reactions to comparative ads than reactions to noncomparative ads, and that

need for cognition had an impact on the persuasiveness of comparative ads among consumers in both nations.³⁷ These studies and many others support the view that, if used properly and in the right context, comparative marketing is a highly effective positioning strategy.

FedEx used a customized strategy to successfully target the Latin American market. Since it was not well known in Latin America, the company launched an ad campaign to build brand awareness among small and medium-sized shippers. The challenge was to create a commercial that would work across this broad region with its differing cultures and languages. In addition, it would need to be presented in English and Portuguese in addition to Spanish without dubbing. One 30-second commercial showed a young equipment manager for a soccer team, the dominant sport in the region, who was worried about the delivery of five boxes of uniforms he had shipped to Madrid for a major match. An older man assures him that all will be fine so long as he had shipped them via FedEx, which he had not. The next scene is a soccer field where the opponents are about to attempt a penalty kick. As the camera reveals the defenders, the audience sees that they are defending the goal without their uniforms or any other clothing. The tagline for the ad is, “Let FedEx take the load off your shoulders.” Two versions of the last scene were shot, the nude version and a version with the men in their underwear. The underwear version was run in Mexico due to local restrictions on nudity in prime time. The theme (soccer), which resonates in most Latin American markets, along with a realistic situation and a humorous ending made this commercial memorable and successful. For example, awareness went up between 7 and 17 percent depending on the specific market.³⁸

Perhaps because of the dominance of English-language pages on the internet, non-English-speaking European nations wish to distinguish themselves and their cultures by designing websites that reflect their countries and specific cultures. Thus, German websites might employ bright colors and a geometrical layout to give them a “German feel”; a French website might have a black “chic” background; and a Scandinavian website might provide a variety of images of nature. A study of global U.S. brands examined how the United States standardized their websites in Europe (United Kingdom, France, Germany, and Spain). The study found that although the manufacturers’ websites did have a minimal level of uniformity with respect to color, logo, and layout, the textual information and visual images were dissimilar from one market to the next. Still further, as with traditional advertising media, standardization for durable goods was higher than for nondurables.³⁹

LEGAL BARRIERS

Many local foreign laws forced American marketers to alter and their products and promotions:

- In **Mexico**, authorities have restricted food marketing to children on television and in movie theaters because of rising health problems as Mexicans continue to gain weight. The new limits go far beyond any measures taken in the United States to restrict food advertising.⁴⁰
- In **Australia**, logos, branding, colors, and promotional text are restricted from tobacco packets. Brand names have to appear in standard colors and positions in a plain font and size on packets colored a dark olive-brown, which government research has found holds the lowest appeal to smokers. Health warnings with graphic images of the harmful effects of smoking make up 75% of the front of the packaging.⁴¹ In the **United Kingdom**, cigarettes must be sold in uniform packs stripped of distinctive logos and colors—and adorned with graphic health warnings. Thus, packs of Marlboro cigarettes do not feature their signature red trim and Lucky Strike packs are absent their target logo.⁴²
- **Singapore** tightened its rules on casino advertising as part of its efforts to limit the social impact of resort hotels on urbanites. Casinos must obtain government

approval for all casino advertising and promotions, media-related activities, and sponsorships.⁴³

- In the **United Kingdom**, the Advertising Standards Authority claimed that Groupon—the internet daily-deals company—failed to conduct promotions fairly by not making significant terms and conditions clear, failing to provide evidence that offers are available, and exaggerating savings claims.⁴⁴
- In **China**, regulators banned advertising during television dramas, dealing a blow to marketers who had ramped up ad spending to reach the nation's growing consumer class. The new rules restrict commercials from interrupting the plots of TV dramas, allowing ads to be shown only back-to-back between programs.⁴⁵ Also, the Chinese government ordered the removal of four popular American television shows from websites ahead of the sensitive anniversary of the Tiananmen Square protest. China has also cracked down on the country's social media, and the government now monitors the spread of “objectionable, illegal and harmful content.”⁴⁶
- Linguistic issues can create trademark disputes. Michael Jordan sued Qiaodan Sports because, phonetically, the company's rename resembles “Jordan.” However, the company said that it had the exclusive right to the Qiaodan trademark and was operating “in accordance with Chinese law,” although these regulations were very lax by U.S. standards.⁴⁷

The growth of social media and communications that can easily cross geographic boundaries has brought about the wrath of totalitarian regimes:

- Facebook was forced to block users in Pakistan from access to the pages of a popular Pakistani rock band and several left-wing political pages.⁴⁸
- YouTube's popularity has brought about the scrutiny of Saudi authorities, who plan to regulate all forms of audiovisual media. They will monitor the quality and quantity of content produced in Saudi Arabia along guidelines on alcohol, tobacco, nudity, and sexual acts.⁴⁹
- In India, the Supreme Court struck down legislation barring “offensive messages” online, saying it violated constitutional guarantees of free expression.⁵⁰ In contrast, the country's Advertising Standards Council protested the marketing of highly popular skin-lightening products and declared that the ads for these items are often “disparaging to people with darker skin.” As a result, some ads for these products have been regulated.⁵¹
- Afghans have long been resistant to central authority—as the United States has found to its frustration—with Afghanistan divided along tribal, cultural, religious, and linguistic lines. Its mountains and valleys have stood in the way of communications breakthroughs that have unified the societies. But a social media network initially financed by the United States is finding a way around those barriers. It is connecting millions of Afghans equipped with cell phones and other mobile devices, allowing an exchange of ideas that has never been possible in Afghanistan outside Kabul, the capital. Similar American-financed programs elsewhere have failed, most spectacularly in Cuba, but Afghanistan is considered one of the great success stories from the U.S. effort to counter extremists' violent ideology with social media. In Afghanistan, the network has achieved far more, allowing Afghans access to information as never before, bolstering education efforts and encouraging political debate.⁵²
- Several governments have been alarmed by American social media's lax attitude toward privacy. Belgium's government criticized Facebook and said that it treated the personal data of its users “with contempt” and had failed to cooperate with regulators investigating its privacy controls. The European Union expressed similar concerns.⁵³

Global Marketing Prospects

Learning Objective

13.4 To understand how to evaluate global marketing prospects.

Firms are increasingly selling their products worldwide for a variety of reasons. First, there has been an ongoing buildup of “multinational fever.” The general attractiveness of multinational markets, products, or services originating in one country means that they are increasingly being sought out by consumers in countries in other parts of the world. Second, many U.S. firms have realized that overseas markets represent an important opportunity for their future growth when their home markets reach maturity.

Global markets are dynamic, and new marketing opportunities emerge continuously. For example, Chinese shoppers have been shying away from conspicuous luxury goods, such as fancy watches and designer handbags, because luxury goods have become symbols of corruption and of the country’s widening wealth gap.⁵⁴

Young Europeans embrace American fashions. After watching such U.S. television series as *Gossip Girl*, *Glee*, and *Vampire Diaries*, European teenagers are replacing Chanel jackets and knotted scarves with American casual tailored sweatpants and frayed oxfords. Abercrombie & Fitch was among the first U.S. stores to open a shop on the Champs Élysées in Paris; other American fashion stores followed the trend.⁵⁵ Although formerly unthinkable within Japan’s strong national culture, because of declining incomes, as well as fears about radiation from a nuclear disaster in Fukushima, a growing number of Japanese consumers have been abandoning their loyalty to expensive, premium-grade homegrown rice. Instead, they have been seeking out cheaper alternatives from China, Australia, and the United States.⁵⁶ During Christmas, Printemps, a high-end Paris department store whose stylish Christmas window displays are eagerly awaited every year, showed figures of Asian male and female dancers because a large portion of the store’s shoppers are now Asians.

Molson Coors, an originally American beer company, introduced more new products in Canada in 18 months than it did in the United States for the previous 15 years. Apparently, Canadians have been increasingly receptive to niche products and shunning mass-marketed goods. The company introduced Molson Canadian 67 Sublime, a lemon- and lime-infused version of the low-calorie beer. This and other products have been positioned as sophisticated and easy to drink. The company also discovered that the new products lured wine and spirits drinkers to the beer market.⁵⁷

GROWTH POTENTIAL

This realization is propelling U.S. companies to expand their horizons and seek consumers in markets all over the world. Moreover, consumers around the globe are eager to try “foreign” products that are popular in different and far-off places. For example:

- ***Chewing Gum:*** Several years ago in China, chewing gum grew at double-digit rates, igniting a turf battle for China’s chewers. Snackfood maker Mondelez International Inc. entered the fray with a sugar-free brand, and a high-profile campaign. Wrigley expanded distribution to encourage the Chinese to chew more Wrigley’s. Meanwhile, market leaders William Wrigley Jr., a division of Mars Inc., and Korea’s Orion Group expanded distribution and offered flavors such as grapefruit, cucumber, and tea to encourage China’s swelling middle class to chew more. Rising disposable incomes in China have increasingly made gum a mainstay in the pockets of young adults.⁵⁸
- ***Tupperware Brands Corporation:*** Chief Executive Rick Goings expects at least 80% of the company’s revenue to come from emerging markets by 2019, an increase driven by a swelling middle class in countries such as Indonesia, China, and Brazil. In an interview with the *Wall Street Journal*, Mr. Goings said the Orlando, Florida, company is growing.⁵⁹
- ***Products for Older Consumers:*** In China, the number of online consumers age 55 or older has been growing rapidly. Since China is likely to become the world’s most aged

society by 2030, its online consumers have been increasingly targeted by both online and physical retailers.⁶⁰ Thus, Nestle has installed blood pressure monitors in grocery retailers, near where it sells a milk-based nutrition powder targeted toward the elderly. One online shopping outlet created a dedicated section for seniors and their caregivers that features practical items such as long underwear and slippers.⁶¹

- **Fast Foods:** In Russia, as the country's disposable income has risen, McDonald's opened its first restaurant on Pushkin Square in 1990 and now operates 279 restaurants in Russia. Burger King opened 22 restaurants, mostly in mall food courts, in 2 years. Carl's Jr. has 17 restaurants in St. Petersburg and Novosibirsk. Wendy's has opened 2 restaurants and plans to open 180 more throughout Russia by 2020. The Subway sandwich chain has opened about 200 shops in Russia; Yum Brands, which owns KFC, Pizza Hut, and Taco Bell, operates a co-branded chicken restaurant chain in Russia called Rostik's-KFC; and Il Patio in the Italian food segment has about 350 restaurants in Russia.⁶²
- **Netflix:** Plans to expand its European offerings to six more countries, including Germany and France. But it will face a variety of challenges in taking on Europe's entrenched players country by country, including the fact that many of the domestic pay-TV companies already have exclusive rights to some of the programming that Netflix's service typically carries. In France, for example, Netflix will be unable to offer subscribers its own most popular in-house production, the political drama series *House of Cards*. Netflix growth in the United States beginning to slow, so Netflix may have no choice but to forge ahead in Europe, where it already has a foothold in Britain, Scandinavia, and the Netherlands with a subscription service via cable or internet broadband for which it charges the equivalent of about \$10 a month.⁶³
- **Facebook:** User growth has slowed in the United States, but in emerging markets such as South America and Asia, Facebook's user base is expanding rapidly. Now, the social network is attempting to extract greater revenue from those markets with new, tailored ad formats and more local sales offices. The company is also working on additional ad options customized for other regions and countries, too.⁶⁴
- **Starz:** The premium cable network known for shows including *Spartacus* and *Outlander*, made its first international foray in 2015 with the launch of subscription streaming video service in the Middle East. Dubbed Starz Play Arabia, the service costs \$13.99 a month. This move put Starz ahead of online rivals such as Netflix Inc. and Amazon.com Inc. in the region, which traditionally was dominated by hundreds of free-to-air satellite channels. It also gave Starz, a newcomer to international expansion, a faster way of catching up to rivals such as Time Warner Inc.'s HBO, which has channels in some 60 countries and licenses its content to linear channels in the Middle East.⁶⁵

SPENDING POWER AND CONSUMPTION

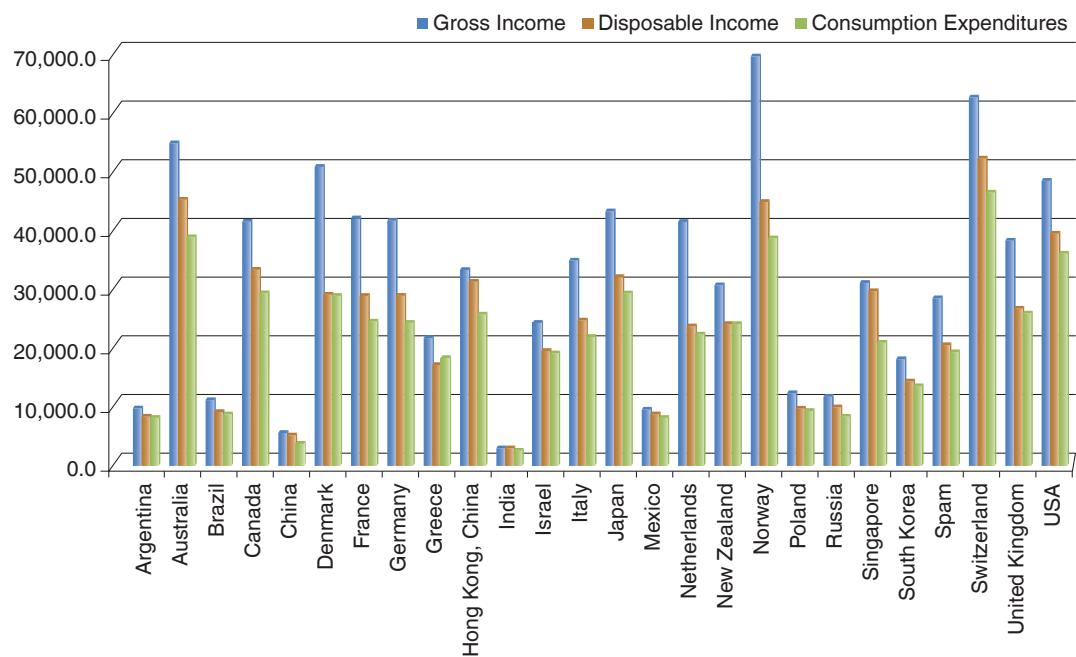
The most important criterion for identifying global marketing opportunities is a country's consumer spending and its growth prospects. Euromonitor International is the largest provider of information about scores of countries, including strategic analysis of the competitive markets, current market trends, market size, distribution channels, local company profiles, company and brand shares, five-year forecasts, and descriptions of market segments (as shown in Figures 13.3, 13.4, and 13.5).

Figure 13.3 shows consumer gross income, disposable income, and consumer expenditures in numerous countries. Although Norway had the highest gross income, Norwegians' disposable income is not that much higher than that of Americans, because Norway's tax rates are much higher than those in the United States. The small gap between disposable income and consumer expenditures in the United States reflects the nation's modest savings rate. In Greece, consumer expenditures are slightly higher than disposable income, which

FIGURE 13.3

Spending Power and Consumer Expenditures

*Source: Euromonitor International,
Passport Income and Expenditure,
Accessed April 2013*



indicates that Greeks have been “living beyond their means,” which is probably a function of uncertainty regarding the future of the euro in Greece. Figure 13.4 shows the percentages of anticipated growth in consumer expenditures through the end of the decade. Clearly, the most growth is expected in Asia and South America, with only modest growth rates in Europe.

The five charts in Figure 13.5 depict the percentages of their disposable incomes that consumers in prominent nations spend on necessities. Figure 13.5A illustrates that clothing is a major expenditure for Russians and Hong Kong’s Chinese. The Swiss and

FIGURE 13.4

Forecasted Growth in Consumer Expenditures

*Source: Euromonitor International,
Passport Income and Expenditure,
Accessed April 2013*

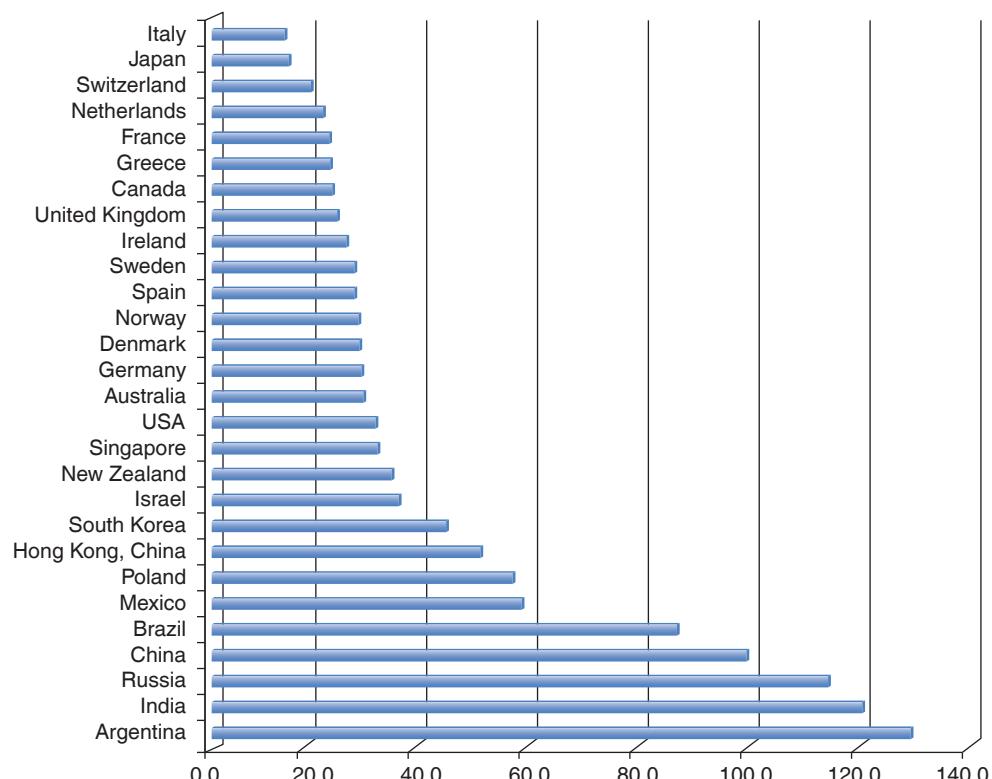
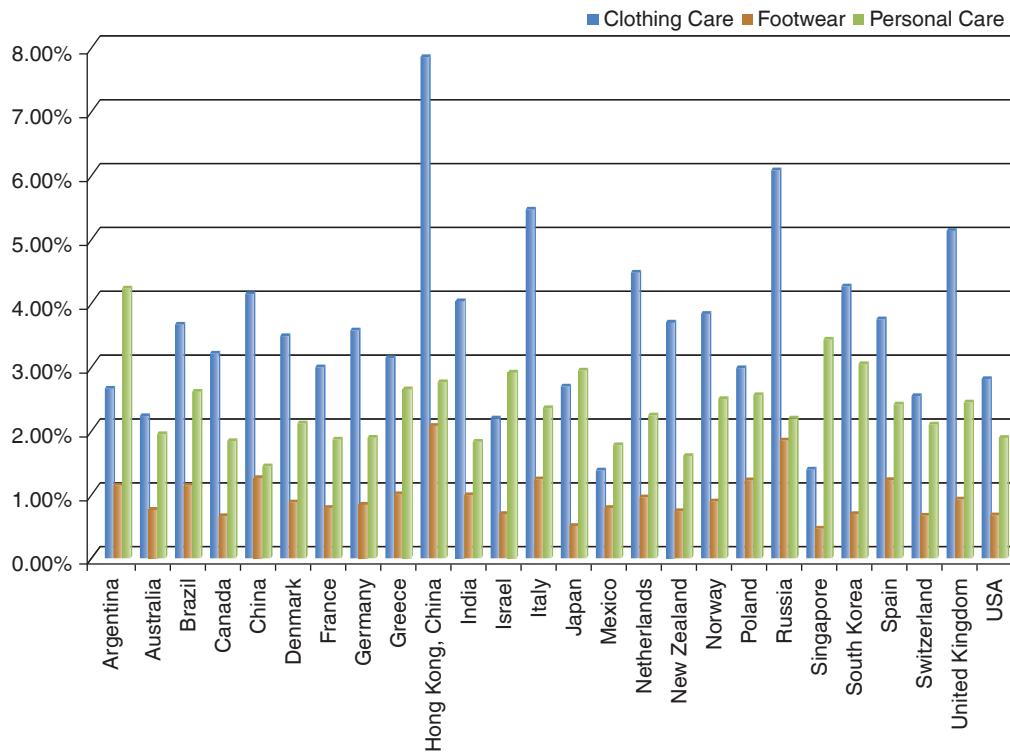


FIGURE 13.5A

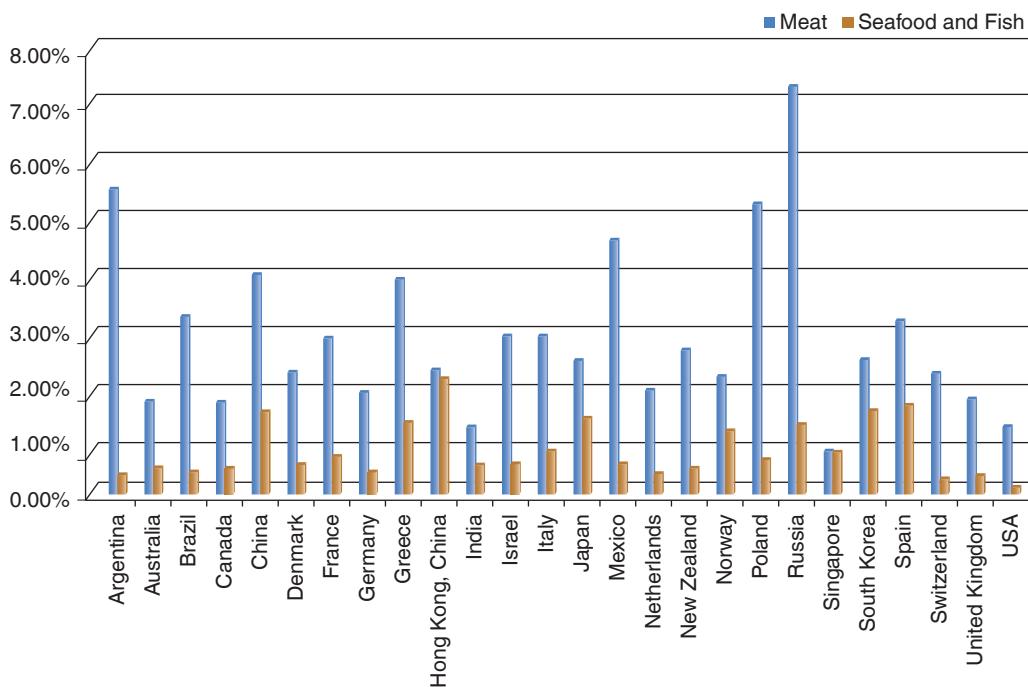
Clothing, Footwear, and Personal Care

Source: Euromonitor International, *Passport Income and Expenditure*, Accessed April 2013

**FIGURE 13.5B**

Meat, Seafood, and Fish

Source: Euromonitor International, *Passport Income and Expenditure*, Accessed April 2013

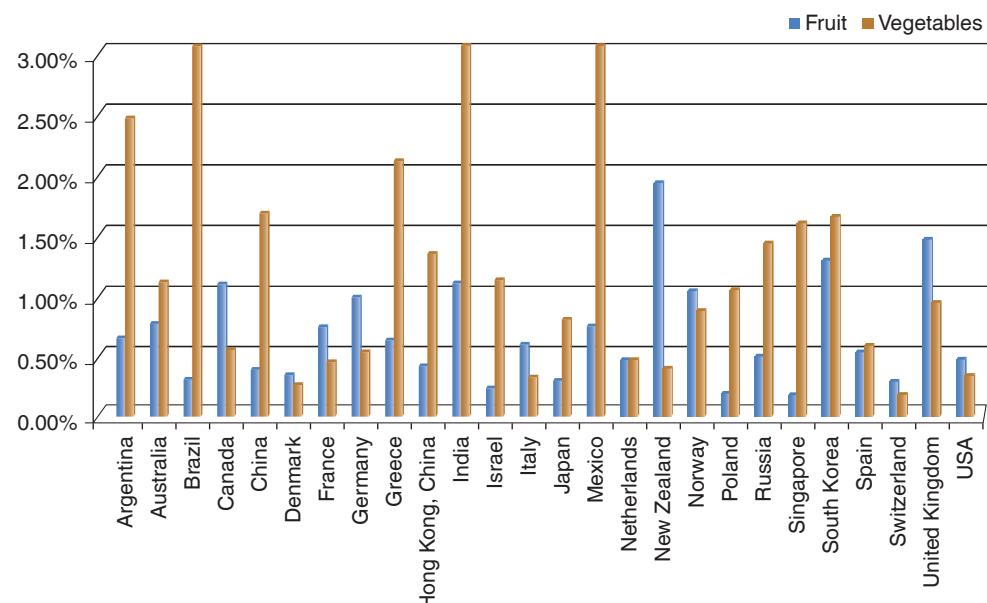


Norwegians—citizens of the world's two most affluent nations—spend a great deal on personal care products, which are expensive in these countries because of import taxes. (The two nations are not members of the European Union, where most import and export barriers have been greatly reduced or eliminated.) The Russians and Polish are heavy consumers of meat, whereas Japan and Chinese in Hong Kong like seafood and fish (Figure 13.5B). New Zealand, France, and Germany are among the very few nations in which people consume more fruit than vegetables, because these countries are known for their fresh produce (Figure 13.5C). On the other hand, people in Brazil, Mexico, India, and Israel eat mostly vegetables.

FIGURE 13.5C

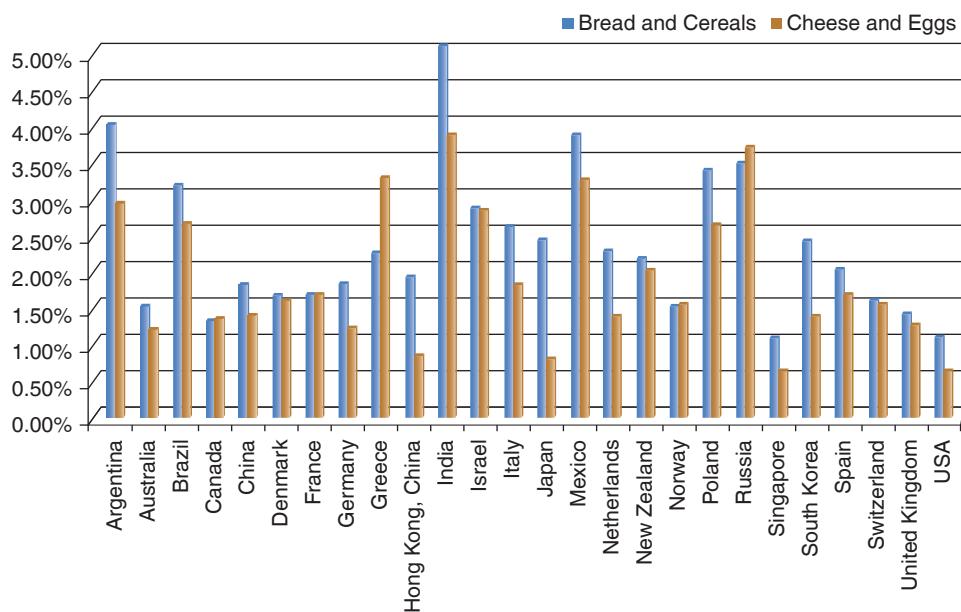
Fruit and Vegetables

Source: Euromonitor International, Passport Income and Expenditure, Accessed April 2013

**FIGURE 13.5D**

Bread, Cereals, Cheese, and Eggs

Source: Euromonitor International, Passport Income and Expenditure, Accessed April 2013

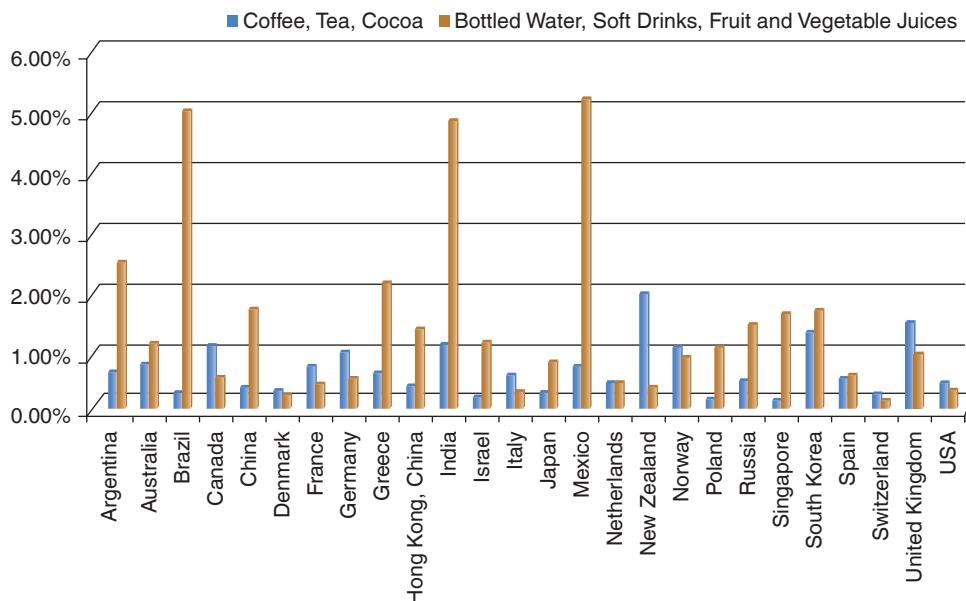


The data in Figure 13.5D—showing that India is the world's top consumer of breads and cereals—deserve further explanation. Consumers in India start the day with daily breads called chapatti, parantas, and dosas. The Indian breakfast is heavy and there is a feeling of fullness at the end. Kellogg introduced its cereals in India in the 1990s and positioned them as an alternative to the regularly consumed breakfast, but a Kellogg's Corn Flakes breakfast does not give that feeling of fullness. Additionally, the Indian breakfast is known for its variety (e.g., depending on the region, there can be 30 types of dosas), and often an item that is eaten one day will not be consumed during the following two or three weeks. Offering Indians the same type of corn-flake-based breakfast each day contradicts their culture. Indians have spicy and hot food for breakfast and find corn flakes in cold milk too sweet. Indians have been taught from childhood that milk has to be consumed every day and that milk should always be consumed hot. Therefore, the data in Figure 13.5D reflect Indians' love of various breads, but not cereals. Figure 13.5E shows that Mexico, India, and Brazil are the world's heaviest buyers of bottled water because clean, fresh water is scarce in these countries.

FIGURE 13.5E

Drinks and Beverages

Source: Euromonitor International, *Passport Income and Expenditure*, Accessed April 2013

**BRAND SHARES**

All companies continuously monitor their brand shares in domestic and foreign markets. Euromonitor International is the most prominent database of brand shares in virtually all product categories around the world. For example, Table 13.1 illustrates that Procter & Gamble and Unilever have successfully penetrated four important shampoo markets: the United States, China, Germany, and Brazil. In both the United States and China—the world's largest markets—Head & Shoulders dominates the shampoo sector, and other Procter & Gamble brands have significant presence. In contrast, in Germany, a local brand has the largest market share and Procter & Gamble's shampoo has had limited success. Interestingly, in each of the four countries, a large portion of the market represents lesser-known brands.

Local brands can sometime overtake well-established U.S. offerings. China is P&G's second-largest market, with \$6 billion in sales. P&G's market share in diapers, laundry care, and hair care has risen in China, but its share of oral care, bath and shower, and skin care has been slipping. Although Chinese herbal toothpaste for sensitive gums sells for double the price of a similar product by Procter & Gamble, Chinese consumers apparently prefer their local product. Local Chinese brands are closing the perceived quality gap with foreign products, and for some items consumers no longer readily distinguish between the two. A study of Chinese consumers in the country's smaller cities, where shoppers sharply increase their spending on home and personal care goods, indicated that 70% of consumers thought P&G's Ariel laundry detergent was a local brand.⁶⁶

Just because a brand may be global in character does not mean that consumers around the world will necessarily respond similarly to a brand extension. One study examined reactions to brand extensions among Western culture (U.S.) and Eastern culture (India) consumers. It hypothesized that the Eastern holistic way of thinking (which focuses on the relationships between objects), rather than the Western analytic style of thinking (which focuses on the attributes or parts of objects), would affect the manner in which consumers judged the "fit" of a brand extension. The research results confirmed this hypothesis: Low-fit extensions (McDonald's chocolate bar and Coke popcorn) received positive evaluations from the Eastern culture subjects. In contrast, moderate-fit extensions (Kodak greeting cards and Mercedes-Benz watches) received equal responses from both cultural groups. For the Eastern culture participants, liking Coke products, and the fact that Coke and popcorn are complementary products, in that they can be consumed together, were enough to make the brand

TABLE 13.1 The Top Ten Shampoo Brands in Four Global Markets

Rank	United States		China		Germany		Brazil	
	Marketer	Brand	Marketer	Brand	Marketer	Brand	Marketer	Brand
1	Procter & Gamble	Head & Shoulders (14.8%)	Procter & Gamble	Head & Shoulders (18.5%)	Henkel AG & Co KGaA	Schwarzkopf (17.9%)	Unilever	Sunsilk (19.9%)
2	P&G	Pantene (12.2%)	P&G	Rejoice (13.5%)	P&G	Pantene (9.6%)	Unilever	Clear (10.2%)
3	Unilever	Suave (12%)	P&G	Pantene (9%)	L'Oréal	L'Oréal Paris (7.4%)	L'Oréal	L'Oréal Paris (8%)
4	L'Oréal	Garnier (7.6%)	Unilever	Clear (6.6%)	Unilever	Dove (6.7%)	L'Oréal	Garnier (8%)
5	P&G	Clairol (6.7%)	Unilever	Lux (5.6%)	Beiersdorf AG	Nivea (6.5%)	Colgate-Palmolive Co.	Palmolive (7.4%)
6	Unilever	TRESemmé	Beiersdorf AG	Slek	Kao Corp	Guhl	P&G	Pantene
7	Unilever	Dove	Jiangsu Longliqi	Longliqi	P&G	Head & Shoulders	Unilever	TRESemmé
8	Johnson & Johnson	Neutrogena	Unilever	Dove	L'Oréal	Garnier	Unilever	Dove
9	Vogue	Organix	La Fang International	La Fang	Johnson & Johnson	Terzolin	Niely do Brasil	Niely Gold
10	L'Oréal	L'Oréal Paris	Henkel AG & Co KGaA	Syoss	P&G	Clairol	Natura Cosméticos SA	Natura

Note: Brands' market shares (in percentages) from Euromonitor International are available for the top five brands (to lower-tier subscriptions to the service).

extension acceptable. The American subjects, in contrast, saw little product-class similarity between Coke and popcorn.⁶⁷ As a follow-up, these same researchers replicated their earlier study, and went on to determine that American Indians were significantly more holistic in their thinking than Caucasian Americans; they reported that certain factors, such as corporate reputation, may be used more frequently by Easterners than by Westerners as a basis for judging the “fit” of a brand extension.⁶⁸

An interesting example of brand extension is DreamWorks Animation’s China film project, *Tibet Code*, an Indiana Jones-type adventure story based on a wildly popular series of recent Chinese novels set in ninth-century Tibet. Although China’s policies on Tibet are a persistent target of Western human-rights critics, and a constant challenge to its international image, the company dismissed suggestions that *Tibet Code* served any political purpose.⁶⁹

Targeting Global Consumers

Learning Objective

- 13.5** To understand the applications of psychographics in targeting consumers in other countries.

The following examples illustrate how marketers can apply demographics and psychographics to target consumers in other countries.

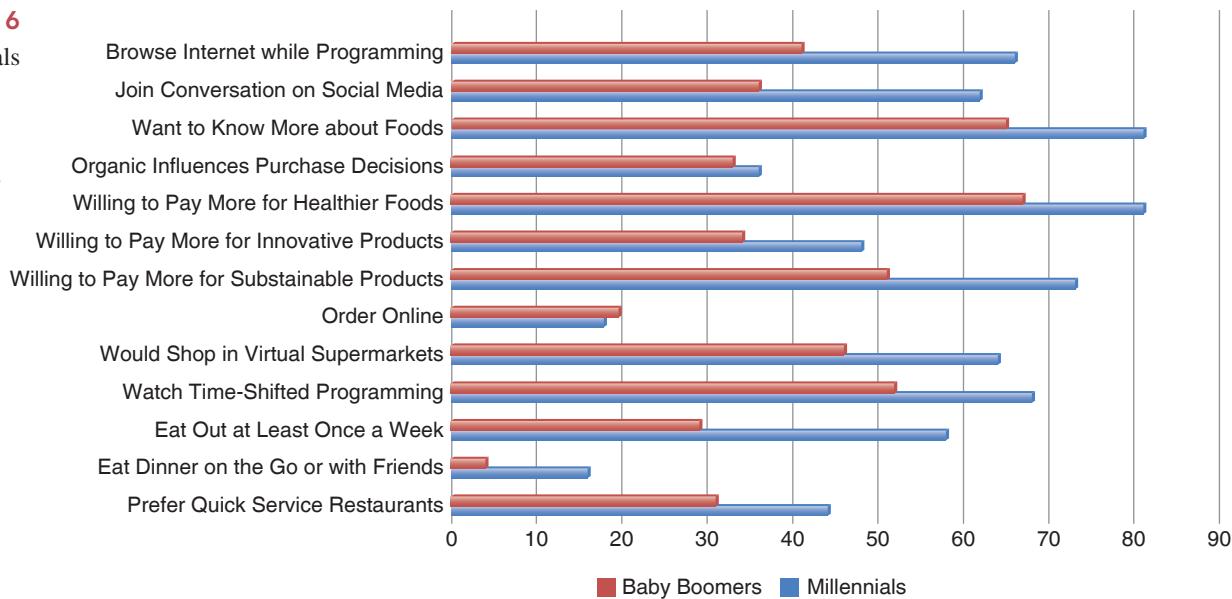
GLOBAL MILLENNIALS

Millennials make up one-fourth of the planet’s population—1.7 billion people. Millennials have grown up amid growing media fragmentation, multitasking, and full immersion in both

FIGURE 13.6

Global Millennials versus Global Baby Boomers

Source: "Global Millennials—The We, More, and Now Generation," Nielsen Report, 2017



their digital and physical lives. Those born in the early 1980s to around early 2000s are demanding consumers: they want more balanced and healthier lives; seek information about companies, products, and business practices; and expect products to do more for them and for their community. They excel in a fast-paced world that requires an on-the-go lifestyle. This age group values, even demands, connectivity, convenience, and options that allow them to be in control. Figure 13.6 compares global millennials and their baby boomer counterparts.⁷⁰

GLOBAL TEENS

Overall, teenagers (and their somewhat older brothers and sisters, the "young adult" segment) appear to have quite similar interests, desires, and consumption behavior no matter where they live. Therefore, in response to this perspective, consumer researchers have explored the makeup, composition, and behavior of this segment. One study considered the fashion consciousness of teenagers in the United States, Japan, and China.⁷¹ The research revealed that American and Japanese teens were highly similar, differing only in that the Japanese teens were more likely than American teens to choose style over comfort (most likely because of the importance, in the Japanese Confucian society, of meeting the expectations of group members). In contrast, Chinese teens were less fashion conscious than either the American or the Japanese teens, which supports the idea that differences exist between highly developed and less highly developed nations with respect to teen fashion consciousness.⁷²

Several years ago, a World Global Teen Study discovered a segment termed "Creatives" in 13 examined countries. The Creatives represent about 30% of all teenagers in Europe and are considered to be the "coolest" within this age group.⁷³ This group scored significantly higher than all other teenagers in ranking the importance of the following values: freedom, honesty, equality, learning, preserving the environment, and curiosity. The values they considered the least important included public image, status, and faith.

THE GLOBAL MIDDLE CLASS

By 2025, China will have the world's largest middle class, and India's middle class will be 10 times larger than it currently is.⁷⁴ The growing middle class in developing countries is a very attractive target to global marketers, who are always eager to identify more customers

for their products. The news media have given considerable coverage to the idea that the rapid expansion of the middle class is based on the reality that, although per capita income may be low, there is nevertheless considerable buying power in a country such as China, where most income is largely discretionary (because of government subsidies of basic necessities). Indeed, this same general pattern of a growing middle class is taking place in many parts of South America, Asia, and Eastern Europe.

The rather rapid growth in the number of middle-class overseas has attracted the attention of many well-established marketing powerhouses that have been facing mature and saturated domestic markets with little growth potential. In 1960, two-thirds of the world's middle class lived in industrialized nations; by the year 2000, some 83% of middle-class citizens were living in developing countries. These changes strongly suggest that more people are now living longer, healthier, and better lives. For example, literacy rates in developing countries have risen dramatically in the past 50 years, and today more than two thirds, rather than only one third, of the people living in these nations are literate.⁷⁵

Although a growing middle class provides a market opportunity for products like Big Macs and fries, it should always be remembered that the same product may have different meanings in different countries. For example, a U.S. consumer wants his or her “fast food” to be fast, but a Korean consumer is more likely to view a meal as a social or family-related experience. Consequently, convenient store hours may be valued more by a Korean consumer than shorter service time. In China, despite a traditional emphasis on “fresh” (just picked or killed) food, the emerging middle-class consumers, with rising incomes and rising demands on their time, are often willing to spend money to save time, in the form of alternatives to home-cooked meals.⁷⁶

SEGMENTATION

As the world has become more integrated—largely because of shared communication media—a global marketplace has emerged. For example, as you read this you may be sitting on an IKEA chair or sofa (made in Sweden), drinking Earl Grey tea (England), wearing a Swatch watch (Switzerland), Nike sneakers (China), a Polo golf shirt (Mexico), and Dockers pants (Dominican Republic). Some global market segments, such as teenagers, appear to want the same types of products, regardless of which nation they call home. They desire products that are trendy, entertaining, and image oriented. This global “sameness” allows, for example, a sneaker marketer to launch styles appealing to segments in different countries using the same global advertising campaign. However, cross-cultural differences also force marketers to adapt products for overseas markets. As an illustration, the core benefit that McDonald’s provides is consistency and value by having a standardized, almost identical menu in each of its U.S. outlets. McDonald’s had to adapt its uniform offerings to the needs and cultures of global consumers. Thus, in India McDonald’s does not serve beef products, and in Saudi Arabia McDonald’s outlets include separate dining sections for men and women.

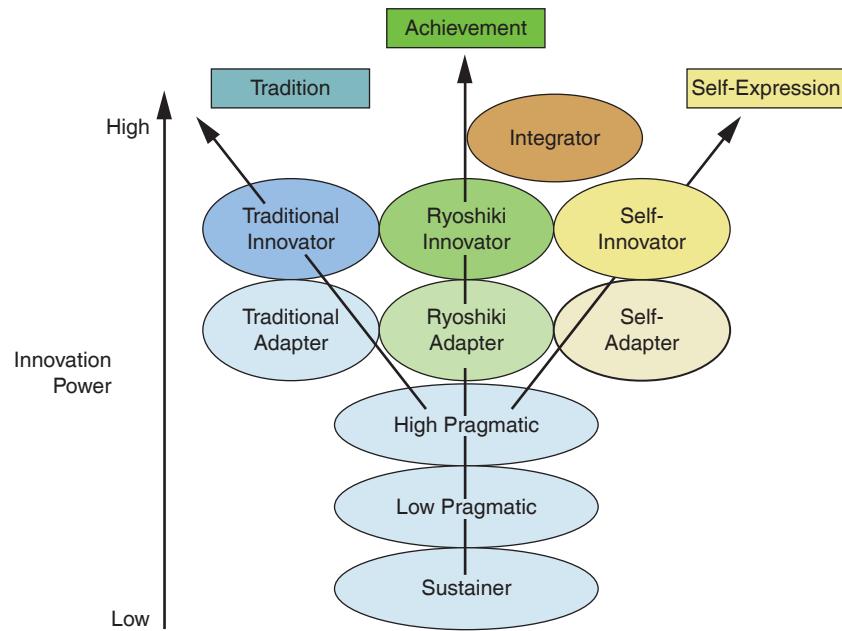
In Chapter 2, we discussed the VALS framework (Values and Lifestyles), which is the most prominent lifestyle segmentation system in the United States. Several other countries created their own VALS segmentation. For example, in Japan, businesses use the Japan-VALS framework to monitor Japan’s consumer environment; generate new product ideas; segment Japanese consumers into potential target markets; differentiate brands; and develop effective pricing, distribution, and promotional strategies. The Japan-VALS frameworks stem from consumers’ **primary motivations** and **degree of innovativeness**, where innovativeness is measured as attitudes toward social change. Primary motivations include tradition, achievement, and self-expression. As illustrated in Figure 13.7, Japanese consumers are classified according to their degree of innovativeness, where Integrators are the most innovative and Sustainers the least.

Research studies have identified many cross-cultural differences that enable marketers to segment overseas markets. For example, although more than 50% of Japanese and

FIGURE 13.7

Japan's VALS

Source: "Strategic Business Insights/
VALS Japan"



American women work outside the home (which enhances the need for many convenience and time-saving products), Japanese women have been slower to embrace the liberated attitudes of working women in the United States. Seen in this light, the determination of whether or not to market a time-saving cleaning device as a world brand is a critical strategic decision. Some firms might attempt to establish a global branding strategy, whereas others would design an individual or local marketing strategy—one that treats Japanese and American working women differently.

Global psychographic research often reveals cultural differences of great importance to marketers. For example, Roper Starch Worldwide, a major multinational marketing research company, interviewed 35,000 consumers in 35 countries in order to identify shared values, irrespective of national borders. The research sought to uncover the bedrock values in people's lives so as to understand the motivations that drive both attitudes and behavior. After completing the interviews in North and South America, Asia, and Europe, six global value groups were uncovered:

1. **Strivers:** Ambitious and materialistic
2. **Devouts:** Responsible, respectful, and conservative
3. **Altruists:** Unselfish in their concern for others, society, and the future
4. **Intimates:** Focus on social relationships and family
5. **Fun Seekers:** Young in age and outlook, value adventure and good times
6. **Creatives:** Seek knowledge and insight, and have a keen interest in books and new media

Summary

Learning Objective 13.1: To understand how cultural values and customs impact the buying patterns of consumers in other countries.

Within the scope of consumer behavior, cross-cultural analysis consists of determining to what extent the consumers of two or more

nations are similar or different. Such analyses provide marketers with an understanding of the psychological, social, and cultural characteristics of the foreign consumers they wish to target, so that they can design effective marketing strategies for the specific national markets involved.

Learning Objective 13.2: To understand how to research the cultures of consumers in other countries.

An understanding of the similarities and differences that exist between nations is critical to the multinational marketer who must devise appropriate strategies to reach consumers in specific foreign markets. Some of the problems involved in cross-cultural analysis include differences in language, consumption patterns, needs, product usage, economic and social conditions, marketing conditions, and market research opportunities. Acculturation is the process by which marketers learn—via cross-cultural analysis—about the values, beliefs, and customs of other cultures and apply this knowledge to marketing products internationally.

Learning Objective 13.3: To understand localization and standardization of products and promotions.

The greater the similarity between nations, the more feasible it is to use relatively similar marketing strategies in each nation. When the cultural beliefs, values, and customs of specific target countries are found to differ widely, then a highly individualized marketing strategy is indicated for each country. In deciding whether or not to customize products to local cultures, marketers must consider local values, linguistic barriers, and legal issues.

Learning Objective 13.4: To understand how to evaluate global marketing prospects.

Firms are increasingly selling their products worldwide for a variety of reasons. Many firms have learned that overseas markets represent an important opportunity for their future growth when their home markets reach maturity. This realization is propelling them to expand their horizons and seek consumers in markets all over the world. Moreover, consumers around the globe are eager to try “foreign” products that are popular in different and far-off places. As increasing numbers of consumers come in contact with the material goods and lifestyles of people living in other countries, and as the number of middle-class consumers grows in developing countries, marketers are eager to locate these new customers and offer them the products.

Learning Objective 13.5: To understand the applications of psychographics in targeting consumers in other countries.

Global psychographic research often reveals cultural differences of great importance to marketers. Psychographics identifies shared values, irrespective of national borders. Much of this research has sought to uncover the bedrock values in people’s lives in order to understand the motivations that drive both attitudes and behavior. The VALS research methodology has been used to identify psychographic segments in other countries.

Review and Discussion Questions

- 13.1. With all the problems facing companies that go global, why are so many companies choosing to expand internationally? What are the advantages of expanding beyond the domestic market?
- 13.2. In terms of consumer behavior, are the world’s countries and their cultures becoming more similar or more different? Discuss.
- 13.3. What is cross-cultural consumer analysis? How can a multinational company use cross-cultural research to design each factor in its marketing mix for a non-domestic market? Illustrate your answer with examples.
- 13.4. What are the advantages and disadvantages of global promotional strategies?
- 13.5. What are the advantages and disadvantages of localized promotional strategies?
- 13.6. Give three examples of linguistic problems that companies have faced during marketing in global markets and describe how these problems could have been avoided.
- 13.7. Give three examples of product problems that companies have faced during marketing in global markets and describe how these problems could have been avoided.
- 13.8. An American company is considering introducing yogurt in Japan. What cultural aspects should the company study before deciding whether or not to do so?
- 13.9. Coca-Cola is considering introducing very small bottles of its product in Brazil. These would cost *less* than bottled water. Discuss whether or not the company should do so.
- 13.10. As shown earlier, Hong Kong’s Chinese spend more on clothing than any other nation. Research Hong Kong’s culture and geographic location and explain why they do so.
- 13.11. Looking at the charts presented earlier in this chapter, select a product that members of a particular nation consume heavily. Research the country’s culture and geographic location and describe why they are heavy consumers of the product selected.
- 13.12. Looking at the charts presented earlier in this chapter, select a product that members of a particular nation consume very lightly. Research the country’s culture and geographic location and describe why they are light users of the product selected.

Hands-on Assignments

- 13.13.** Have you ever traveled outside the United States? If you have, identify some of the differences in values, behavior, and consumption patterns that you noted between people in a country you visited and Americans.
- 13.14.** Interview a student from another culture about his or her use of: (a) credit cards, (b) fast-food restaurants, (c) shampoo, and (d) sneakers. Compare your consumption behavior to that of the person you interviewed and discuss the similarities and differences you discovered.
- 13.15.** Select one of the following countries: Mexico, Brazil, Germany, Italy, Israel, Kuwait, Japan, or Australia. Assume

that a significant number of people in the country you chose would like to visit the United States and have the financial means to do so. Now, imagine that you are a consultant for your state's tourism agency and that you have been charged with developing a promotional strategy to attract tourists from the country you chose. Conduct a computerized literature search of the databases in your school's library and select and read several articles about the lifestyles, customs, and consumption behavior of the people in the country you chose. Prepare an analysis of the articles and, on the basis of what you read, develop a promotional strategy designed to persuade tourists from that country to visit the United States.

Key Terms

- Acculturation 355
- Cross-cultural analysis 351
- Ethnocentrism 352
- Global brands 350
- Global marketing strategy 356
- Local marketing strategy 356
- Need for cognition 359
- Self-construal 359

Chapter

14

Consumer Decision-Making and Diffusion of Innovations

Learning Objectives

- 14.1 To understand the consumer decision-making process and consumer decision journey.
- 14.2 To understand the dynamics of buying gifts.
- 14.3 To understand how new products gain acceptance and how individuals decide whether or not to adopt them.

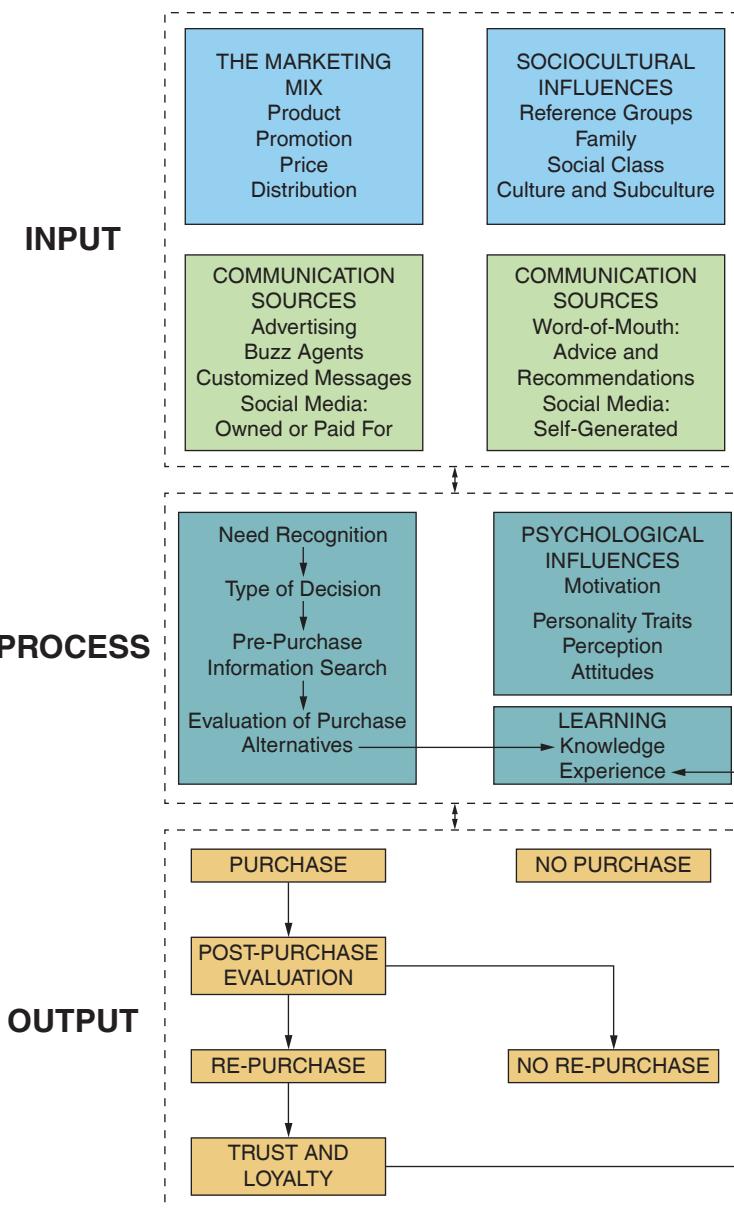
CONSUMER DECISION-MAKING—Figure 14.1—is the framework that integrates the concepts that we have discussed so far.

The **input** into deciding what to buy comprises the marketer's offering (i.e., product, price, place, and promotion); influence of reference groups—family, social class, culture, and subculture (see Chapters 10, 11, and 12); word-of-mouth (see Chapter 9); and information from social media and advertising (see Chapters 7 and 8). Psychology—the person's needs, motivation, and perception (see Chapters 3, 4, and 5) **processes** the input.

The **outcomes** are the functions of learning and forming attitudes (see Chapters 5 and 6)—that is, deciding what to buy initially and whether or not to buy it again.

The **consumer journey** is another approach for understanding consumers' decisions by asserting the impact of social media. The consumer journey begins with need recognition, and in the output stage includes consuming the product/service, which is only assumed in the decision-making model, but not stated. Additionally, it expands the decision-making model to include **engaged/interacts** and **actively advocates**. These stages usually take place when consumers interact with the brand on social media and then help promote the brand either by posting pictures with it or sharing content about it. Furthermore, the consumer journey model indicates that at any point during the decision process the consumer can reject the product or go back to an earlier stage and reconsider the alternatives.¹

FIGURE 14.1
Consumer Decision-Making Model



Consumer Decision-Making

Learning Objective

- 14.1** To understand the consumer decision-making process and consumer decision journey.

consumer decision-making

A process in three stages:

- (1) **input** (e.g., marketing mix, sociocultural influences);
- (2) **process** (e.g., need recognition, information search, evaluation, and decision rules); and
- (3) **output** (e.g., purchase, use, post-purchase evaluation, storage, and disposal, trust, and loyalty).

The model in Figure 14.1 ties together the ideas on **consumer decision-making** and consumption behavior discussed throughout this text. It does not presume to provide an exhaustive picture of the complexities of consumer decision-making. Rather, it is designed to synthesize and coordinate relevant concepts into a significant whole. The model includes three components: (1) **input**; (2) **process**, which includes need recognition, decision spectrum, pre-purchase information search, evaluation of purchase alternatives, and decision rules; and (3) **output**. The **consumer journey** can also be placed in stages of input, process, and output.

INPUT

The input component of the consumer decision-making model includes three types of external influences:

1. The **marketing mix** consists of strategies designed to reach, inform, and persuade consumers to buy the marketer's products repeatedly. They include the product, advertising and other promotional efforts, pricing policy, and the distribution channels that move the product from the manufacturer to the consumer.

consumer journey

The consumer journey is the newest way of describing the stages consumers pass through as they develop relationships with brands before, during, and after purchase. It includes stages where consumers interact with brands on social media.

2. The **sociocultural influences** include the consumer's family, peers, social class, reference groups, culture, and, if applicable, subculture.
3. The input also includes **communications**, which are the mechanisms that deliver the marketing mix and sociocultural influences to consumers.

The impact of the marketing mix and sociocultural influences is the input that determines what consumers purchase and how they use what they buy. Because these influences may be directed to the individual or actively sought by the individual, a two-headed arrow is used to link the **input** and **process** segments of the model in Figure 14.1.

PROCESS

The process component of the model is concerned with how consumers make decisions. To understand this process, we must consider the influence of the psychological concepts—motivation, perception, learning, personality and attitudes, awareness of choices available, information gathering, and evaluation of alternatives.

Need Recognition

Need recognition occurs when a consumer is faced with a “problem.” For instance, take a young executive who decides to purchase a new cell phone with a high-quality digital camera.

She imagines that she would benefit from having a high-quality digital camera built into her phone because it would make it easier and more convenient to take more vivid and realistic photos without having to lug around a separate digital camera. This executive has recognized a need and identified a suitable response. There are two types of need recognition. Some consumers are **actual state** types, who perceive that they have a problem when a product fails to perform satisfactorily (e.g., a cell phone that develops constant static). In contrast, other consumers are **desired state** types, for whom the desire for something new may trigger the decision process.² Need recognition is the beginning of the traditional consumer decision-making process as well as the new consumer journey model.

Decision Spectrum

Not all buying decisions require the same amount of information, cognitive processing and input from reference groups and other sources. For example, the ad in Figure 14.2 is from the Gemological Institute of America (GIA), a nonprofit educational institute of the jewelry industry. The tag line, “**Understand what you’re buying**” is directed at consumers seeking to buy diamonds. In consumer decision-making terms, purchasing a diamond represents **extensive problem solving** because consumers buy diamonds infrequently and have no established criteria for evaluating them. The GIA ad tells buyers what to look for in a diamond: Carat weight, clarity, color, cutting style, and other features. In contrast, the Advil ad in Figure 14.3 represents **routinized response behavior**—where consumers have experience with over-the-counter pain relievers and do not need to establish the criteria for evaluating them. More importantly, diamonds are not branded, whereas the Advil brand has a quality reputation and is instantly recognized by millions of consumers around the world. In stores, consumers reach for Advil without much thought. The ad also shows that Advil’s reputation enables the brand to use **family branding**, which is marketing different versions of a product under the same brand (see Chapter 5).

When consumers have already established the basic criteria for evaluating a product or service but still need additional information to understand the differences among brands, they engage in **limited problem solving**. This type of decision occurs when consumers purchase updated versions of products they have bought before, which often have additional features: For example, buying a new laptop computer with multiple input devices, some of which did not exist previously (e.g., USB Type-C ports).

Consumer involvement is the degree of personal relevance that the product or purchase holds for the consumer (see Chapter 5). **High-involvement** purchases are very important to the consumer, have a high degree of perceived risk (see Chapter 4), and result in extensive problem

need recognition

The first step in the consumer decision-making process occurring when the consumer identifies and faces a “problem” that can be solved by buying a product or service.

extensive problem solving

Purchase situations that occur infrequently and where the consumer does not have prior criteria to evaluate the product considered.

routinized response behavior

Purchase decisions that are “automatic” and made without much thought because the products involved are inexpensive and purchased frequently.

limited problem solving

Purchase decisions where consumers buy updated versions of products they have bought before and have set criteria to evaluate these items.

consumer involvement

The degree of personal relevance that the product or purchase holds for the consumer.

FIGURE 14.2

Purchase Decision: Extensive Problem Solving

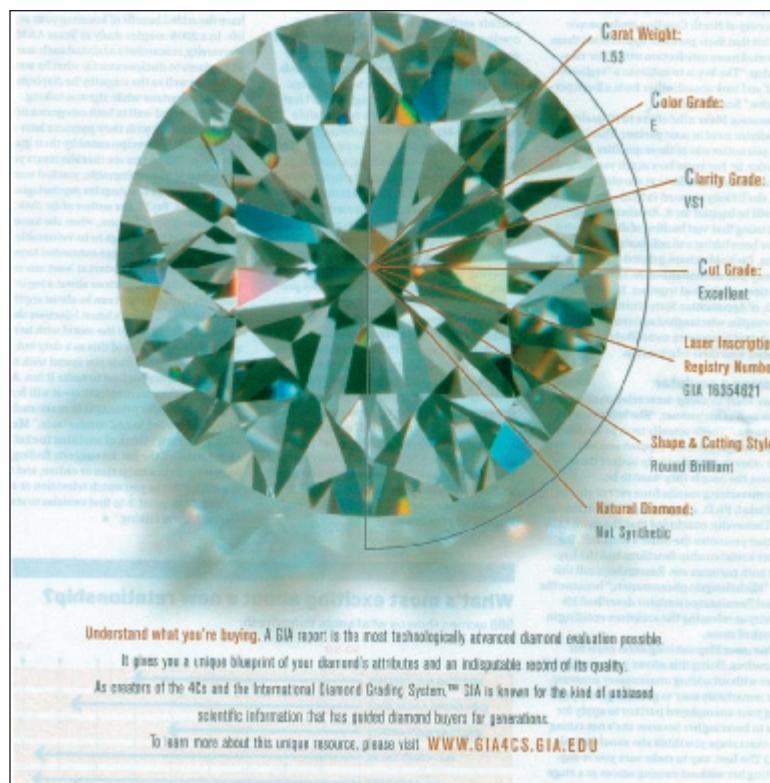


FIGURE 14.3

Purchase Decision: Routinized Response Behavior



Source: Pfizer Inc.

solving; or, if consumers have at least some knowledge about the type of product they seek, and also a somewhat lower perceived risk, such purchases represent limited problem solving.

Low-involvement purchases are not very important, hold little relevance, have little perceived risk, and are routinized response behavior.

Pre-Purchase Information Search

Pre-purchase search begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. Sometimes, recalling past purchases provides the consumer with adequate information to make the present choice. However, when the consumer has had no prior experience, he or she may have to engage in an extensive search for useful information on which to base a choice.

Consumers search their memory—their past experiences—before seeking information from other sources. The greater the relevant past experience, the less external information the consumer is likely to need to reach a decision. Many consumer decisions are based on a combination of previous experience and external information.

The act of shopping is an important form of external information. According to consumer research, there is a big difference between men and women in terms of their response to shopping. Whereas most men do not like to shop, most women claim to like the experience of shopping, finding it to be relaxing and enjoyable.³ In addition, it has become common practice for consumers to seek the opinions of their friends while shopping. They try on clothes and take a selfie or a Snapchat in order to seek advice on which dress to buy, for example, for their high school prom. The shopping selfie is another way that consumers seek information while shopping. It's like having your friends in your pocket.

An examination of the external search effort associated with the purchase of different product categories found that, as the amount of total search effort increased, consumer attitudes toward shopping became more positive, and more time was made available for shopping. Not surprisingly, the external search effort was greatest for consumers who had the least amount of product category knowledge.⁴ It follows that the less consumers know about a product category and the more significant the purchase is to them, the more extensive their pre-purchase search is likely to be. Conversely, consumers high in subjective knowledge (a self-assessment of how much they feel that they know about the product category) will rely more on their own evaluations rather than on others' recommendations.

It is also important to point out that the internet has had a great impact on pre-purchase search. Rather than visiting a store to find out about a product, or calling the manufacturer and asking for a brochure, consumers can go to manufacturers' websites and read online consumer reviews to find much of the information they need about the products and services they are considering. For example, many automobile websites provide product specifications, prices, and dealer cost information; reviews; and even comparisons with competing vehicles. Volvo's website, for example, lets you "build" your own car, and see how it would look, for example, in different colors. Some auto company websites will even list a particular auto dealer's new and used car inventory. There are also websites that allow women to customize a large number of cosmetic products.

Most online retailers provide a search shopping tool on their websites. Consumers are able to sort through the merchandise based on criteria provided by the retailer. For example, retailers that offer travel services allow consumers to search by destination and then narrow the search results by price, departure time, arrival time, number of stops, and airline. According to Seth Godin, marketing guru, marketers should provide search options that go beyond sorting by price. He suggests that marketers figure out what delights consumers and allow them to sort based on these attributes. He suggests that sorting by price is lazy.⁵

With respect to surfing the internet for information, consider one consumer's comments drawn from a research study: "I like to use the Web because it's so easy to find information, and it's really easy to use. The information is at my fingertips and I don't have to search books in libraries."⁶ However, a Roper Starch Survey found that an individual searching the internet gets frustrated in about 12 minutes, on average; other research suggested that although the internet may reduce physical effort, there is nevertheless a "cognitive challenge" that limits consumers' online information searches.⁷

What happens if a search is a failure? According to a study of “search regret,” consumers’ post-purchase dissonance results from an unsuccessful pre-purchase search.⁸ Furthermore, the same research revealed that failure can also have a damaging effect on retailers. However, retailers can help eliminate or reduce search regret by providing ample information, trying to reduce out-of-stock situations, and giving salespeople proper training.⁹

For a while now, researchers have been examining how the internet has affected the way consumers make decisions. It is often thought that because consumers have limited information-processing capacity, they must develop a strategy for searching the abundance of information available online. The strategy is based on both individual (e.g., knowledge, personality traits, demographics) and contextual factors (characteristics of the decision tasks). The three major contextual factors that have been researched are:¹⁰

- 1. Task Complexity:** The number of alternatives and amount of information available for each alternative
- 2. Information Organization:** The presentation, format, and content
- 3. Time Constraint:** The amount of time the consumer has to decide

How much information a consumer will gather also depends on various situational factors. Figure 14.4 lists factors that increase consumers’ pre-purchase information search. For some products and services, the consumer may have ongoing experience from which to draw (such as a golfer purchasing a “better” set of golf clubs), or the purchase may essentially be discretionary in nature (rather than a necessity), so there is no rush to make a decision.

Evaluation of Purchase Alternatives

The evaluation of purchase alternatives follows the information search stage. The **evoked set (consideration set)** refers to the specific brands (or models) a consumer considers in making a purchase within a particular product category. The **inept set** consists of brands (or models) that the consumer excludes from purchase consideration because they are unacceptable or seen as inferior. The **inert set** consists of brands (or models) the consumer is indifferent toward because they are perceived as not having any particular advantages. Regardless of the total number of brands (or models) in a product category, a consumer’s evoked set tends to be quite small on average, often consisting of only three to five brands or models.

FIGURE 14.4
Factors that Increase Pre-Purchase Information Search

Product Factors	
Long periods of time between successive purchases	
Frequent changes in product styling	
Frequent price changes	
Volume purchasing (large number of units)	
High price	
Many alternative brands	
Much variation in features	
Situational Factors	
Experience: First-time purchase; no past experience because the product is new; unsatisfactory past experience within the product category	
Social Acceptability: The purchase is for a gift; the product is socially visible	
Value-Related Considerations: The purchase is discretionary rather than necessary; all alternatives have both desirable and undesirable consequences; family members disagree on product requirements or evaluation of alternatives; product usage deviates from important reference groups; the purchase involves ecological considerations; many sources of conflicting information.	
Consumer Factors	
Demographics: Education, income, occupation, age, wealth, and marital status	
Personality Traits: One’s degree of dogmatism, willingness to accept risk, product involvement, and novelty seeking	

FIGURE 14.5

Brand Sets Considered during Evaluation

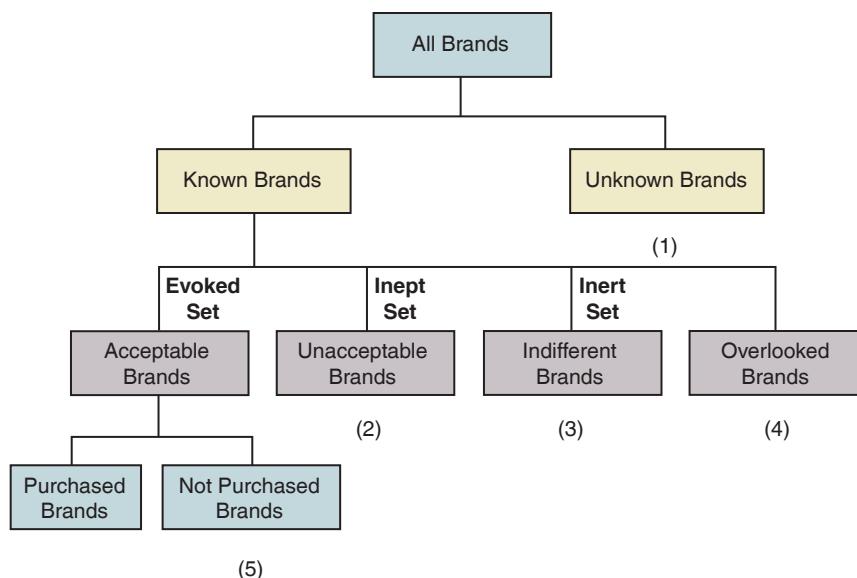


Figure 14.5 shows the evoked set as a subset of all available brands in a product category. Marketers must ensure that their products become a part of a consumer's evoked set if they are to be considered at all. Excluded products include:

1. Unknown brands or models because of the consumer's selective exposure to advertising media and selective perception of advertising stimuli
2. Unacceptable brands of poor quality or inappropriate positioning in either advertising or product characteristics, or not having specific features or attributes
3. Brands that are perceived as not having any special benefits
4. Overlooked brands that have not been clearly positioned
5. Brands that are not selected because they do not satisfy perceived needs

In each of these instances, the implication for marketers is that promotional techniques should be designed to impart a more favorable and relevant product image to the target consumer. This may also require a change in product features or attributes (more or better features). An alternative strategy is to get consumers in a particular target segment to consider a specific offering and possibly put it in their evoked set.

Research also suggests that the use of white space and choice of typeface in advertisements may influence the consumer's image of the product. For example, quality, prestige, trust, attitude toward the brand, and purchase intention have been shown to be positively conveyed by white space, and typefaces were perceived as being attractive, warm, and liked when they were simple, more natural, and included serifs.¹¹ It has also been suggested that consumers may not, all at once, incorporate the entire number of possible choices into their evoked set, but instead may make several decisions within a single decision process. Consumers screen their options and eliminate unsuitable alternatives before they start the information search process, which makes reaching a final decision more manageable.¹²

In reality, the criteria consumers use to evaluate the products within their evoked sets are in the form of important product attributes. In addition to price, examples of product attributes that consumers have used while evaluating product are:

1. ***E-Book Readers:*** Size, weight, touch screen, battery life, memory size, and the compatibility with a cell phone signal
2. ***Orange Juice:*** Amount of pulp, degree of sweetness, weakness or strength of flavor, color, and packaging
3. ***Wristwatches:*** Alarm features, water resistance, quartz movement, and size of dial

When a company knows that consumers will be evaluating alternatives, it sometimes advertises in a way that recommends the criteria consumers should use in assessing product or service options.

We have probably all had the experience of comparing or evaluating different brands or models of a product and finding the one that feels, looks, and/or performs “just right.” Interestingly, research shows that when consumers discuss such “right” products, there is little or no mention of price; items often reflect personality characteristics or childhood experiences; and it is often “love at first sight.” In one study, the products that consumers claimed to “just feel right” included old leather briefcases, Post-it notes, and the Honda Accord.¹³

Research has explored the influence of brand credibility (which consists of trustworthiness and expertise) on brand choice, and has found that it improves the chances that a brand will be included in the consumer’s evoked set. Three factors that affect a brand’s credibility are: (1) the perceived quality of the brand, (2) the perceived risk associated with the brand, and (3) the information costs saved by deciding to buy the brand and end the search for information.¹⁴ Furthermore, the study indicated that trustworthiness is more important than expertise when it comes to making a choice.

Decision Rules

Decision rules are procedures that consumers use to facilitate brand and other consumption-related choices. These rules reduce the burden of making complex decisions by providing guidelines or routines that make the process less taxing. There are two types of consumer decision rules that compare the attributes of the alternatives.

Compensatory decision rules come into play when a consumer evaluates brand or model options in terms of each relevant attribute and computes a weighted or summated score for each brand. The computed score reflects the brand’s relative merit as a potential purchase choice. The assumption is that the consumer will select the brand that scores highest among the alternatives evaluated.

In contrast, **noncompensatory decision rules** do not allow consumers to balance positive evaluations of a brand on one attribute against a negative evaluation on some other attribute. There are three types of noncompensatory rules. In following a **conjunctive decision rule**, the consumer establishes a separate, minimally acceptable level as a cutoff point for each attribute. If any particular brand or model falls below the cutoff point on any one attribute, that option is eliminated from further consideration. Because the conjunctive rule can result in several acceptable alternatives, it becomes necessary in such cases for the consumer to apply an additional decision rule to arrive at a final selection (for example, accepting the first satisfactory brand). The conjunctive rule is particularly useful in quickly reducing the number of alternatives to be considered. The consumer can then apply another, more refined decision rule to arrive at a final choice.

In following a **lexicographic decision rule**, the consumer first ranks the attributes in terms of perceived relevance or importance. The consumer then compares the various alternatives in terms of the single attribute that is considered most important. If one option scores sufficiently high on this top-ranked attribute (regardless of the score on any of other attributes), it is selected and the process ends. When there are two or more surviving alternatives, the process is repeated with the second highest-ranked attribute (and so on), until the consumer reaches the point that one of the options is selected because it exceeds the others on a particular attribute.

With the lexicographic rule, the highest-ranked attribute (the one applied first) may reveal something about the individual’s basic consumer (or shopping) orientation. For instance, a “buy the best” rule might indicate that the consumer is **quality oriented**; a “buy the most prestigious brand” rule might indicate that the consumer is **status oriented**; a “buy the least expensive” rule might reveal that the consumer is **economy minded**.

A variety of decision rules appear quite commonplace. According to a consumer survey, nine out of ten shoppers who go to the store for frequently purchased items possess a specific shopping strategy for saving money:¹⁵

1. **Practical Loyalists:** Those who look for ways to save on the brands and products they would buy anyway
2. **Bottom-Line Price Shoppers:** Those who buy the lowest-priced item with little or no regard for brand

TABLE 14.1 Applying the Decision Rules to Downloading Smartphone Apps

Decision Rule	Rationale
Compensatory	“I selected the smartphone app that came out as the best when I balanced the good ratings against the bad ratings.”
Conjunctive	“I selected the smartphone app that had no bad features.”
Disjunctive	“I picked the smartphone app that excelled in at least one attribute.”
Lexicographic	“I chose the smartphone app that scored the best on the attribute that I consider to be the most important.”
Affect referral	“I bought the smartphone app with the highest overall rating.”
Recognition	“I downloaded the smartphone app that seemed familiar.”
Majority Vote	“I downloaded the smartphone app that had the most downloads.”

3. **Opportunistic Switchers:** Those who use coupons or sales to decide among brands and products that fall within their evoked set

4. **Deal Hunters:** Those who look for the best bargain and are not brand loyal

We have considered only the basic consumer decision rules. Most of the decision rules described here can be combined to form new variations, such as conjunctive-compensatory, conjunctive-disjunctive, and disjunctive-conjunctive rules. It is likely that, for many purchase decisions, consumers maintain in long-term memory overall evaluations of the brands in their evoked sets. This would make assessment by individual attributes unnecessary. Instead, using the **affect referral decision rule**, the consumer selects the brand with the highest perceived overall rating. This type of synthesized decision rule represents the simplest of all rules.

Some decision rules do not evaluate each of the attributes but take into account different factors that influence purchase or use of a product. For example, in the **recognition heuristic**, consumers choose the product that seems familiar to them. Or in the **majority vote heuristic**, consumers choose the option that most other people have chosen. Research evidence suggests that German as well as American students are more likely to choose smartphone apps by employing the recognition heuristic and the majority vote heuristic.¹⁶ Table 14.1 applies the decision rules to selecting apps for a smartphone.

affect referral decision rule
The consumer selects the brand with the highest perceived overall rating.

recognition heuristic
Consumers choose the most familiar product or brand.

majority vote heuristic
Consumers choose the option that most other people have chosen.

DECISION RULES AND MARKETING STRATEGY

An understanding of which decision rules consumers apply in selecting a particular product or service is useful for marketers in developing promotional programs. A marketer who is familiar with the prevailing decision rule can prepare a promotional message in a format that will facilitate consumer information processing. The promotional message might even suggest how potential consumers should make a decision. For instance, an advertisement for the latest cell phone might tell potential consumers “what to look for in a new feature-rich cell phone.” The ad might advise consumers to consider the attributes of long battery life, high-resolution screen, high-resolution video recording, and a particularly high-quality digital camera.

INCOMPLETE INFORMATION AND NONCOMPARABLE ALTERNATIVES

In many decision-related situations, consumers have incomplete information on which to base decisions and must use alternative strategies to compensate for the missing elements. Missing information may result from advertisements or packaging that mention only certain attributes, the consumer’s own imperfect memory of attributes for no present alternatives, or because some attributes are experiential and can be evaluated only after product use. There are four ways in which consumers can cope with missing information:

1. Consumers may delay the decision until the missing information is obtained.
2. Consumers may ignore missing information and decide to continue with the decision process using only the available information.

3. Consumers may change the decision strategy to one that better accommodates missing information.
4. Consumers may infer (“construct”) the missing information.

In discussing consumer decision rules, we have assumed that a choice is made from among the brands (or models) evaluated. Of course, a consumer may also conclude that none of the alternatives offers sufficient benefits to warrant purchase. If this were to occur with a necessity, such as a home water heater, the consumer would probably either lower his or her expectations and settle for the best of the available alternatives or seek information about additional brands, hoping to find one that more closely met predetermined criteria. In contrast, if the purchase is more discretionary (e.g., a new pair of shoes), the consumer probably would postpone the purchase. In this case, information gained from the search up to that point would be transferred to long-term storage and retrieved and reintroduced as input when the consumer regained interest in making such a purchase (see Chapter 5).

SEES VALUE/WILLING TO PAY AND COMMITS/PLANS

In the consumer decision journey, before the consumer actually buys the product, she or he sees the value and is willing to pay. At this point, the consumer may also evaluate the paying options. In today’s marketplace, most consumers prefer *not* to pay with cash. Credit cards, smartphones, and other digital forms of payment (e.g., Paypal, Venmo, Alipay) are the preferred methods of payment.¹⁷ Consumers may choose one retailer over another because the payment options are more convenient.

OUTPUT

The output portion of the consumer decision-making model as well as the consumer journey consists of purchase behaviors, consuming the product, and post-purchase evaluation of the purchases. In the consumer journey, marketers also consider post-purchase behavior in terms of their use of social media and whether they engage with or advocate for the brand.

Consumers make three types of buying decisions: trial, repeat, and purchase. When a consumer purchases a product (or brand) for the first time and buys a smaller quantity than usual, the purchase is a trial. Thus, a *trial* is the exploratory phase of purchase behavior in which consumers attempt to evaluate a product through direct use. For instance, when consumers purchase a new brand of laundry detergent about which they may be uncertain, they are likely to purchase a smaller quantity than if it were a familiar brand. Consumers can also be encouraged to try a new product through such promotional tactics as free samples, coupons, and/or sale prices.

When a new brand in an established product category (cookies, cold cereal, yogurt) is found by trial to be more satisfactory or better than other brands, consumers are likely to repeat the purchase. Repeat purchase behavior represents **brand loyalty**. Unlike a trial, in which the consumer uses the product on a small scale and without any commitment, a repeat purchase usually signifies that the product meets with the consumer’s approval and that he or she is willing to use it again and in larger quantities.

Trial purchases are not always feasible. For example, with most durable goods (e.g., refrigerators, washing machines, electric ranges), a consumer usually moves directly from evaluation to a purchase and long-term commitment without an actual trial. A number of years ago, Volkswagen had an interesting antidote for this issue. While purchasers of a new Volkswagen Beetle were awaiting delivery of their just-purchased cars, they were kept “warm” by receiving a mailing that included a psychographic tool called “Total Visual Imagery” that was personalized to the point that it showed the purchasers the precise model and color they had ordered.¹⁸

Still further, post-purchase evaluation occurs after consumers have used the product, and in the context of their expectations. When a product’s performance matches expectations, consumers feel neutral. **Positive disconfirmation of expectations** occurs when the product’s performance exceeds expectations and the consumer is satisfied. **Negative disconfirmation of expectations** occurs when performance is below expectations and the consumer is dissatisfied.

positive disconfirmation of expectations

A situation that occurs when the product’s performance exceeds expectations and the consumer is satisfied.

negative disconfirmation of expectations

A situation that occurs when a product’s performance is below expectations and the consumer is dissatisfied.

cognitive dissonance

The mental discomfort that people experience when facing conflicting information about an attitude object.

Cognitive dissonance (see Chapter 6) occurs when consumers try to reassure themselves that they made wise choices. In doing so, they may rationalize the decision as being wise; seek advertisements that support their choice and avoid those of competitive brands; attempt to persuade friends or neighbors to buy the same brand (and thereby confirm their own choice); or turn to other satisfied purchasers for reassurance.

The degree of post-purchase analysis that consumers undertake depends on the importance of the product decision and the experience acquired in using the product. When the product lives up to expectations, the consumers probably will buy it again. When the product performance is disappointing or does not meet expectations, they will search for better alternatives. Thus, the consumer's post-purchase evaluation "feeds back" to the consumer's psychological field and influences similar decisions in the future. Studies show that customer retention is often an outcome of the brand's reputation—especially for products that consumers find difficult to evaluate.¹⁹ Research also found that younger customers have more involvement and higher expectations of service offerings and often experience cognitive dissonance after purchasing services.²⁰

Satisfied customers feel that they receive "value for their money." As an outcome of an evaluative judgment (i.e., the consumer purchases one of the brands or models in his or her evoked set), value implies the notion of a trade-off of benefits—the features of the purchased item—versus the sacrifice necessary to purchase it (the price of the product).²¹ As early as 1911, researchers suggested that one should view consumption as "voting." Just as a consumer influences a political election by the act of voting, that same consumer influences the environment and society by his or her purchases.²²

What happens after a consumer buys a product, uses it, and evaluates it? To continue the consumer journey, consumers either continue to use the product and replace it when it is finished, or they dispose of it. They might engage with the brand on social media, write positive or negative consumer reviews, and post pictures of themselves and their friends enjoying the product. Conversely, consumers may dispose of the product, give it away, throw it away, or store it in a closet for later use. Many consumers have the experience of buying a product they expected to use, but didn't. Those shoes for that party you didn't end up going to, or that pot roast you bought but didn't have time to cook. These products, called **cabinet castaways**, are often bought for a specific purpose. When the expected situation does not materialize, they are "left in the back of the cabinet." Sometimes, consumers hope a new situation will present itself in which the product can be used. Mostly, though, these products just languish, until eventually, they may be discarded.²³ Marketers need to encourage consumers to replace these products that may have spoiled and will not be used in order to jump-start the process of using the brand again. Liberal store return policies can also bring consumers into the stores and consumers may end up buying products they will use.

Consumer Gifting Behavior

Learning Objective

- 14.2** To understand the dynamics of buying gifts.

gifting behavior

Consumer behavior involving giving and receiving gifts.

Gifts are a particularly interesting part of consumer decision-making. Gifts represent more than ordinary, "everyday" purchases, because they are symbolic, and mostly associated with important events (e.g., Mother's Day, births and birthdays, engagements, weddings, graduations, and many other accomplishments and milestones). **Gifting behavior** is a gift exchange that takes place between a giver and a recipient. The definition is broad in nature and embraces gifts given voluntarily ("Just to let you know I'm thinking of you"), as well as gifts that are an obligation ("I had to get him a gift").²⁴ It includes gifts given to (and received from) others and gifts to oneself ("self-gifts"). Moreover, the majority of products that we refer to as "gifts" are in fact items that we purchase for ourselves.

Gifting represents symbolic communication, with meanings ranging from congratulations, love, and regret to obligation and dominance. The nature of the relationship between

gift giver and gift receiver determines the gift chosen, but can also have an impact on the subsequent relationship between the giver and the recipient.²⁵ There are several types of gifts:

1. **Intergroup Gifting:** This type of gift occurs whenever one group exchanges gifts with another group (such as one family with another). Similarly, gifts given to families will be different than those given to individual family members. For example, a “common sense” wedding gift may include products for setting up a household rather than a gift that would be used personally by either the bride or the groom.
2. **Intercategory Gifting:** This type of gift takes place when either an individual is giving a gift to a group (a single friend is giving a couple an anniversary gift) or a group is giving an individual a gift (friends chip in and give another friend a joint birthday gift). The gift selection strategies “buy for joint recipients” or “buy with someone” are especially useful when it comes to a difficult recipient situation (when “nothing seems to satisfy her”). These strategies can also be applied to reduce some of the time pressure associated with shopping for the great number of gifts exchanged during the American Christmas-season gift-giving ritual. For example, a consumer may choose to purchase five intercategory gifts for five aunt-and-uncle pairs, instead of buying ten personal gifts for five aunts and five uncles (interpersonal gifting). In this way, less time, money, and effort may be expended.
3. **Intragroup Gifting:** This type of gift is characterized by the sentiment, “we gave this to ourselves”; that is, a group gives a gift to itself or its members. For example, a dual-income couple may find that their demanding work schedules limit leisure time spent together as husband and wife. Therefore, an anniversary gift (“to us”) of a long weekend in Las Vegas would be an example of an intragroup gift. It would also remedy the couple’s problem of not spending enough time together.
4. **Interpersonal Gifting:** In contrast, interpersonal gifting occurs between just two individuals: the gift giver and the gift receiver. By their very nature, interpersonal gifts are intimate because they provide an opportunity for a gift giver to reveal what he or she thinks of the gift receiver. Successful gifts communicate that the giver knows and understands the receiver and their relationship. For example, a pair of “just the right” cufflinks given to a friend is viewed by the receiver as “she really knows me.” In contrast, an electric can opener given as a Valentine’s Day gift, when the recipient is expecting a more intimate gift, can mean the deterioration of a relationship.²⁶
5. **Intrapersonal Gifting:** Intrapersonal, or a self-gift, occurs when the giver and the receiver are the same individual.²⁷ A self-gift is a state of mind. If a consumer sees a purchase as the “buying of something I need,” then it is simply a purchase. In contrast, if the same consumer sees the same purchase as a “self-gift,” then it is something special, with special meaning. Consumers may treat themselves to self-gifts that are products (clothing, laptops, or jewelry); services (hairstyling, restaurant meals, spa membership); or experiences (socializing with friends, seeing a play on Broadway). For example, while purchasing holiday gifts for others, some consumers find themselves in stores that they might not otherwise visit or find themselves looking at merchandise (such as a scarf) that they want but would not ordinarily buy.

Researchers have discovered that both male and female gift givers feel more comfortable in giving gifts to the same gender. However, they also experienced more intense feeling with respect to gifts given to members of the opposite gender.²⁸ Additionally, although females get more pleasure than males from giving gifts, and generally play the dominant role in gift exchanges, both genders are strongly motivated by feelings of obligation. Still further, everyone knows that selecting and giving a gift often causes “gifting anxiety” on the part of the givers, the recipients, and the gifting situations. Knowledge of gender differences is therefore useful for marketers, because it implies that additional support might be appreciated at the point of purchase (while in a store) when a consumer is considering a gift for an opposite-gender recipient.

One study of gifts purchased online found that **variety seeking** (see Chapter 5) extends to gifting, as subjects with this trait considered a wider range of product categories

when buying gifts for others.²⁹ A Hong Kong study identified a continuum of gift receivers: “romantic other,” “close friend,” and “just friends.” For example, a gift given to a “romantic other” involves a high emotional expectation, but one given to a friend has a low emotional expectation.³⁰

The gifting process starts with the question, “Should I give a gift to Adam?” The answer can be yes or no depending on a variety of factors (e.g., relationship, occasion). If the answer is yes, the gift giver continues by asking, “What shall I give Adam as a gift?” This leads to the next question, “Do I want to give Adam something that Adam desires (i.e., do I want to put in some real effort researching the gift)?” If the answer is yes, the gift giver is then faced with the question, “How do I learn what Adam desires as a gift?” Here there are two choices: predicting Adam’s preferences or asking him what he desires. If I do not care if Adam likes the gift I give him, then there are two different choices (according to the model): (1) give a gift that I want for myself to “share” with Adam (i.e., “To you for me”), or (2) give a gift that attempts to alter or improve Adam so that it changes Adam in a way that makes Adam more appealing to me (i.e., “Identify imposition”). For example, a “to you for me” gift is two tickets to a hit Broadway show. I like hit Broadway shows, but Adam does not. In the case of Identity Imposition, I could give Adam clothes that he doesn’t like, but I want him to wear so that he looks better to me. The symbolic messages associated with these gifts tend to be less valued by the recipient. If preference prediction rather than direct questioning of the recipient for a gift idea is chosen, then there will be an element of surprise. In addition, if the giver does not bother to learn the recipient’s preferences, then the outcome can also be a surprise—but maybe not a good surprise.³¹

Furthermore, researchers have found that consumers go online to complain about bad gifts. For example, consumers complain when they receive gifts that threaten their self-concept (e.g., gifts that don’t match one’s gender), gifts that are interpreted as aggressive (e.g., “she knows I don’t like chocolate but she gave me chocolate anyway”), and gifts that allow the giver to brag (e.g., “my mother-in-law gave my children expensive gifts for Christmas and then bragged on Facebook to all of her friends about it”).³² Marketers are finding ways to assist consumers with their unwanted gifts. For example, Burger King, after Christmas, offered consumers the opportunity to bring their unwanted gifts to one of their restaurants in exchange for a free Whopper hamburger.³³

Diffusion and Adoption of Innovations

Learning Objective

- 14.3** To understand how new products gain acceptance and how individuals decide whether or not to adopt them.

diffusion of innovations

The framework for exploring the evolution of consumers’ acceptance of new products throughout the social system.

innovation adoption process

The innovation adoption process focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

Diffusion of innovations is the *macro* process by which the acceptance of an innovation (i.e., a new product, new service, new idea, or new practice) takes place among members of a social system (or market segments) over time. This process includes four elements:

- 1. The Innovation:** New product, model, or service
- 2. The Channels of Communication:** Informal or formal, impersonal or personal groups
- 3. The social system:** A market segment
- 4. Time:** the length of time, one month, one year, five years, until the innovation is accepted by most of the market segment.

In contrast, the **innovation adoption process** is a *micro* process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

TYPES OF INNOVATIONS

The definition of what constitutes a “new product” varies among product developers and marketing strategists. From a consumer perspective, an **innovation** represents any item that the consumer perceives as new. Many marketers maintain that new products should be classified

innovation

An innovation represents any item that the consumer perceives as new and is classified into three categories reflecting the extent to which consumers are required to change existing consumption behavior or buying patterns.

into three categories reflecting the extent to which they require consumers to change existing consumption behavior or buying patterns:

1. A **continuous innovation** has the least disruptive influence on established behavior. It involves the introduction of a modified product rather than a totally new product. Examples include the newly redesigned Apple iPhone, the latest version of Microsoft Office, Oreo Thins lower calorie cookies, Hershey Cacao (i.e., a form of dark) chocolate bars, Crest Whitening Therapy Toothpaste. The earlier Figure 14.3 is an example of continuous innovation.
2. A **dynamically continuous innovation** is somewhat more disruptive than a continuous innovation but still does not alter established behavior. It may involve the creation of a new product or the modification of an existing product. Past Examples include digital cameras, digital video recorders, MP3 players, DVRs, USB flash drives, and disposable diapers.
3. A **discontinuous innovation** requires consumers to adopt new behavior. Examples include airplanes, radios, TVs, automobiles, fax machines, PCs, videocassette recorders, medical self-test kits, mobile phones, and the internet.

In the laundry-soap business, premeasured pod detergents—a continuous innovation—are considered to be *too much* innovation. After the introduction of Tide pods capsules (a “unit dose” product), the sales of laundry detergents plummeted. Similarly, the sales of dishwashers’ liquids and powders have been declining since the introduction of premeasured pods. Paradoxically, although the purpose of new products is to increase the sales of a product category, in this case, innovation will eventually put unmeasured doses of powdered and liquid detergents out of business.³⁴

PRODUCT FEATURES THAT AFFECT ADOPTION

Not all new products are equally likely to be adopted by consumers. Some products catch on very quickly (e.g., affordable cell phones), whereas others take a very long time to gain acceptance or never seem to achieve widespread consumer acceptance (e.g., electric cars). Diffusion researchers have identified five product characteristics that influence consumer acceptance of new products, which are detailed next.³⁵

relative advantage

One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which potential customers perceive a new product as superior to existing substitutes.

compatibility

One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which potential customers perceive a new product as consistent with their present needs, values, and practices.

Relative advantage is the degree to which potential customers perceive a new product as superior to existing substitutes. For example, cellular telephones enable users to be in communication with the world and allow users both to receive and to place calls and text messages. The fax machine, which is used very little today, offers users a relative advantage in terms of ability to communicate. A document can be transmitted in as little as 15 to 18 seconds at perhaps one-tenth the cost of an overnight express service, which will not deliver the document until the following day. Of course, sending the document as an attachment to an email entails no cost and, like a fax, gets delivered in seconds.

Compatibility is the degree to which potential consumers feel a new product is consistent with their present needs, values, and practices. For instance, an advantage of 3M’s Scotch Pop-up Tape Strips is that they are easier to use than roll tape for certain tasks (such as wrapping gifts), yet they represent no new learning for the user. Similarly, in the realm of shaving products, it is not too difficult to imagine that a few years ago, when Gillette introduced the Fusion razor, some men made the transition from inexpensive disposable razors and other men shifted from competitive nondisposable razors (including Gillette’s own MACH3 razors) to using the new product. This newer product is fully compatible with the established wet-shaving rituals of many men. However, it is difficult to imagine male shavers shifting to a new depilatory cream designed to remove facial hair. Although potentially simpler to use, such a cream is incompatible with most men’s current values regarding daily shaving practices.

Compatibility varies across cultures. For example, although shelf-stable milk (milk that does not require refrigeration unless it has been opened) has been successfully sold for years in Europe, Americans thus far have generally resisted the aseptic milk package.

Also, compatibility refers to products being compatible with the infrastructure to support it. Products that are compatible with our smartphones, PCs, and Tablets are going to be accepted faster than products that require dedicated technology in order to be able to use them.

complexity

One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which a new product is difficult to understand or use.

Complexity—the degree to which a new product is difficult to understand or use—affects product acceptance. Clearly, the easier it is to understand and use a product, the more likely that product is to be accepted. For example, the acceptance of such convenience foods as frozen French fries, instant puddings, and microwave dinners is generally due to their ease of preparation and use. Interestingly, although DVD players can be found in most American homes, many adults require the help of their children to use the devices to record particular television programs. The introduction of cable boxes with built-in DVRs has helped to reduce the ongoing challenge involved in easily recording a TV program. A study of the adoption of mobile commerce transactions conducted via a mobile device or wireless telecommunication found that “perceived ease of use” had a positive effect on the intention to adopt.³⁶

The issue of complexity is especially important when attempting to gain market acceptance for high-tech consumer products. Four predominant types of “technological fear” act as barriers to new-product acceptance:

1. Fear of technical complexity
2. Fear of rapid obsolescence
3. Fear of social rejection
4. Fear of physical harm.

Of the four, technological complexity was the most widespread concern of consumer innovators.³⁷

trial-ability

One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which a new product can be tried on a limited basis.

Trial-ability refers to the degree to which a new product can be tried on a limited basis. The greater the opportunity to try a new product, the easier it is for consumers to evaluate the product and ultimately adopt it. In general, frequently purchased household products tend to have qualities that make trial relatively easy, such as the ability to purchase a small or “trial” size. Because a computer program cannot be packaged in a smaller size, many computer software companies offer free working models (demo versions) of their latest software to encourage computer users to try the program and subsequently buy the program.

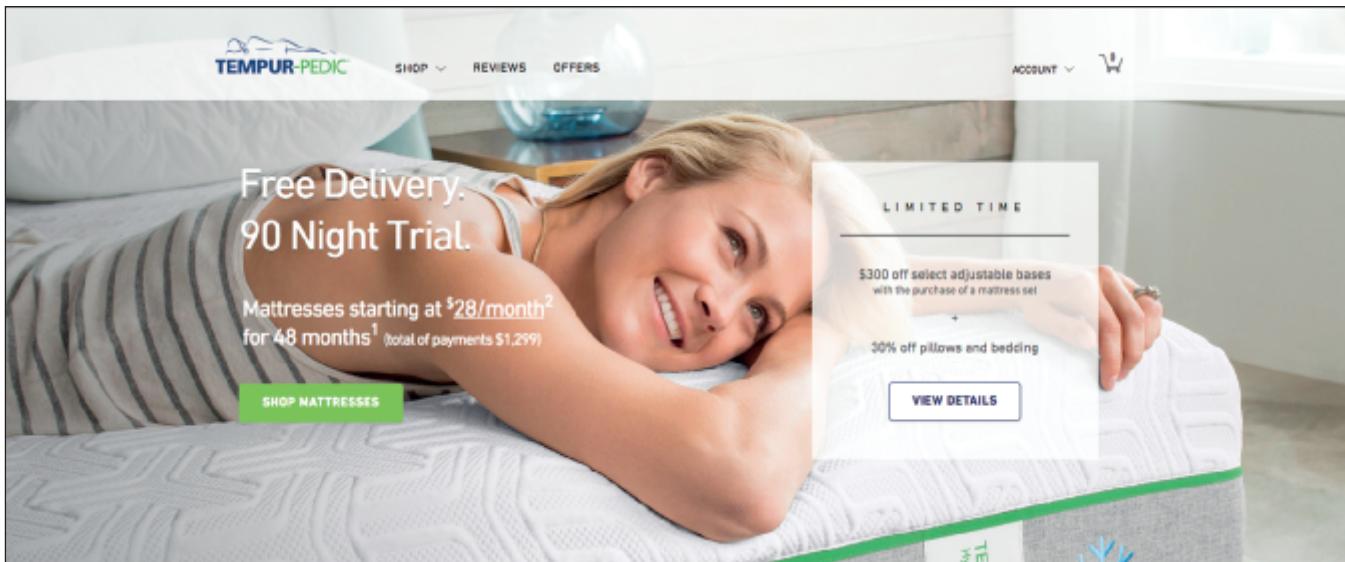
Aware of the importance of trial, marketers of new supermarket products commonly use substantial cents-off coupons or free samples to provide consumers with direct product experience. In contrast, durable items, such as refrigerators or ovens, are difficult to try without making a major commitment. This may explain why publications such as *Consumer Reports* are so widely consulted for their ratings of infrequently purchased durable goods. Some marketers offer trials of products by providing a “money-back guarantee.” You can even buy a mattress with a 90-day trial. This trial reduces consumer perceived risk. Figure 14.6 is an offer on the Tempur Pedic® mattress website.

observability (communicability)

One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the ease with which a product’s benefits or attributes can be observed, imagined, or described to potential consumers.

Observability (communicability) is the ease with which a product’s benefits or attributes can be observed, imagined, or described to potential consumers. Products that have a high degree of social visibility, such as fashion items, are more easily diffused than products that are used in private, such as a new type of deodorant. Similarly, a tangible product is promoted more easily than an intangible product (such as a service).

Mobile wallets—paying through smartphones—were designed to replace credit cards, but have not yet been widely adopted. Nevertheless, mobile wallets might become more popular because of a new feature integrated into plastic cards: the chip replacing the magnetic stripe. The chip was designed to increase security—a relative advantage. But, it is incompatible with consumers needs because the processing of the payments takes longer and consumers feel like “watching their lives play in slow motion” as they wait for the note allowing them to remove the card. Since mobile payments are quicker, they provide a greater relative advantage over credit cards now than before the introduction of the chips.³⁸



Source: Tempur Sealy International, Inc.

FIGURE 14.6

A Trial Offer on the Tempur Pedic® Mattress Website

THE ADOPTION PROCESS

The innovation adoption process consists of five stages through which potential consumers pass in attempting to arrive at a decision to try or not to try a new or innovative product. The five stages are:

1. **Awareness:** The consumer becomes aware that an innovation exists.
2. **Interest:** The consumer becomes interested in the innovative product or service.
3. **Evaluation:** The consumer undertakes a “mental trial” of the innovation.
4. **Trial:** The consumer tries the innovation.
5. **Adoption:** If satisfied, the consumer decides to use the innovation repeatedly.

Although the traditional adoption process model is insightful in its simplicity, it does not adequately reflect the full complexity of the consumer adoption process. For one thing, it does not adequately acknowledge that quite often, consumers face a need or problem-recognition stage before acquiring an awareness of potential options or solutions (a need recognition preceding the awareness stage). Moreover, the adoption process model does not adequately provide for the possibility of evaluation and rejection of a new product or service after each stage, especially after trial (i.e., a consumer may reject the product after trial or never use the product on a continuous basis). Finally, it does not include post-adoption or post-purchase evaluation, which can lead to a strengthened commitment or to discontinued use.

Summary

Learning Objective 14.1: To understand the consumer decision-making process and consumer decision journey.

Not all consumer decision-making situations require the same degree of information research. Extensive problem solving occurs when consumers have no established criteria for evaluating an item within a product category. Limited problem solving occurs when consumers have established the basic criteria for evaluating the product category, but need more information to decide among the brands and

product models available. Routinized response behavior occurs when consumers have experience with the product category and the brands offered and buy items often and almost instinctively. In addition, the level of involvement in the decision A model of consumer decision-making ties together the consumption behavior discussed throughout this book. It includes three components: input, process, and output.

The degree of personal relevance that the product or purchase holds for the consumer is referred to as consumer involvement. *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. The consumer decision-making journey is different for high involvement as compared to low involvement situations.

Learning Objective 14.2: To understand the dynamics of buying gifts.

Gifts represent more than ordinary, everyday purchases, because they are symbolic, and mostly associated with important events. Gifting behavior is a gift exchange that takes place between a giver and a recipient. The definition is broad in nature and embraces gifts

given voluntarily, as well as gifts that are an obligation. It includes gifts given to (and received from) others and gifts to oneself (self-gifts). Moreover, the majority of products that we refer to as “gifts” are in fact items that we purchase for ourselves.

Learning Objective 14.3: To understand how new products gain acceptance and how individuals decide whether or not to adopt them.

Diffusion of innovations is the macro process by which the acceptance of an innovation (i.e., a new product, service, idea, or practice) takes place among members of a social system (or market segments) over time. This process includes four elements: (1) The innovation (new product, model, service); (2) the channels of communication (informal or formal, impersonal or personal groups); (3) the social system (a market segment); and (4) time.

In contrast, the innovation adoption process is a micro process that focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

Review and Discussion Questions

- 14.1. What kinds of marketing and sociocultural inputs would influence the purchase of: (a) HDTV set, (b) concentrated liquid laundry detergent, and (c) fat-free ice cream? Explain your answers.
- 14.2. Marketers must ensure that their products become a part of a consumer’s evoked set if they are to be considered. What are some of the factors that increase pre-purchase information search? Which products do not?
- 14.3. Consumers purchase products to satisfy their needs; these could be luxury items or necessities. Many large consumer purchases require in-depth comparisons in terms of price, quality, and brand. Suppose you are looking to purchase a product that involves research and comparison. What influences your decision to purchase one product over another?
- 14.4. How can Apple use its knowledge of customers’ expectations in designing a marketing strategy for a new iPad?
- 14.5. How do consumers reduce post-purchase dissonance? How can marketers provide positive reinforcement to consumers after the purchase to reduce dissonance?
- 14.6. Amazon Alexa is a virtual assistant developed by Amazon and was first used in the Amazon Echo Dot smart speaker. Alexa can perform many functions, like voice interaction, music playback, setting up of alarms, and providing weather updates. It is also capable of controlling smart devices using itself as a home automation system.
 - a. Who is Amazon Alexa’s target market?
 - b. Not all new products are equally likely to be adopted by consumers. Explore the product characteristics that would influence consumer acceptance of Alexa.
 - c. Is Alexa a continuous, dynamically continuous, or discontinuous innovation? Explain your answer.
- 14.7. Describe how Sony can use the five product features that affect adoption in order to speed up the diffusion of its new TV model.

Hands-on Assignments

- 14.8. Identify a product, service, or style that was recently adopted by you and/or some of your friends. Identify what type of innovation it is and describe its diffusion process up to this time. What are the characteristics of the people who adopted it first? What types of people did not adopt it? What features of the product, service, or style are likely to determine its eventual success or failure?
- 14.9. It is difficult to find a global definition for the term “innovation,” as it takes many forms. Organizations such as Google and the Virgin Group have succeeded in highly competitive industries due to their ability to provide some form of innovation. This could be obvious innovations of products or services, such as the move from black-and-white televisions to today’s flat screens. Innovation could also be in improved customer service and manufacturing. Toyota led the way in improving its production of automobiles, an innovation that has been adapted by many manufacturing organizations globally. It has been argued that there are four key approaches to defining a new product innovation. Discuss the importance of each of the approaches identified below, with examples.
 - a. Firm-oriented
 - b. Product-oriented
 - c. Market-oriented
 - d. Consumer-oriented
- 14.10. Describe the need recognition process that took place before you purchased your last can of soft drink. How did it differ from the process that preceded the purchase of a new pair of sneakers? What role, if any, did advertising play in your need recognition?
- 14.11. List three colleges that you considered when choosing which college or university to attend and the criteria that you used to evaluate them. Describe how you acquired information

on the different colleges along the different attributes that were important to you and how you made your decision. Be sure to specify whether you used compensatory or noncompensatory decision rules.

- 14.12.** The key characteristics that influence buyer behavior toward new products are perceived risk, media influence, social characteristics, and demographic characteristics. Suppose that you are planning to purchase a brand-new luxury motor vehicle. Explain how each of these factors would affect your purchasing decision. Use examples to support your responses.

14.13. Consider items you have in closets and cabinets that might be considered cabinet castaways. What are these products? Why didn't you use them? What could be a marketer's role to ensure that you use it or discard it and buy it again?

14.14. Keep a consumer journal for three days. On each day, briefly describe each of your consumer journeys and decisions. Apply the concepts and terms in this chapter to analyze your consumer behavior.

Key Terms

- Adoption 389
- Affect referral decision rule 382
- Awareness 389
- Brand loyalty 383
- Cabinet castaway 384
- Cognitive dissonance 384
- Compatibility 387
- Compensatory decision rules 381
- Complexity 388
- Conjunctive decision rule 381
- Consumer decision-making 374, 375
- Consumer involvement 376
- Consumer journey 374, 375
- Continuous innovation 387
- Diffusion of innovations 386
- Discontinuous innovation 387
- Dynamically continuous innovation 387
- Evaluation 389
- Evoked set (consideration set) 379
- Extensive problem solving 376
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- Positive disconfirmation of expectations 383
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- Recognition heuristic 382
- Relative advantage 387
- Routinized response behavior 376
- Trial 389
- Trial-ability 388
- Variety seeking 385

Chapter

15

Marketers' Ethics and Social Responsibility

Learning Objectives

- 15.1 To understand the importance of marketing ethics and social responsibility.
- 15.2 To understand the wide-ranging abuse of consumers' privacy.
- 15.3 To understand how marketers exploit and manipulate children and others.
- 15.4 To understand the harm caused by misleading labels.
- 15.5 To understand how marketers disguise advertisements.
- 15.6 To understand the damage of false and misleading advertising.
- 15.7 To understand offensive communications.
- 15.8 To understand promoting socially beneficial causes.
- 15.9 To understand consumers' ethical obligations.

MARKETING ETHICS are moral principles that govern marketers' behavior. On the personal level, these principles express the differences between right and wrong behavior and the goodness or badness of human character.

Why should marketers, whose objective is to make money, be concerned about ethics? After all, there are many federal consumer protection laws and scores of laws and regulations established by states and local governments. These laws dictate what marketers can and cannot do, and often regulate the manner in which they advertise, price and distribute their products and services. For example, some town and cities forbid placing vending machines for cigarettes and junk foods in public areas and near schools. As another example, New York City's government has been considering laws that will force all restaurants

to post caloric information next to each item served and banning the sales of supersize sodas in restaurants. Furthermore, some cities no longer allow cigarette machines in bars (or anywhere else) and require retailers to ask for proof of age from young adults who try to buy cigarettes. Speaking of exploiting children, there are laws that limit the amount of advertisements that can be shown during children's TV programs. In all of these examples, marketers' actions are regulated. Thus, why should marketers worry about what is morally right?

Marketers must be concerned with ethics because not all that is allowed is in the best interest of society or, for that matter, marketers' goals. Marketing practices that overtly contradict societal interests result in embarrassment, loss of consumers, and, more often than not, increased regulation. In short, such practices lead to lost

FIGURE 15.1

Marketing Socially-Beneficial Causes



Source: The Kraft Heinz Company.

customers, decreased profits, and diminished consumer confidence in promotional messages and products. In this chapter, we will be straightforward and critical of amoral marketing strategies. We are proud of and enthusiastic about our field and experts in marketing and consumer behavior, but must also point out point out inadequate practices.

The topics covered in this chapter include the abuse of consumers' privacy, the exploitation of children,

society's encouragement of overeating and irresponsible spending, the misleading of labels and advertisements, advertising formats that are disguised, and offensive communications. On the positive side, we discuss forms of marketing focused on social responsibility. The Heinz ad in Figure 15.1 illustrates social responsibility (see also Figure 15.4).

Socially Responsible Marketing

Learning Objective

- 15.1** To understand the importance of marketing ethics and social responsibility.

societal marketing concept

A premise that requires marketers to fulfill the needs of the target audience in ways that improve, preserve, and enhance society's well-being, while also meeting their business objectives.

The essence of marketing is fulfilling the needs of consumers more effectively than competitors do. Nevertheless, sometimes this concept is at odds with society's best interests. For example, products such as tobacco and alcohol "satisfy" consumer "needs" but are harmful, and many products that are convenient to use (and thus "satisfy needs") significantly contribute to environmental deterioration and climate change (e.g., products packaged in convenient but not reusable packaging, such as single-usage protective coverings used by dry cleaners). We must also consider the cumulative persuasive impact of advertising on consumer behavior. For instance, depicting perfectly tanned people is likely to result in excessive sunbathing or tanning via ultraviolet light, despite undeniable documentation that such practices significantly increase the chances of developing cancer. Many studies have shown that radically thin, model-like women shown in promotional messages has led to negative self-perceptions and eating disorders—particularly among women—and such ads have been scrutinized by the media and advocacy groups. A study of the sexual objectification of women in advertising showed that although the number of ads containing such portrayals has been increasing, females have become less offended by these images, and that such ads have had little impact on women's purchase intentions.¹

The **societal marketing concept** advocates balancing society's interests with the needs of consumers and marketers. It calls on marketers to satisfy the needs and wants of their target markets in ways that preserve and enhance the well-being of consumers and society as a whole, while also fulfilling their profit objectives. According to the societal marketing concept, fast-food restaurants should serve foods that contain less fat and sugar and more

nutrients. In addition, marketers should not advertise foods to young people in ways that encourage overeating. Furthermore, companies should not use professional athletes in liquor or tobacco advertisements, because celebrities often serve as role models for the young and using them in ads may result in underage youngsters' use of these products.

A serious deterrent to implementation of the societal marketing concept is the short-term orientation of many business executives, which stems from the fact that managerial performance is evaluated on the basis of short-term results. Thus, a young and ambitious advertising executive may create a striking advertising campaign, using unreasonably slim females with pale faces and withdrawn expressions, in order to increase the sales of the advertised product, without considering the negative impact of the campaign, such as encouraging eating disorders. Societal marketing argues that companies would be better off in a stronger, healthier society and should make social responsibility a priority.

The purpose of studying consumer behavior is to understand why and how consumers make their purchase decisions. These insights enable marketers to design more effective marketing strategies, especially when advanced technologies allow them to collect more data about consumers and target customers more precisely. Some maintain that an in-depth understanding of consumer behavior makes it possible for unethical marketers to exploit human vulnerabilities in the marketplace and engage in other unethical marketing practices to achieve corporate business objectives.

In response to public criticisms and concerns, many trade associations representing marketers of consumer goods have developed industry-wide codes of ethics. They recognize that industry-wide self-regulation is in marketers' best interests, in that it deters government from imposing its own regulations on industries. A number of companies have incorporated specific social goals into their mission statements, and include programs in support of these goals as integral components of their strategic planning. Most companies also recognize that socially responsible activities improve their image among consumers, stockholders, the financial community, and other relevant publics. They have found that **marketing ethics** and socially responsible practices are simply good business, resulting not only in a favorable image but also ultimately in increased sales. The converse is also true: perceptions of a company's lack of social responsibility or unethical marketing strategies negatively affect consumer purchase decisions. For example, advocacy groups publicly accused McDonald's of failing to keep a promise it made to eliminate trans fats from its cooking oil, illustrating the damage that socially irresponsible actions can inflict on a company's image.

Although some companies have taken steps toward more responsible marketing, others have not. For example, Coca-Cola broadened the distribution of its low-calorie drinks and said it would put calorie counts on the front of its packaging around the world as part of its global efforts to counter accusations that its sugary drinks are fueling obesity. The company also promised to sponsor physical activity and committed to not marketing its drinks to children under 12 years of age—but it did not specify exactly how it plans to do so.² Other companies engage in practices that are, intuitively, against society's interests. For example, the FDA discovered that food makers have been adding caffeine to candy, potato chips, waffles, and a range of other items. For instance, a pack of Wrigley's Alert Energy Caffeine Gum can deliver the equivalent of four cups of coffee, or about 320 milligrams of caffeine. Although the package contains a warning that it is, "not recommended for children or persons sensitive to caffeine," the FDA would like food companies to agree to voluntary limits for caffeine.³

marketing ethics

Moral principles designed to guide marketers' behavior.

Disregard for Consumers' Privacy

Learning Objective

- 15.2** To understand the wide-ranging abuse of consumers' privacy.

Consumers' loss of privacy is an increasingly problematic ethical issue, as marketers identify and reach out to increasingly smaller audiences through innovative media and more sophisticated tracking. The collection and dissemination of this information raises many privacy issues and various governmental bodies have proposed measures to ensure consumers' privacy. For example, some senators proposed a Commercial Privacy Bill of Rights, but

the proposal failed to require businesses to provide consumers with data about themselves, which they can do very easily.⁴ The primary tools of violating privacy are discussed in the following sections.

RETAILERS

Many retailers have been tracking customers' movements by following the Wi-Fi signals from customers' smartphones. They also gather data about in-store shoppers' behavior, using video surveillance and signals from shoppers' cell phones and apps. They can identify customers' genders and return shoppers, how many minutes shoppers spend in aisles, and how long they look at merchandise before buying it. Stores can tell how repeat customers behave and the average time between visits. When customers found out about being tracked, many complained and said that they felt "stalked" and "creepy" while shopping under surveillance.⁵

Shopping centers also keep tabs on shoppers' cell phones—tracking shoppers' movements, tallying how long people wait in line, combining cell signals with video security cameras' films, and constructing flowcharts of people's movements and showing which products get picked up more frequently than others.⁶

Some internet-printed or sent-to-mobile-phones coupons are packed with information about the customers who use them, and follow the customers to malls. The coupons look standard, but their bar codes often include identification information about the customer, his or her internet address, Facebook page information, and even the search terms the customer used to find the coupon in the first place. In the mall, if a man walks into Brooks Brothers to buy a suit for his wedding and shows a coupon he retrieved online, the company's marketing agency can figure out whether he used the search terms "Hugo Boss suit" or "discount wedding clothes" before his purchase. In some cases, the coupons can be tracked not just to an anonymous shopper but to an identifiable person. A retailer could know that Amy Smith printed a 15%-off coupon after searching for appliance discounts at Ebates.com on Friday at 1:30 p.m. and redeemed it later that afternoon at the store.⁷

SMARTPHONES

By monitoring your cell phone, marketers can learn *who* you are, *what* you purchase, and *where* you are at any given moment. Your cell phone, mobile email device, and the GPS integrated into your car or sports watch are "electronic bracelets" that monitor your movements. If you travel abroad with a roaming cell phone, upon landing at your destination, you may quickly receive a text welcoming you to that destination and offering you additional services designed for travelers. The commercial that you hear may alert you to, say, a McDonald's two exits down the highway, courtesy of your GPS. Another driver in a different location and listening to the same radio station would hear a different ad. In several large cities, advertisers use cabs equipped with GPS and advertising billboards on their roofs to create ever-changing advertising messages; the changing ad displays correspond to the businesses the cabs pass as they travel (in some cabs, screens inside the cabs also display ads).

Through **location data**, marketers can create portraits of people's daily lives, such as traveling from yoga studios to coffee shops, to restaurants, to sports stadiums, to hotels, and to nightclubs. Verizon Wireless used location information from customers to help retailers see which neighborhoods shoppers arrived from and which stores and restaurants they drove past.⁸

SMART TVs

Vizio—a TV manufacturer—sells its products with software that collect information about what a consumer is watching on a second-by-second basis. Data about pixels on the screen is sent to Vizio servers and matched to a database of TV shows, movies, and commercials. When the company installed more sophisticated software onto the sets, people were notified through

a brief pop-up saying, “Smart Interactivity has been enabled on your TV,” without disclosure about the data collection. Additionally, Vizio admitted sharing the data with “authorized data partners including analytics companies, media companies and advertisers,” but provided no further details. Smart TVs can track whether someone visited a website on their laptop after seeing a fast-food commercial, or if an online ad motivated someone to watch a TV show. They also enable targeting ads to people on other devices, such as phones or tablets, based on what they watched on TV.⁹

FACEBOOK

Most likely, Facebook has been the worst abuser of privacy. Here are only some of the many instances that have surfaced about the company’s dubious practices:

- Without telling users, the company conducted an experiment of *emotional contagion*—that is, how people “catch” emotions from each other. Specifically, the study examined whether the tone of one user’s posts have an effect on the tone of the person’s friends. It also examined *emotional suppression* by investigating whether a user’s *positive* words would decrease friends’ use of *negative* words, effectively *suppressing the emotion*. Although the study itself was worthwhile, public fury erupted because the company failed to notify users that their posts were being manipulated.¹⁰
- Facebook manipulates news feeds after determining which posts are likely to be most informative for individual users. It polls tens of thousands of people worldwide, looks at the stories that people say they find informative, and then combines the results with data about how users interact with others, as well as the posts they click on, comment, and share. Algorithms factor thousands of pieces of data and determine the news feeds most relevant for individual members.¹¹
- Facebook determines peoples’ political leanings based on the pages they like and their social activities, and then labels them accordingly. The labels Facebook assigns to its users help campaigns more precisely target a particular audience. By hosting a tremendous amount of political conversations, Facebook’s algorithms can choose text, photos, and video produced and posted by large and small, local and national, openly partisan or nominally unbiased. Then, Facebook directs users accordingly into political news and advocacy pages made specifically for Facebook, uniquely positioned and cleverly engineered to reach audiences exclusively in the context of the news feed.¹²
- Facebook had a program called “Beacon” that traced where users were going and sent their friends alerts about the goods that the users who were monitored bought or viewed online. After a public outcry, Facebook installed a feature that allowed users to opt out of it easily.¹³ Facebook also unveiled a set of controls that it said would help people understand what they were sharing online, and with whom, and would simplify its opt-out system.¹⁴

ACXIOM

Acxiom is the largest data broker (see Chapter 2) in the world. Its database contains information about 500 million active consumers worldwide, with about 1,500 data points per person based on information available in public records, consumer surveys, and the like. Companies can buy data to pinpoint households that are concerned, say, about allergies, diabetes, or “senior needs.” Also for sale is information on sizes of home loans and household incomes. For a corporate client, the company is able to match customers by name with, say, the social networks or internet providers they use, but it does not provide consumers the same information about themselves, falsely claiming that they do not have a search-by-name capability.

Axiom's data includes biographical facts, such as education level, marital status, and number of children in a household; homeownership status, including mortgage amount and property size; vehicle details, like the make, model, and year; and economic data, such as whether a household member is an active investor with a portfolio greater than \$150,000. Also available will be the consumer's recent purchase categories, like plus-size clothing or sports products, and household interests such as golf, dogs, text-messaging, cholesterol-related products, or charities. Each entry comes with an icon that visitors can click to learn about the sources behind the data—whether self-reported consumer surveys, warranty registrations, or public records like voter files.¹⁵

AND MORE

- **Billboards Watch You:** A company that own billboards partnered with cell communications providers and made billboards that would track passers-by through their mobile phones. With the data and analytics, the company can determine the average age and gender of the people who are seeing a particular billboard at a certain time and whether they subsequently visit the store advertised on the billboard.¹⁶
- **Invasive Software:** A “free” service that promised users to eliminate spam was actually owned by a market-research firm. While cleaning up users’ inboxes, it also picked up discarded receipts from, say, Uber and sold the anonymized data off to Lyft’s ride-hailing—Uber’s rival.¹⁷
- **Museums:** Through cell signals, some museums collected data about where people came from, how they moved about, and the amount of time they spent in different galleries and the gift store.¹⁸
- **E-Books:** For a flat monthly fee, subscribers buy access to an array of titles, which they then read on a variety of devices. The data collected from the electronic devices help writers know what their readers think. The idea is to do for books what Netflix did for movies and Spotify for music. “What writer would pass up the opportunity to peer into the reader’s mind?” Findings from tracking e-books include: the longer a mystery novel is, the more likely readers are to jump to the end to see “who done it.” People are more likely to finish biographies than business titles, but one chapter of a yoga book is all they need. They speed through romances faster than religious titles, and erotica fastest of all. Regarding *What Women Want*, promoted as a work that “brings you inside a woman’s head so you can learn how to blow her mind,” every reader who starts it finishes it. *The Cycles of American History* blows no minds: fewer than 1 percent of the readers who start it get to the end. Readers are 25 percent more likely to finish books that are broken up into shorter chapters. That is an inevitable consequence of people reading in short sessions during the day on an iPhone.¹⁹
- **Facial Recognition:** Facial recognition is analyzing people’s faces in order to uncover their cognitive reactions to the stimuli under study. Surveys conducted by the BBC, the sponsor of the British TV series *Guilty Pleasures*, indicated that viewers are unlikely to admit watching it because of the show’s low-brow image. The broadcaster applied facial recognition technique to observe viewers as they watched the show. The results indicated that viewers who denied watching the show when asked directly were, in fact, emotionally engaged with the show. Using facial recognition can help broadcasters determine which shows are likely to be successful and which ones should be revised to increase viewers’ involvement.²⁰
- **E-Scores:** The **e-score** is a digital calculation that evaluates people’s buying power and value as consumers. However, these scores are largely invisible to the public. Fueled by Google Analytics, this digital ranking of American society is unlike

e-score

A digital calculation of people’s buying power.

anything that came before it. Nevertheless, unlike personal credit reports, consumers cannot find out what their e-scores are.²¹

PRIVACY LAWS

Although most websites have established and published privacy policies, these guidelines are buried inside legalese language that most consumers do not readily understand and ignore reading them. Thus, some public advocacy groups have developed measures that help consumers to determine the extent of privacy they have when browsing online. For example, PrivacyChoice analyzes and ranks websites according to their collection and usage of personal information, which enables consumers to avoid visiting sites that collect too much information.²²

Adlock is a software that allows consumers to block ads from specific sites.²³ One study in which most Americans did not want to be tracked did not find online advertisements useful. Although the government has revealed several proposals for regulating the collection of personal information online, nearly 90% said they had never heard of these efforts.²⁴

The approach to personal data differs around the world. The United States' Federal Trade Commission (FTC) has implemented some policies requiring data brokers to give consumers access to information collected about them and to allow them to correct and update such data. In Europe, the General Data Protection Regulation not only clearly defines what personal data can be collected but also requires that companies inform customers how their information will be used and with whom it will be shared. Personal data is defined in this regulation as not only a name and address but also any factor that enables the identification of anyone, including online identifiers such as an IP address. This regulation also requires customers to explicitly give permission for their personal information to be used; it cannot be done by means of a tick box. Removing data that is no longer relevant, or the "right to be forgotten," allows individuals to have information about their past deleted from Internet searches.

BLOCKING TRACKING

There are many forms of tools that can block tracking. For example, the *Disconnect* package allows users to *see* advertising, analytics, and social media tracking cookies. It offers the option to disable them globally or selectively, and includes whitelists, blacklists, tracking visualizations, and more. The software can block *advertising* services (e.g., DoubleClick) that invisibly collect personal information and display ads; *analytics* companies (e.g., Scorecard Research) that invisibly collect information and build profiles as people browse the Web that can frequently be connected with their real names; and *social* companies that use widgets (e.g., Facebook Like or Tweet) that connect back to the social networking service when the widget loads on the page and allow the social networks to track the users' browsing activities even when users are not on the social network's website.²⁵

In summary, experts point out that given the vast flow of information that consumers entrust to the internet every day, it is hard to believe there is no general law to protect people's privacy online. Companies harvest data about people as they browse online, assemble it into detailed profiles, and sell it to advertisers or others without ever asking permission. Because there are no uniform international laws to deal with violations of online privacy, and because no one specifically monitors for potential violations of consumers' rights to privacy online, there is no consensus as to whether government regulation or voluntary measures could alleviate this concern.²⁶

Exploiting Children and Others

Learning Objective

- 15.3** To understand how marketers exploit and manipulate children.

consumer socialization

The process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers.

There are many targetable segments that can be easily exploited because they are more vulnerable than most other consumers, because of less education, old age, low income, and no political power. Next, we examine two particular forms of exploitative marketing: targeting children and encouraging overeating and irresponsible buying.

Consumer socialization is the process by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace. A comprehensive review of 25 years of research on consumer socialization identified three stages:

- 1. Perceptual** (3–7 years old), during which children begin to distinguish ads from programs, associate brand names with product categories, and understand the basic script of consumption
- 2. Analytical** (7–11 years), during which children capture the persuasive intent of ads, begin to process functional cues regarding products, and develop purchase influence and negotiation strategies
- 3. Reflective** (11–16 years), when children understand advertising tactics and appeals, become skeptical about ads, understand complex shopping scripts, and become capable at influencing purchases²⁷

Children become brand aware as they age, starting with toys and foods, and by age eight, most kids can name multiple products in these categories. As they grow older, children's requests expand to clothing, sporting goods, and video games.²⁸ Children from higher socio-economic classes influence parents more than those of lower socioeconomic status.²⁹ Overall, the older the child, the more influence they have on their parents' purchases. Children also learn how to negotiate their requests, and studies have shown that bargaining and persuasion are more effective with parents than begging and crying.³⁰

CHILDREN AND MEDIA

The growth of the internet and electronic technology resulted in a significant increase in the amount of time children spend with various forms of media. A study reported that, among children ages 8 to 18, the time spent with electronic devices increased by 1 hour and 17 minutes from 2004 to 2010. Some studies showed that children spend a total of 7 hours and 38 minutes a day in front of televisions, computers, iPods, mobile phones, or video games. Including multitasking, children are exposed to 10 hours and 45 minutes of media content during that time. Furthermore, fewer than half the children studied reported having parental rules regarding media viewing.³¹

ENCOURAGING OVERTREATING

A major concern is that food marketers "teach" children to overeat, leading to surging obesity and health problems among young consumers. Marketers spend at least \$10 billion annually on promoting foods and beverages to America's children, and the number of obese or overweight children has at least doubled over the past 15 years and has kept going up steadily and alarmingly. Over the past few years, lawmakers have called for legislation regulating food advertising to children; presumably to avoid such regulation, several companies have voluntarily modified their marketing practices. For example, Kraft Foods stopped TV advertising of certain products to children, and increased its advertising of sugar-free drinks and smaller packages of cookies. McDonald's, a company frequently accused of selling junk foods with too much fat and poor nutritional quality, eliminated some of its "supersized" offerings and began selling more salads. It even offers apples as a dessert alternative to calorie-laden pies.

More recently, McDonald's had a program that awarded food prizes to small kids who got good grades on their report cards; the program was advertised on book jackets and discontinued after McDonald's was criticized by parents and consumer advocacy groups and ridiculed in the media.³²

A study by the Committee on Food Marketing and the Diets of Children and Youth found that television advertising influences children ages 2 to 11, and that a lot of these promotions were for high-calorie, low-nutrient foods associated with adiposity.³³ Research sponsored by the Center for Science in the Public Interest discovered that marketing of high-calorie, low-nutrition foods to children has been increasing dramatically and becoming more aggressive and sophisticated.³⁴ The report concluded that such marketing has undermined parental authority regarding food consumption and called for restrictions on the marketing of foods to children.

Online, marketers routinely violate laws and self-regulatory guidelines by promoting foods of low nutritional quality; providing no or misleading nutritional information; embedding food ads in games; creating “buzz” and viral advertising by encouraging kids to send food ads to their friends; not including reminders that the content watched is advertising; using prizes to entice children that are too young to register at websites to do so.³⁵

An analysis of websites that target children revealed widespread unethical and illegal practices: 64% of the sites encouraged children to send email greetings or invitations to visit the websites to their friends; 43% offered sweepstakes; 39% offered specific purchase incentives, such as game rewards; 47% offered a tie-in to movie or television shows and characters; and only 18% provided reminders that the content was advertising.³⁶

Designing foods that encourage overeating is a scientific process. Marketers have studied humans' responses to taste and designed foods that produce the most craving. The cardinal rule in processed foods is “when in doubt, add sugar.” Oscar Mayer introduced a desert Lunchable in the form of a Fun Pack, which, in addition to bologna and white bread, includes a Snickers bar, a package of M&Ms (or a Reese's Peanut Butter Cup), and a sugary drink.³⁷

A report based on data from the Centers for Disease Control and Prevention (CDC) projected that obesity rates, across states, would reach at least 44% by 2030, and in 13 states that number would exceed 60%. Obesity raises the risk of numerous diseases, from Type-2 diabetes to endometrial cancer, meaning more sick people and higher medical costs in the future. The increasing burden of illness will add \$66 billion in annual obesity-related medical costs over and above today's \$147 billion to \$210 billion. Another study found that by 2030, 42% of U.S. adults could be obese, adding \$550 billion to healthcare costs over that period.³⁸

Marketers are directly responsible for Americans' decreasing physical activity and their consumption of unreasonably large quantities of unhealthy and non-nutritious foods. One study demonstrated that consumers believe that foods that are *less* healthy taste *better*, are enjoyed *more*, and are preferred when a hedonic meal takes place.³⁹ In the course of getting us to eat more, marketers have studied our eating habits in detail and used the results in packaging and determining portion sizes. Marketers have also used their knowledge of perception to increase the quantities of foods consumers eat by the way these items are packaged or presented. For example, studies showed that:⁴⁰

1. Both children and adults consume more juice when the product is presented in short, wide glasses than in tall slender glasses.
2. Candies placed in clear jars were eaten much quicker than those presented in opaque jars.
3. Sandwiches in transparent wrap generated more consumption than those in opaque wraps.

4. The visibility and aroma of tempting foods generated greater consumption.
5. Presenting foods in an organized manner, such as mixed assortments in bowls (or “grab bags”), buffets, potlucks, or dinner-table settings leads to more eating.
6. Assortment size or duplication, in forms such as multiple product tastings, multiple offerings of party snacks, duplicate buffet lines, and family dinners with multiple dishes stimulate eating.
7. Minimal variations in the size of serving bowls whenever multiple options and sizes are present lead to eating more.
8. People generally do not keep track of how much food they consume. When told, they are often surprised at how much they have eaten.
9. Large inventories of foods at home increase the quantity believed to be appropriate for a given meal.
10. Small packages do not necessarily decrease consumption and can sometimes actually increase it. Responsible companies should sell small packages individually, rather than bundling them together in a larger container, because the availability of multiple small packages leads to excessive consumption.

LAWS AND REGULATION

Many organizations would prefer to have self-regulation rather than get governments involved, and this is also the case with advertising in general. Regulations vary across countries and regions. Some countries, such as Norway and Sweden, have strict regulations in place that prohibit advertising to those under 12 years of age. On the other hand, others, such as the United States, have few regulations in place, and many rely on self-regulation among companies or by industry organizations. The European Alliance for Advertising Self-regulation (EASA) has 31 member organizations in 29 countries in Europe as well as corresponding members from India, New Zealand, Australia, Canada, the United Kingdom, and South Africa.⁴¹

Industry organizations and regulators can influence the actions of signatories and advertising both in the planning of advertising and once the advertising has been broadcast. For example, in Malaysia, the Malaysian Food Manufacturing Group has signatories such as Mars, Nestlé, and Unilever committing to advertising only food products that meet nutritional guidelines and avoiding advertising to children under 12. This includes communication in primary schools and the use of cartoon characters aimed to appeal to this market. This has been developed in conjunction with the Malaysian Advertisers Association to facilitate self-regulation. Similarly, in South Africa, advertising is self-regulated through the Advertising Standards Authority (ASA) of South Africa, which has developed clear guidelines for advertisers as to what is permissible. It also contains seven clauses that pertain to targeting children, including the contents of the message and how they are portrayed in advertising.⁴²

Self-regulation and the development of industry bodies also create the opportunity for viewers and citizens to complain, should they believe these guidelines are not being implemented by signatories. For example, Coca-Cola South Africa had a dream holiday competition that showed a couple driving around in intense heat with empty Coke bottles. They decide to go to the beach, where there is a floating bar. They jump off a cliff into the water below, swim to the bar, and are rewarded with a Coke. A citizen complained that this showed irresponsible actions and promoted unsafe behavior among children and susceptible people. The ASA Directorate received an undertaking from Coca-Cola that they will not use the advertising again. Viewers can thus bring matters to the attention of the authorities.⁴³

The European Union has developed minimum conditions that member states need to apply, though each state can develop more detailed policies as they see fit. The latest directive, the Audio-visual Media Services Directive, covers both traditional television and video-on-demand services such as Netflix, but rules are stricter for television broadcasts. This Directive retains the 12-minutes-per-hour limit for advertising (both for advertising spots and teleshopping). Where adult content is available, a code is necessary to ensure that children do not have access to this content. It is then up to the EU member states to develop specific regulations that are implemented. This means that while specific regulations vary within the European Union, they are all required to meet the minimum standards.⁴⁴

Despite the widespread use of self-regulation, recent research conducted in the United States and Australia suggests that children are still not adequately protected. A suggestion for increased government regulation has been offered in Australia, but no decision on this has been made. Part of the problem with self-regulation is that it is voluntary, which may increase the need for regulation. Children also see advertising that is aimed at adults and can be influenced by it, so there is a greater issue at stake that marketers need to consider.⁴⁵

Trying to be more socially responsible is not always possible or easy. General Mills reduced the sugar in most of its kids' cereals to 10 grams per serving from levels as high as 15 grams. However, surveys showed that to get kids to like the cereals, not only do the cereal's frosted oats need to taste sweet enough, but they also have to float in milk for at least 3 minutes. The company knew that 9 grams of sugar per serving was the point where the sweetness is not enough for a kid to eat regularly. General Mills has been reducing the sugar amounts in its cereals gradually, so that consumers get used to a lower sweetness level a little at a time.⁴⁶ The minimal difference that can be detected between two similar stimuli is called the **just noticeable difference**. The JND, as it is referred to, maintains that any changes in logos, packages, and products must be within certain "limits" in order to ensure that consumers will still recognize the items instantly after the changes. (See further discussion of the JND in Chapter 4.)

California passed a state law that banned the sale or rental of violent video games to minors. However, the Supreme Court overturned this law because it is unconstitutional, even if it is designed to protect children.⁴⁷ Side by side with overeating, children's lack of physical activity greatly contributes to children's high rates of overweight and obesity.

Clearly, there are merits to the argument that, ultimately, any consumption behavior, including excessive eating, is the responsibility of the adults who consume overly rich foods or that allow their children to consume them. The responsibility does not lie with the marketers who produced the foods. However, children are a vulnerable population. In addressing this issue and fearing that "McDonald's-made-me-fat" lawsuits will gain momentum, the food companies have pursued legislation that will not allow obese persons to sue them for personal damages.⁴⁸

Regarding advertising to children, there is a consensus that even if children understand the purpose of promotional messages, marketers must take special care in advertising to them because of the amount of time kids spend viewing TV and online.

Advertising to children in the United States is less regulated than in European countries and many marketers routinely violate practices that are forbidden under federal or safe regulation. For example:⁴⁹

1. Marketing foods of low nutritional quality with misleading claims.
2. Embedding food ads in games.
3. Creating "buzz" about products and encouraging children to send ads to their friends
4. Offering children brand-related items.
5. Not including "ad breaks" and reminders that the content watched is advertising.
6. Offering young children prizes for registering at websites.

just noticeable difference

The minimal difference that can be detected between two similar stimuli.

Another concern is abusing children's privacy. A *Wall Street Journal* study of 40 free child-friendly apps discovered that nearly half transmitted a device ID number, which is a major tracking tool. Some 70% passed along information about how the apps were used, and, in some cases, specified which buttons were clicked and in which order. Although the FTC regulations do not allow gathering information from apps and online services "directed to children" under age 13 without parental knowledge, the FTC has no strict definition of this regulation.⁵⁰

ENCOURAGING OVERSPENDING

Marketing is a form of persuasion. In order to learn how to convince consumers to adopt a product or induce consumption, marketers have carefully studied the situational factors surrounding the buying decision. For example, people become hungrier in cold environments, so it is always cold in supermarkets (some nutritionists advise consumers to go food shopping directly after a filling meal). Marketers know that the longer consumers stay in the store and wander around, the more they buy. Therefore, in supermarkets and other stores, the displays are moved around systematically; that's why you often discover that the cereal aisle has been moved since you last visited the supermarket. Men are much more likely than women to deviate from shopping lists and prior consumption plans. That's why supermarket personnel are instructed to approach any men they see just standing around and offer help. Fairly recently, many Web retailers noticed that their online sales peak between 6:30 and 10:30 p.m., across time zones. Apparently, consumers who are drinking alcohol have fewer inhibitions and are likely to spend more freely. Thus, many online retailers started offering special sales and sending promotional emails during this time period.⁵¹

Another form of encouraging irresponsible consumption is banks' targeting of teenagers and college students and providing them with too much easy credit, which puts them into financial difficulties for years. For example, because of very aggressive marketing of credit cards to college students, college loan debt has been rising: the average graduate leaves college with more than \$18,000 in credit card debt, often coupled with a low credit rating.⁵² One study showed that, on average, students received their first credit card at age 18 (some did so when they were as young as age 15). More than 10% owned more than 5 cards. Most of these young people did not keep credit card receipts, did not check their monthly statements against their purchases, and were unaware of the interest rates they were charged; about 10% paid only the minimum required payment every month.⁵³ Recognizing that the marketing of credit cards to college students has become far too aggressive and against society's best interests, many states have passed, or are in the process of passing, strict rules limiting the marketing that banks and credit card companies can do on college campuses. In response to criticism, several banks began limiting the promotion of credit cards directed at students.⁵⁴

Recognizing that Millennials can be reached on social media, American Express established a sponsorship program that targeted the millions of people who play the online video game "League of Legends" by Riot Games. The centerpiece of the partnership was a line of prepaid debit cards that are illustrated with images and characters from the game and that allow cardholders to get so-called Riot Points that can be used to buy characters and other extras in the game.⁵⁵

One study identified several personality traits that contribute to students' misuse of credit cards and outlined promotional appeals that marketers can use in encouraging more responsible credit card usage among students.⁵⁶ Interestingly, two important personality traits were impulsiveness and materialism, which have also been linked to compulsive buying and addictive tendencies.⁵⁷ The study proposed that both marketers and public policymakers must educate younger customers about avoiding the trap of credit card misuse.

DIRECT-TO-CONSUMER PHARMACEUTICAL ADVERTISING

The promotion of pharmaceutical products directly to consumers has been permitted since 1997—and has increased the consumption of numerous categories of medications. In studies,

consumers confirmed that they obtained most of the information about these medications from TV commercials rather than from their physicians.⁵⁸ Recognizing that direct-to-consumer advertising has become too aggressive, the pharmaceutical industry has developed voluntary restrictions regarding this marketing method. The Senate has called for a temporary moratorium on advertising new drugs to consumers, and a major pharmaceutical company has volunteered not to advertise new drugs to consumers during their first year on the market.⁵⁹ Online search engines further complicate the direct selling of medications to consumers. The FDA urged pharmaceutical companies to include risk information about drugs in the companies' search advertisements in the form of a short text that appears besides the results of one's Google search. But, since Google limits such ads to 95 characters, it is unclear how this can be done.⁶⁰ Because they can market products directly to consumers, pharmaceutical companies are more eager than ever to "extend the life" of products that have become consumer favorites, as the dates for patent expiration and the availability of generic versions of these products near. For example, Pfizer began selling a chewable form of Viagra; other companies are testing erectile dysfunction drugs that melt under the tongue and act more quickly than pills that are swallowed.⁶¹

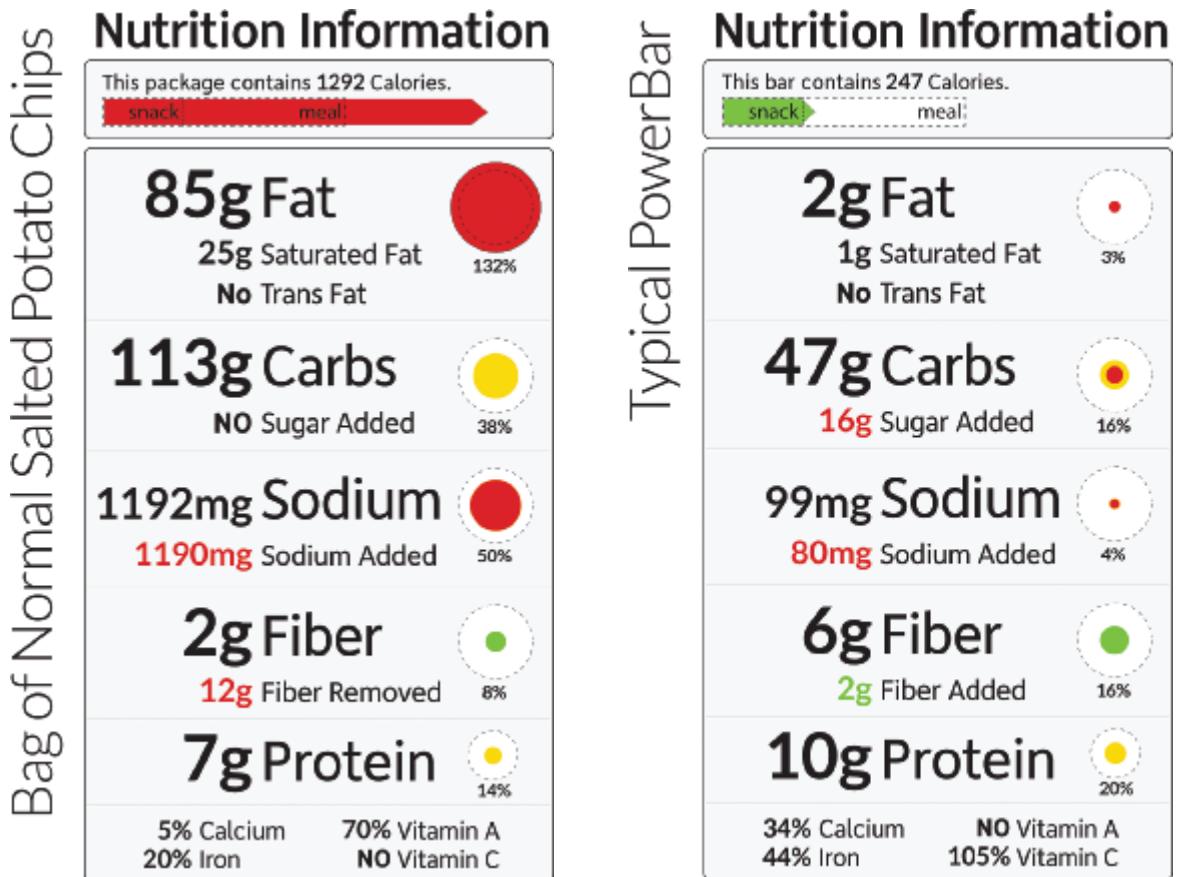
Misleading Labels

Learning Objective

- 15.4** To understand the harm caused by misleading labels.

Nutritional labels are placed on all packaged food items sold in the United States. Nevertheless, many critiques have pointed out that the current format of such labels is unclear and somewhat manipulative. For example, the labels list information on a "per-serving" basis. However, the Food and Drug Administration regulations allow manufacturers some discretion in setting serving sizes. For example, Kellogg's Frosted Flakes uses a serving size of 3/4 cup. Healthy Choice Chicken Tortilla Soup (microwaveable bowl) has a serving size of one cup, and Ritz Crackers have a serving size of five crackers. According to its label, a pint of Häagen-Dazs ice cream contains four servings. However, do most consumers eat only a fourth of a container of Cookies & Cream, then put the rest away for another day? A large package of Cool Ranch Doritos lists a single serving as one ounce, or roughly 12 chips, but consumers are highly unlikely to keep a chip count as they dig into bags. Although 160 calories and 2 grams of saturated fat sounds like a small price to pay for enjoying a serving of Oreo cookies, technically speaking, a serving is only 3 cookies.⁶² Listing smaller serving sizes enables marketers to reduce the reported calories, fat, sugar, and carbohydrates in a product serving, and encourages customers to consume more calories than they think they do. A study indicated that consumer attention to nutrition information focuses on calorie information but not serving size. In addition, manipulating service sizes reduces consumers' consumption-related "guilt."⁶³

Under mounting criticism, the Food and Drug Administration has been under pressure to force marketers to list realistic serving sizes on packaged food labels. According to the Center for Science in the Public Interest (CSPI), a consumer advocacy group, the worst manipulators of the serving sizes ratios are labels for canned soups, ice cream, coffee creamers, and nonstick cooking sprays—all of which grossly underestimate the calories, sodium, and saturated fat the average person typically consumes when eating these foods. For instance, on its label, a single serving of Campbell's Chunky Classic Chicken Noodle soup is one cup—just under half a can—and contains about 790 milligrams of sodium. In a national survey of 1,000 consumers, only 10% of people said they would eat a one-cup portion. About 64% said they would eat an entire can at one time, taking in 1,840 milligrams of sodium in a sitting. That is roughly 80% of the 2,300 milligrams recommended as the upper limit for daily salt intake, and well above the 1,500 milligrams that health officials have said may cause hypertension. Sixty-one percent said they would also eat the entire can of a condensed soup, like Campbell's Chicken Noodle, which lists 2.5 servings per can. A single serving contains 890 milligrams of sodium, and the full can has 2,390 milligrams. About 27% of respondents said they would eat just half a can in one sitting. The Healthy Request line that Campbell's

**FIGURE 15.2**

A More Informative Nutritional Label

has introduced consists of soups that contain less than 480 milligrams of sodium per serving. Nevertheless, the amount of sodium that people actually end up consuming when they eat an entire can is enormous, according to the CSPI.⁶⁴

A project at the University of California, Berkeley, School of Journalism conducted a competition to redesign food packages. The winning design—shown in Figure 15.2—replaces serving-size calories with total calories per package or bottle. It represents food ingredients using bold, colorful rectangles showing how much of which ingredients are in the food. A green, yellow, and red color-coding system denotes reasonable, questionable, or unhealthy amounts of carbohydrates or fat. The label is very attractive, but probably requires too much space on the food package.⁶⁵

America's food labels are decades old and revising them has been difficult because constituencies hold widely different views. Some called for enabling consumers to identify less-nutritious ingredients. Other issues debated include differentiating added sugars from sugars that are natural to the foods. The most apparent shortcoming of the present label is ununiformed and misleading serving sizes, on account of being unrealistic and contradicting normal eating. For example, a bowl of ice cream presently stating that a serving size—and the corresponding calories—is only a minuscule amount of the product, should be the full bowl and its huge caloric content.⁶⁶

The definitions used in nutritional labeling are not always logical. For example, food labeled "organic" must meet verifiable standards set by the federal government, whereas that labeled "natural" is subject to no such requirements. Ironically, although sales of both "organic" and "natural" foods, which cost more than other foods, have been growing, surveys found that consumers prefer foods described as "natural" to those labeled "organic." In one case, a line of Nature Valley food products claims they are "natural," although the items include high fructose corn syrup, high maltose corn syrup, and maltodextrin (a

thickener that can also impart a slight sweetness to food). These ingredients are highly processed, do not exist in nature, and cannot be considered natural even under a very lenient definition. According to some studies, these ingredients cause hyperactivity and attention deficit among young children. Realizing the negative connotation associated with “high fructose corn syrup,” the Corn Refiners Association asked the FDA to allow it to change the ingredient name to “corn sugar” on nutrition labels, but the FDA denied permission.⁶⁷

Amid lawsuits over the “natural” claim—filed as class-action lawsuits—many companies had removed the words **natural** and **all natural** from their labels. Thus, “Natural” Goldfish crackers became just Goldfish, “All Natural” Naked juice became stark Naked, and “All Natural” Puffins cereal turned into plain old Puffins. Although a survey discovered that 51% of Americans seek out “all natural” when food shopping, only 47% view the claims as trustworthy. The problem is that **natural** has no clear meaning. The FTC said it is “difficult to define a food product that is ‘natural’ because the food has probably been processed and is no longer the product of the earth.”⁶⁸

A manufacturer of Hello “99% Natural” was forced to discontinue the product and destroy all the items manufactured because its product contained ingredients that were extensively and chemically processed, including Fluoride, and wasn’t as “natural” as it claimed.⁶⁹

Presently, food can be marketed as **healthy** if it meets five criteria: fat, saturated fat, sodium, cholesterol, and beneficial nutrients, such as vitamin C or Calcium. The levels differ by food category, but snacks generally can’t have more than 3 grams of fat. Under this guideline, Frosted Flakes or low-fat Pop-Tarts are “healthy,” because even though they are high in sugar, they meet all the criteria, from low fat to fortified with vitamins. And fat-free pudding cups can be marketed as healthy, but avocados couldn’t because they have too much fat. But, since the definition of **healthy** was set in 1990, the FT is set to revise it because ideas about the impact of fat and sugar on one’s health have changed radically.⁷⁰

Consumers want deeper transparency into how food is made and have been pushing and will continue to push food companies to label ingredients made from genetically engineered crops. Campbell unveiled a plan to voluntarily label such GMO (genetically modified organism) ingredients on its products, while federal and state lawmakers have been debating their own standards.⁷¹

Monsanto and other food companies have been fighting requirements to identify genetically modified foods and ingredients.⁷² Additionally, proposals to use technology to read foods labels, instead of simply printing foods’ ingredients, has been viewed with apprehension. For example, some proposed substituting printed data with digital symbols that can be scanned and read by using smartphones. Public advocates of healthy eating said such devices would not flag unhealthy ingredients as effectively as printed information.⁷³

Camouflaged Advertising

Learning Objective

- 15.5 To understand how marketers disguise advertisements.

Marketers can also manipulate consumers’ interpretations of marketing stimuli through the context in which those stimuli are featured. For example, in QVC’s *Extreme Shopping*, during which rare and expensive products are offered, consumers perceived \$200 art prints as reasonably priced when the prints were shown immediately after much more expensive items.⁷⁴ Inadvertently, marketers can also affect the content and duration of news and other information-focused broadcasts. For example, many marketers carefully screen the context in which their messages are shown, because they recognize that advertisements are perceived more positively when placed within more positive programs. Thus, they may choose not to place ads in news broadcasts or programs that cover serious issues, such as wars and world hunger, where some of the content is bound to be unpleasant. Because broadcasts are driven

by advertising revenue, media companies may choose to shorten the coverage of serious and disagreeable topics.

A crafty marketing strategy, which is perfectly legal, occurs when marketers reduce the amount of product in packaging but leave the prices unchanged. They do so because their margins are going down (e.g., because of higher raw-materials prices) and they are reluctant to raise prices. Marketers recognize that consumers are much more likely to notice price increases than small and below the JND (just noticeable difference) reductions in the packages' quantities of food, drink, and household products. Although legal, such reductions can be viewed as misleading and manipulative. For example, many cereal boxes and bags of chips became lighter over the years, which companies refer to as "weight outs." A Snickers bar was reduced from 2.07 ounces to 1.86 ounces (Mars said this was done to reduce calories to 250 per bar), and the bottle size of Tropicana Pure Premium orange juice declined from 64 to 59 ounces. Kimberly-Clark introduced a box of Kleenex that has 13% fewer sheets, a measure referred to as "desheeting." The company said that the new Kleenex tissues are 15% "bulkier" and fewer tissues are needed to get the job done. Similarly, the number of sheets in various Cottonelle toilet paper rolls declined from 176–230 sheets to 166–216 sheets per roll.⁷⁵

NATIVE ADVERTISING

native advertising (branded content)

Promotional messages designed to blend within the content in which they are "planted," such as articles, entertainment, and news, by resembling the content and disguising advertising—their true identity.

Native advertising (sometimes termed **branded content**) is defined as promotional messages designed to blend within the content in which they are "planted," such as articles, entertainment, and news, by resembling the content and disguising advertising—their true identity.

Federal Trade Commission surveys indicated that 73 percent of online publishers offered native advertising opportunities and an additional 17 percent were considering offering them. An FTC panel of advertising and publishing experts showed consumers different models of sponsored content and asked whether each might be confusing. One format was a shaded box only. Another included the words *sponsored content* in the shaded box. Many consumers indicated that there was not enough distinction between the editorial content and the ads. It became clear that advertisers and marketers loathed to label an "advertisement" as an ad, and "sponsored by" messages confused consumers because they are not clear on whether the advertiser played a role in the creation of the material or asked a publisher to create material that was compatible with a product.⁷⁶

SEARCH ENGINES

Search-engine pages provide two results: "**natural**" or "**organic**" results are those that a search engine determines are most relevant to a user's query. Separate "**sponsored links**" generally appear above or to the right of the natural results—advertisers bid to appear, and they pay the search engines each time a user clicks.

Federal regulators told Google, Yahoo, and Microsoft to highlight more clearly the ads in their search-engine results, to avoid deceiving consumers. Three leading search engines have been making it difficult for users to distinguish ads from "natural" search results. Google stopped placing colored shading around ads, and instead displays a small yellow "Ad" label next to some paid links. Shading of ads on Yahoo and Microsoft's Bing search results is nearly imperceptible; both search engines label ads with a single line of light-gray text.⁷⁷

COVERT MARKETING

covert marketing (masked or stealth marketing)

Marketing messages and promotional materials that appear to come from independent parties although, in fact, they come from marketers.

Covert marketing (masked or stealth marketing) consists of marketing messages and promotional materials that appear to come from independent parties when, in fact, they are sent by marketers. Some maintain that covert marketing strategies often violate the FTC's definition of deceptive advertising, endorsement guidelines, and other regulations pertaining to marketing, and believe that the FTC should establish clearer rules to reduce the use of masked advertising.⁷⁸ Others argue that the widespread use of covert advertising abuses consumers' efforts to avoid advertising and will result in increased consumer distrust of product

information. Of particular concern here is the increased number of communications that are created by marketers but made to resemble genuine word-of-mouth.⁷⁹

Popular methods of covert marketing include:

1. Actors posing as customers telling people the product benefits and giving them a chance to examine or try the product.
2. Paying bartenders for praising brands of alcoholic beverages and recommending them to customers.
3. Employees posing as customers online (in chat rooms, blogs, etc.) and spreading positive word-of-mouth about the product and even providing samples. They also encourage people to tell others about the samples they have received.
4. Emails disguised as “urgent” messages or personal thank-you notes.
5. Inserting advertising messages into the content of programs and disguising advertising messages as entertainment.

PRODUCT PLACEMENT: ADVERTISING EMBEDDED WITHIN ENTERTAINMENT

Marketers increasingly use techniques that blur the distinctions between **figure and ground** and make it difficult for consumers to clearly distinguish advertising from entertainment content (see Chapter 4). For example, to combat fast-forwarding by consumers who wish to avoid TV commercials, marketers are increasingly turning to **product placements**, where the line between television shows and ads is virtually nonexistent. Six-packs of Mountain Dew were given to the winners of personal challenge contests on *Survivor*, and the judges of *American Idol* always had a Coca-Cola within easy reach. A new product developed by Burger King went on sale the day after it was featured on *The Apprentice*, and another show of this series focused on developing an ad for Dove Cool Moisture Body Wash. In addition, some news programs contain embedded ads, and promotional messages were also inserted into the dialogue of entertainment programs. While forecasts indicate that companies are going to steadily increase expenditures on branded entertainment, a newly formed consumer advocacy group, Commercial Alert, is lobbying for legislation that will require advertisers to disclose upfront ads that are designed as product placements.

Marketers also blend promotion and program content by positioning a TV commercial so close to the storyline of a program that viewers are unaware they are watching an advertisement until they are well into it. Because this was an important factor in advertising to children, the Federal Trade Commission has strictly limited the use of this technique. Television stars or cartoon characters are now prohibited from promoting products during the children’s shows in which they appear. An **advertorial** is another potential misuse of figure-and-ground and occurs in print ads that closely resemble editorial matter. In broadcast media, **infomercials** are 30-minute (or even longer) commercials that appear to the average viewer to be documentaries, and thus command more attentive viewing than obvious commercials would receive.

Many surveys have examined the impact of product placements in films on brand awareness, attitudes, and purchase intent. However, there is no evidence that firms’ investments in film-product placements are worthwhile.⁸⁰ Some studies showed that prominent placements, although more memorable, do not have much influence on consumption, whereas subtle placements, though less memorable, nonetheless have a greater impact on consumption. Thus, if they intend to continue using this tactic, marketers must design placements that have a strong effect on memory as well as behavior.⁸¹

False and Misleading Advertising

Learning Objective

15.6 To understand the damage of false and misleading advertising.

The ethical issues related to advertising focus on the accuracy of the information provided and the potential misuse of promotional messages’ persuasive abilities. Regarding accuracy, a toothpaste ad stating that “brand A is the best” is considered an acceptable form of advertising “puffery” because consumers generally understand that there is no credible way to determine

what “best” means. A toothpaste ad stating that the brand is “endorsed by the American Dental Association” is an objective statement of fact that includes easily verifiable information. However, is an ad stating that the brand “provides more cavity protection than any other toothpaste” permissible advertising puffery, or is it false or misleading? The answer depends on how most reasonable consumers are likely to interpret the ad. Do they believe that there is a scientific way to measure the degree of cavity protection and that the maker of the brand has conducted a scientific study of all brands of toothpaste on the market and that the study proved the ad’s claim? It is clear that determining how most reasonable consumers are likely to interpret an ad is a complex undertaking, and therefore there is no definitive answer to the question: At what point does puffery become deceptive? As discussed in Chapter 7, humor is the most popular advertising appeal. Regrettably, one study discovered that deceptive claims were found in about three quarters of humorous ads, and that humor was often used to mask deceptive claims.⁸²

truth-in-advertising laws

Laws designed to protect consumers against false advertising.

deceptive advertising

Marketing advertising claims that mislead consumers.

corrective advertising

A retraction or clarification a company must issue after it has made a false or misleading advertising claim because it was mandated to do so by the federal or local government.

Truth-in-advertising laws protect consumers from false advertisements. Over time, the FTC has developed guidelines as to what constitutes **deceptive advertising**, and it holds marketers responsible for determining their ads’ potential to mislead consumers. However, although the FTC is responsible for stopping false or misleading ads, it is apparent that such ads continue to exist. For example, the FTC’s website featured a “Red Flag” button alerting consumers that “misleading weight loss advertising is everywhere” and warning them against weight-loss claims that are too good to be true. Sample claims include that the product causes “substantial weight loss no matter how much you eat” or promises “a weight loss of two pounds or more a week for a month or more without dieting or exercise.”⁸³ The FTC encourages and investigates complaints by consumers and companies regarding false or misleading ads, but its public advice for consumers regarding weight-loss products illustrates that it cannot stop all misleading ads. The FTC can also require companies that have misled consumers to run **corrective advertising**. For example, years ago Listerine’s maker was forced to correct the claim that the product prevents colds. A study indicated that corrective advertising sometimes resulted in consumer distrust toward other products sold by the company, and also toward similar products sold by unrelated marketers; this result suggested that corrective promotional messages may often not achieve their desired objectives.⁸⁴

It is often difficult to determine what constitutes **misleading** or **deceptive** advertising. For example, Sterling, a jewelry marketer, took legal action to stop Zale, its competitor, from advertising its product line as the “most brilliant diamonds in the world.” Advertising can include *subjective* claims, such as, “our wine has the most unique taste among red wines.” However, Sterling claimed that the brilliance of a diamond *can* be systematically, reliably, and scientifically measured, and therefore the claim “most brilliant diamonds” is not a subjective claim. The court sided with Zale because there are no objective standards by which to measure a diamond’s “cut” or “brilliance.”

Other subjective claims in the jewelry sector—that are perfectly legal ads—include “the first diamond ever to be certified visibly brighter” and “the world’s most perfectly cut diamond.”⁸⁵ The New York City Health Department put together a media campaign about how drinking a can of soda a day “can make you 10 pounds fatter a year.” Although few would argue that soda is nutritious, and there is a body of evidence showing a high correlation between rising obesity and the consumption of sugary drinks, some health experts question the scientific validity of directly linking sugar consumption to gaining weight, because the reasons behind weight gain vary widely.⁸⁶ Organix is a manufacturer of hair-care products. Although the company has never claimed that its products are organic, critics maintain that the name is misleading. Furthermore, when Vogue—the company owning Organix—became available for sale, potential buyers expressed concerns regarding its Organix brand.⁸⁷

In addition to the FTC, there is the National Advertising Review Council (NARC), a self-regulatory group that monitors complaints from companies and consumers regarding truth in advertising and often determines what ads can or cannot state. For example, NARC determined that Colgate-Palmolive provided supportive evidence for the claim that its Oxy-Plus product “blasts away grease faster” than P&G’s Ultra Dawn, but decided that there was no evidence supporting GlaxoSmithKline’s claim that Super PoliGrip provides the “strongest hold ever”—a claim that the company subsequently withdrew. As another example, NARC supported a challenge to promotions for cancer treatment that claimed,

“Chemotherapy doesn’t work for everyone.” In some cases, powerful companies can persuade media to stop running ads they deem deceptive. For instance, Anheuser-Busch persuaded ABC, CBS, and NBC to stop running Miller Beer ads depicting consumers comparing beers and saying that the Miller beers have more flavor.⁸⁸

Apparently, a large number of promotional violations occur in the marketing of medications. One study identified the three major categories of violations:⁸⁹

1. ***Unsubstantiated effectiveness claims:*** Representing the drug as more effective than the evidence available suggests; representing the drug as useful in a broader scope than the research evidence indicates
2. ***Omitted risk information:*** Failure to reveal risks resulting from using the drug correctly; failure to present information on side effects; stating the risks in unclear language
3. ***Unsubstantiated superiority claims:*** Presenting the drug as more effective or safer than others in spite of the fact that there is no evidence supporting such a claim

False health and fitness claims are the most common form of deceptive advertising. For example:⁹⁰

- ***Dannon Yogurt:*** In response to consumer demand for products containing certain strains of live bacteria, Dannon’s promotions for its probiotic dairy drinks—Activia and DanActive—claimed that bacterial cultures will help prevent colds or alleviate digestive problems. The FTC forced Dannon to drop the ad because it could not claim that the product will relieve digestive issues unless it also mentioned that a person has to eat at least three servings daily to get this benefit. The FTC allowed Dannon to state that Activia helps regulate the digestive system and DanActive helps to support the immune system.
- ***Nestlé:*** The FTC stopped Nestlé’s advertising claiming that its Boost Kids Essential beverages help kids avoid colds and reduce school absences.
- ***Pom Wonderful:*** The marketer of this pricy pomegranate juice advertised that the product reduces the risk of heart disease, prostate cancer, and impotence. The FTC charged the marketer with making false and unsubstantiated claims.
- ***Procter & Gamble’s Nyquil:*** Procter and Gamble wanted to add Vitamin C to its Vicks cold formulas. The FDA does not allow the addition of dietary supplements to drugs, because that may give consumers the impression that these drugs were evaluated and approved by the FDA.
- ***Skechers Toning Shoes:*** The company claimed that its shoes help consumers tone muscles and lose weight. One of the taglines said, “Get in shape without setting a foot in the gym.” The FTC fined the company \$50 million.
- ***Ab Circle Pro:*** Ads for the Ab Circle Pro, a circular disk on which people swing back and forth, said that a 3-minute daily workout was equivalent to 100 sit-ups and would allow consumers to lose 10 pounds in 2 weeks. The FTC forced the company to give customers refunds.
- ***Lancôme:*** L’Oréal’s Lancôme claimed that one of its products “boosts the activity of genes and stimulates the production of youth proteins.” This implies that the product affects the way the human body works, which is a standard used to classify new drugs, not cosmetics. The FDA rebuked the company.
- ***Nissan Frontier:*** A TV ad for Nissan Frontier deceived consumers by showing a truck pushing a dune buggy up a sand hill even though the truck wasn’t powerful enough to do that. In fact, the dune buggy and the truck were dragged up the hill by cables, and the sand dune was altered to appear steeper in the commercial than it actually was. The FTC rebuked Nissan and the ad was discontinued.
- ***Kraft Foods:*** In partnership with the Academy of Nutrition and Dietetics, Kraft Foods put “Kids Eat Right” logos on some of its cheese products. The academy ended the partnership because advocates expressed concern that some may perceive the logo as its endorsement of the product.

Offensive Communications

Learning Objective

- 15.7 To understand offensive communications.

Regrettably, too many marketing messages convey socially undesirable stereotypes and images. Some years ago, the makers of an American icon—G.I. Joe—introduced a substantially more muscular version of the doll and were subsequently accused of sanctioning the use of muscle-building drugs by teenagers. Similarly, the makers of Barbie—a doll that has gradually become thinner and bustier—were accused of conveying an unrealistic body image to young girls. Some objectionable ads can be the result of good intentions. For example, a not-for-profit organization in New York City ran an ad campaign aimed at raising public awareness of such children's disorders as autism, depression, and eating-related illnesses. The ads featured "Ransom Notes" depicting how the diseases held the families of the sick children captive by taking over their lives. Although many agreed that this advertising approach was effective in the context of the campaign's objectives, some parents of children afflicted with the illnesses featured found the ads too emotional and personal, and the campaign was discontinued. With social media outlets such as Twitter and Facebook making it even easier for complaints about provocative ads to go viral, many marketers began testing their Super Bowl commercials on audiences in advance of the big game. A research firm that specializes in **neuromarketing**, the study of advertising's effect on brain activity, worked with several Super Bowl advertisers. The firm strapped electrodes to focus group participants to see how different parts of their brains reacted to the commercials. Although some experts question the validity of this research, marketers have been increasingly using the techniques.⁹¹

In trying to illustrate that some ads may bring about undesirable, although unintended, behavior, a New Jersey professor showed his students a magazine ad featuring a fit, smiling young man on a sidewalk in New York City with yellow cabs, pedestrians, and buildings in the background. The bright-red headline read, "Just once a day!" All other copy elements of the ad were concealed to disguise the actual product advertised. When the professor asked his students to guess what kind of product the ad was promoting, the consensus of the guesses was that the ad was for some kind of a pill, probably a vitamin. In fact, the ad was for a medication that is used as part of an HIV therapy regimen by persons who are HIV positive. Because visual images are very persuasive, is it possible that the fit young man and the bright-red "Just once a day!" caption could convey to young adults that being HIV positive is an easily manageable condition, and that one can therefore engage in unsafe sex with impunity? However, marketers have limited options, even if some misperceive the ads. Clearly, featuring an individual who looks unhealthy in an ad for a pharmaceutical designed to control a serious medical condition will not be effective. The Food and Drug Administration has alerted marketers of HIV medications to the fact that some of their ads, which often show healthy-looking persons involved in rigorous physical activity, may be conveying the notion that because the drugs can restore or maintain one's health, they implicitly encourage unsafe sex.

Many studies have focused on the use of objectionable themes in advertising. For example, one study of TV commercials directed at children discovered that diverse ethnicities were underrepresented compared to Caucasians and pointed out the need for more diverse ethnic representation in children's TV advertising. This is an important recommendation because children are generally deeply engaged in TV viewing and advertising's portrayals influence their views of social ethnicity.⁹² A study of promotional elements found that images and words unsuitable for children produced the most consumer complaints, followed by bad language. The study also discovered that consumers felt more insulted by offensive themes than by the products, services, or ideas featured in the ads, and that consumers viewed ads delivered via intrusive media as more offensive than those delivered via other media.⁹³

Although marketers continuously sponsor ads portraying values or behaviors that some (or many) consumers find distasteful or wrong, the importance of public scrutiny must not be underestimated. For example, one broadcast of the Super Bowl included many ads portraying crude humor and gags that were later criticized by many (and also amplified by the coincidental "wardrobe malfunction" of a female entertainer during the half-time show). As

a result, advertisers during the following year's Super Bowl broadcast took special care to develop ads that were more mainstream and traditional—not an easy task, as Super Bowl ads (expected to be creative and unique)—are the most analyzed group of ads in American broadcasting.⁹⁴ In recent years, marketers have been testing Super Bowl commercials well in advance, with different publics, and changing any elements that appeared controversial.

Here are several examples of highly offensive marketing:⁹⁵

- **Anheuser-Busch:** This company stopped production of the label describing Bud Light as “the perfect beer for removing ‘no’ from your vocabulary for the night.” The label explicitly belittles the importance of date rape awareness.
- **Blast by Colt 45:** This fruit-flavored beverage containing alcohol was promoted by the rapper Snoop Dogg, who also mentioned the brand in one of his songs. Sweetened alcoholic beverages are sometimes called “cocktails on training wheels” and young drinkers call them “alcopops.”
- **Four Loko:** A deadly combination of fruit-flavored malt beverage with 12% alcohol content and caffeine targeted college students, and some drinkers ended up in hospitals. While under FDA investigation, the company took the caffeine out of the product.
- **National Mutual Insurance:** This company wanted to raise awareness about the death among children and preventable injuries around the home. In a Super Bowl ad named “Boy,” the narrator was a dead child who listed all the things he would never get to do—ride a bike, travel the world, get married—because he died in an accident at home. Strong negative reactions spread all over social media immediately after the ad was shown.
- **Groupon:** One ad made fun of the people of Tibet, who are abused under Chinese rule; another ad made fun of endangered species.
- **Nivea:** This skincare company showed a particularly despicable ad that featured a black man holding a decapitated head with an afro and beard. The ad’s tagline was: “Re-civilize yourself.”
- **New York’s Public Theater:** A production of the play *Julius Caesar* made up Caesar to look like President Trump, and the lookalike was shown assassinated. In response, several advertisers withdrew their support of the theater amid criticisms that the play implied that Trump should be killed.

Promoting Social Causes

Learning Objective

15.8 To understand promoting socially beneficial causes.

Many not-for-profit organizations, including consumer advocacy groups, exist primarily to promote socially beneficial behaviors. These involve contributing to charity, using energy responsibly, and reducing such negative behaviors as abusing drugs, discriminating on the basis of race or sexual orientation, and driving while texting or drunk. Many companies try to increase their credibility by being “good corporate citizens” and integrating socially desirable practices into their operations. For example, Disney agreed not to feature any smoking in Disney-branded films.⁹⁶ One study indicated that a societal marketing program had a powerful impact on creating positive consumer attitudes toward the sponsoring company.⁹⁷ Another study found that a solid perceptual fit between the sponsoring organization and the cause(s) promoted enhances both consumers’ involvement in the causes and their purchase intentions.⁹⁸

ADVOCATING BENEFICIAL AND DISCOURAGING DETERIMENTAL CONDUCT

The primary objective of many not-for-profit organizations is to promote socially desirable behaviors and discourage ones that produce negative outcomes. For example, The Advertising Council—a group founded during World War II and dedicated to the advancement of socially worthy causes through advertising—ran a campaign that discouraged the use of derogatory phrases regarding a person’s sexual orientation or gender identity. The campaign’s title was “Think Before You Speak,” and its objective was to reduce the harassment and bullying of

FIGURE 15.3

Using Derogatory Terms: “Think Before You Speak”



Source: GLSEN, Inc.

teenagers who are gay, lesbian, bisexual, or transgender (see Figure 15.3).⁹⁹ With the alarming increase of “digital harassment” among teenagers, The Advertising Council initiated a campaign entitled “That’s Not Cool,” alerting young adults that excessive and unwelcome sending of text messages can quickly become illegal stalking.¹⁰⁰ The Christopher Reeve Foundation is a not-for-profit group dedicated to raising money for treating people who live with spinal impairment and finding a cure for spinal injury; the group ran an ad campaign under its new slogan: “Today’s Care. Tomorrow’s Cure.”¹⁰¹

Sometimes, even government organizations try to induce public behavior that they see fit. For example, because many TV series and films are shot on the streets of New York City, some hurried New Yorkers have grown increasingly annoyed at the delays and inconveniences caused by film crews, who must often close and obstruct city blocks and sidewalks during filming. The New York City mayor’s office ran a campaign asking New Yorkers to play host to film crews even if they are reluctant to do so; the ads featured New Yorkers who work in the film industry and stressed the economic benefits of the industry’s strong presence in the city.¹⁰² As another example, in the ad shown in Figure 15.4, FEMA calls upon homeowners to make contingencies for facing natural disasters.

cause-related marketing

Process in which a firm contributes a portion of its revenues from selling certain products to supporting needy groups, such as helping people with incurable diseases or hurt by inclement weather.

FIGURE 15.4

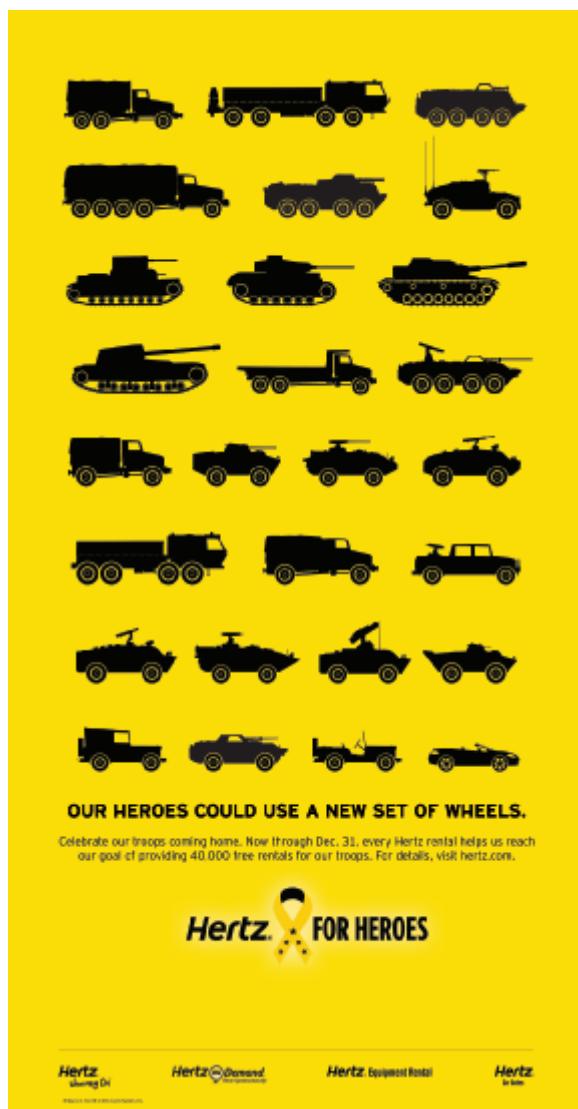
Encouraging Preparedness for Natural Disasters



Source: Print advertisement created by the Vidal Partnership, United States for FEMA.

FIGURE 15.5

Hertz's Cause-Related Marketing



Source: The Hertz Corporation, a subsidiary of Hertz Global Holdings Inc.

consumers to rent Hertz cars so that the company can offer free rentals to returning troops. Fashion designers such as Armani and Ralph Lauren have donated selected portions of their sales to AIDS research and other charities. To acknowledge National Breast Cancer Awareness Month in October, many beauty and cosmetics companies earmarked a portion of the price of their “pink-ribbon” products to breast cancer charities. A number of years ago, following a tsunami in Southeast Asia, several designers sold tsunami-relief T-shirts; many others encouraged consumers to make donations to a fund that was set up to help the storm’s victims, and even included links to this fund on their websites. Other kinds of corporate-sponsored special events include marching bands, fireworks displays, parades, laser shows, and traveling art exhibits.

Here are several examples of cause-related marketing:

- **ConAgra Foods and Procter & Gamble**—rival brands of peanut butter—teamed up in a campaign to alleviate childhood hunger. The campaign’s theme, “Child Hunger Ends Here,” included music-centered commercials that featured celebrities and available downloads.¹⁰³
- A **California not-for-profit group** launched a campaign urging people to keep the state’s beaches clean. Using humor and filmed on the same beach where “Beach Blanket” movies were shot in the 1960s, the commercial satirizes the teenagers who appeared in those films.
- **The Advertising Council** launched a campaign titled “Read to your child today and inspire a lifelong love of reading.” The campaign features Curious George—an iconic monkey character—featured in a series of children’s books.

FIGURE 15.6

Shocking Images Induce Attention: Children's Defense Fund



Source: Children's Defense Fund (CDF)

- The **American Heart Association** promoted using hands-only CPR with “hands symphony” theme in TV spots. The campaign’s website lets users create their own hand symphonies and an instructional application of the CPR is offered to users of smartphones.

These sponsorships convey a subtle message to consumers: “We’re a great (kind, good-natured, socially responsible) company; we deserve your business.” One study demonstrated the importance of the fit between the sponsored cause and the company’s positioning strategy, and showed that a low fit can harm the company’s image.¹⁰⁴ In another study, an ad with a cause-related message elicited more favorable consumer attitudes than a similar ad without a cause-related message.¹⁰⁵ Yet another study showed that cause-related advertising is more effective among consumers who are more involved.¹⁰⁶ As another example, in the ad shown in Figure 15.6, the Children’s Defense Fund is urging young adults to take precautions against unintended pregnancies.

Consumer Ethics

Learning Objective

- 15.9** To understand consumers’ ethical obligations.

Another facet of marketing ethics is buyers’ dishonest behavior in the marketplace. For example, many stores started charging restocking fees, limiting return policies, and tracking abnormal return patterns because of buyers who bought items, used them, and then returned them for a refund (some stores encountered shoplifters who tried to return stolen merchandise). Also, in the digital world, software piracy is a major problem. One study that focused on ways to reduce consumers’ software theft discovered that increasing the risk of getting caught is unlikely to reduce this practice and may actually increase piracy levels. The study also found that consumers were less likely to pirate and more willing to pay for software if the websites involved offered them extra value, such as downloadable ringtones and videos.¹⁰⁷

Airlines enable and inadvertently encourage many forms of “creative”—possibly unethical—customer behavior. For instance, to avoid checked luggage fees, some passengers use vacuum-seal bags inside carry-on bags. The bags, which shrink down to a compact package when air is pulled out by a vacuum cleaner, allow them to fit considerably more items

in a carry-on than would normally be possible. Others buy special trench coats, vests, and other garments made with large built-in pockets that allow people to carry everything from folded shirts to an iPad. When flights are cancelled because of weather, some passengers stay with friends and then present the airlines with bills from expensive hotels. Some passengers whose bags were lost claimed that their bags were filled with furs, computers, and lots of couture clothing. Some fliers who travel with wheelchairs or motorized scooters claim that their devices were damaged in the cargo hold during the flight.¹⁰⁸

Summary

Learning Objective 15.1: To understand the importance of marketing ethics and social responsibility.

The marketing concept is sometimes incompatible with society's best interests. The societal marketing concept requires that all marketers adhere to principles of social responsibility in the marketing of their goods and services. Since all companies prosper when society prospers, companies must integrate social responsibility into all marketing decisions, and many have adopted the societal marketing concept. A serious deterrent to more widespread implementation of the societal marketing concept is the short-term orientation of most business executives and corporate boards in their drive to quickly increase market share and profits.

Learning Objective 15.2: To understand the wide-ranging abuse of consumers' privacy.

Consumers' loss of privacy is an increasingly problematic ethical issue as marketers identify and reach out to increasingly smaller audiences through innovative media and more sophisticated tracking. The collection and dissemination of this information raises many privacy issues and various governmental bodies have proposed measures to ensure consumers' privacy. "Do not track" and opt-out mechanisms, regulation of data brokers and harvesters, and increased consumer access to the information collected about them are options for combatting the invisible tracking that is being done via internet, cell phone, and coupon use. Given the vast flow of information that consumers entrust to the internet every day, it is hard to believe there is no general law to protect people's privacy online. Companies harvest data about people as they "surf the 'Net," assemble it into detailed profiles, and sell it to advertisers or others without ever asking permission. Because there are no uniform international laws to deal with violations of online privacy, and because no one specifically monitors for potential violations of consumers' rights to privacy online, there is no consensus as to whether government regulation or voluntary measures could alleviate this concern.

Learning Objective 15.3: To understand how marketers exploit and manipulate children and others.

The study of consumer behavior allows marketers to understand why and how consumers make their purchase decisions, but it also enables unethical marketers to exploit human vulnerabilities in the marketplace and engage in other unethical marketing practices. Such practices include targeting vulnerable consumers such as children, teenagers, the elderly, and less-educated consumers who may not have the knowledge or experience to evaluate the products or services being promoted and the potential negative consequences of using them. A major concern is that food marketers "teach" children

to overeat, leading to surging obesity and health problems among young consumers. Over the past few years, lawmakers have called for legislation regulating food advertising to children; presumably to avoid such regulation, several companies have voluntarily modified their marketing practices. Online, marketers routinely violate laws and self-regulatory guidelines regarding targeting children. Another form of encouraging irresponsible consumption is banks' targeting of teenagers and college students and providing them with too much easy credit, which puts them into financial difficulties for years.

Learning Objective 15.4: To understand the harm caused by misleading labels.

Nutritional labels are placed on all packaged food items sold in the United States. Nevertheless, many critiques have pointed out that the current format of such labels is unclear and somewhat manipulative. For example, the labels list information on a "per-serving" basis. However, the Food and Drug Administration regulations allow manufacturers some discretion in setting serving sizes. Consumers want deeper transparency into how food is made and have been pushing, and will continue to push, food companies to label ingredients made from genetically engineered crops.

Learning Objective 15.5: To understand how marketers disguise advertisements.

Marketers can manipulate consumers' interpretations of marketing stimuli through the context in which those stimuli are featured. Covert marketing consists of marketing messages and promotional materials that appear to come from independent parties but are, in fact, sent by marketers. Native advertising (sometimes called branded content) is designed to blend within the content in which they are "planted," such as articles, entertainment, and news, by resembling the content and disguising advertising—their true identity. Also, federal regulators told Google, Yahoo, and Microsoft to more clearly highlight the ads in their search-engine results in order to avoid deceiving consumers. Some maintain that covert marketing strategies often violate the FTC's definition of deceptive advertising, endorsement guidelines, and other regulations of marketing, and believe that the FTC should establish clearer rules to reduce the use of masked advertising.

Learning Objective 15.6: To understand the damage of false and misleading advertising.

The FTC has developed guidelines as to what constitutes deceptive advertising, and it holds marketers responsible for determining their ads' potential to mislead consumers. Although the FTC is responsible for stopping false or misleading ads, and the agency encourages

and investigates complaints by consumers and companies regarding false or misleading ads, it cannot locate and stop all misleading ads. The FTC can also require companies that have misled consumers through their advertising to run corrective advertising.

Learning Objective 15.7: To understand offensive communications.

Too many marketing messages convey socially undesirable stereotypes and images, some of which tend to encourage risky or illegal behavior or create unrealistic perceptions. Many studies have focused on the use of objectionable themes in advertising and discovered that negative portrayals of certain people or objects affect consumers' perceptions.

Learning Objective 15.8: To understand promoting socially beneficial causes.

Many not-for-profit organizations, including consumer advocacy groups, exist primarily to promote socially beneficial behaviors.

Many companies try to increase their credibility by being "good corporate citizens" and integrating socially desirable practices into their operations. Some firms engage in cause-related marketing, where they contribute a portion of the revenues they receive from selling certain products to causes that are socially desirable and supported by the U.S. public. A good fit between the company and the cause appears to be crucial to the effectiveness of these campaigns.

Learning Objective 15.9: To understand consumers' ethical obligations.

Another facet of marketing ethics is *buyers'* dishonest behavior in the marketplace. For example, many stores started charging restocking fees, limiting return policies, and tracking abnormal return patterns because of buyers who bought items, used them, and then returned them for a refund (some stores encountered shoplifters who tried to return stolen merchandise). Also, in the digital world, software piracy is a major problem.

Review and Discussion Questions

- 15.1.** Societal marketing advocates balancing society's interests with the needs of consumers and marketers. In accordance with this, marketers should not advertise foods to young people and other vulnerable consumers in ways that encourage irresponsible buying. However, many marketers are short-term-oriented and are not particularly discerning about who the products are sold to. What is your opinion on this practice?
- 15.2.** A soft-drink company distributed cell phones to preadolescents in low-income areas. The phones routinely received advertising messages for the drink. Following criticism, the company said that the benefits to the disadvantaged children from having the cell phones (e.g., safety) outweighed any "exploitive targeting" considerations. Do you agree or disagree with the company's position? Explain your answer.
- 15.3.** At a time when many consumers can avoid advertising messages via time-shifting devices, marketers increasingly use product placements (also known as branded entertainment). In your view, is this a wise strategy or not? Explain your answer.
- 15.4.** Is it right to advertise prescription medications *directly* to consumers? Why or why not?
- 15.5.** Why is it important to study consumer ethics?
- 15.6.** What are the privacy implications of companies' increasingly widespread monitoring of online consumers?

Hands-on Assignments

- 15.7.** Find, and discuss ads that depict each of the following:
- Exploitive targeting of children
 - Overaggressive advertising
 - Direct-to-consumer advertising of pharmaceuticals
 - Cause-related marketing
 - Societal marketing by a not-for-profit group
 - Societal marketing by a for-profit company
 - Socially undesirable representation
- 15.8.** Online, find three examples of advertising embedded within entertainment content and discuss them.
- 15.9.** Compile a list of consumption behaviors that *you* consider unethical. For each behavior listed, explain why you view it as wrong. Also, for each behavior listed, discuss the possible reasons a person engaging in that practice may use to justify it.
- 15.10.** Visit the news section at www.caru.org. Select three of the press releases featured there (other than those discussed in this chapter) and illustrate how they depict the unethical applications of learning or perception (see Chapters 4 and 5) in targeting children.

Key Terms

- Advertorial 408
- Deceptive advertising 409
- Native advertising 407
- E-score 397
- Neuromarketing 411
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- Figure and ground 408
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Chapter 16 Consumer Research

Learning Objectives

- 16.1 To understand how to conduct exploratory research and review secondary data.
- 16.2 To understand the purpose and tools of qualitative research.
- 16.3 To understand the purpose and tools of quantitative research.
- 16.4 To understand how to combine qualitative and quantitative research, sampling, and data analysis.

DISNEY'S CINDERELLA is one of the best-known characters in the world. Like any company, Disney needs to come up with new ideas and offerings to expand its markets, especially when the company is rapidly transmitting its contents to children via many forms of media, and not only through movies and theme parks, as was the case when Cinderella was first introduced. Besides, the elements of the Cinderella story originated in ancient Greece and the character no longer reflects modern role models. Therefore, for five years, a team of child psychologists, sociologists, and storytelling experts worked to create a new royal girl: **Sofia the First**.

Sofia was created after extensive studies—interviews and observations of children playing with toys, discussing role models with parents, and testing storylines as the new princess was coming to life. The studies represent **consumer research**, which is the process and tools used to study consumer behavior charted in Figure 16.1. As the research progressed, Disney uncovered the traits that today's children, ages two to five, expect in a modern

princess, which, in many ways, is an "anti-Cinderella." Sofia could not be a young woman looking for a man, in order to avoid the stereotype of girls needing a prince to save them. Evil stepmothers too could not be present. Sofia is the daughter of Miranda, an unmarried shoe-cobbler, living in a village in the kingdom of Enchancia. Miranda meets and marries Enchancia's King Roland. Sofia has to adjust to a royal way of life, new school, and two stepsiblings.

The development team tested the plotlines on preschoolers before writing the scripts. While testing one storyline, the researchers found out that kids did not understand the phrase "slumber party," and renamed the episode "The Big Sleepover." As the children listened to the story, the researchers filmed them and took notes, which they later used in developing the plots. The show's producers made Sofia the child of a single mother because doing so offered an easy way to explore themes of kids adapting to new living arrangements, which many young children can identify with. In addition, the writers introduced multicultural

FIGURE 16.1

The Consumer Research Process

consumer research

The process and tools used to study consumer behavior.

exploratory research

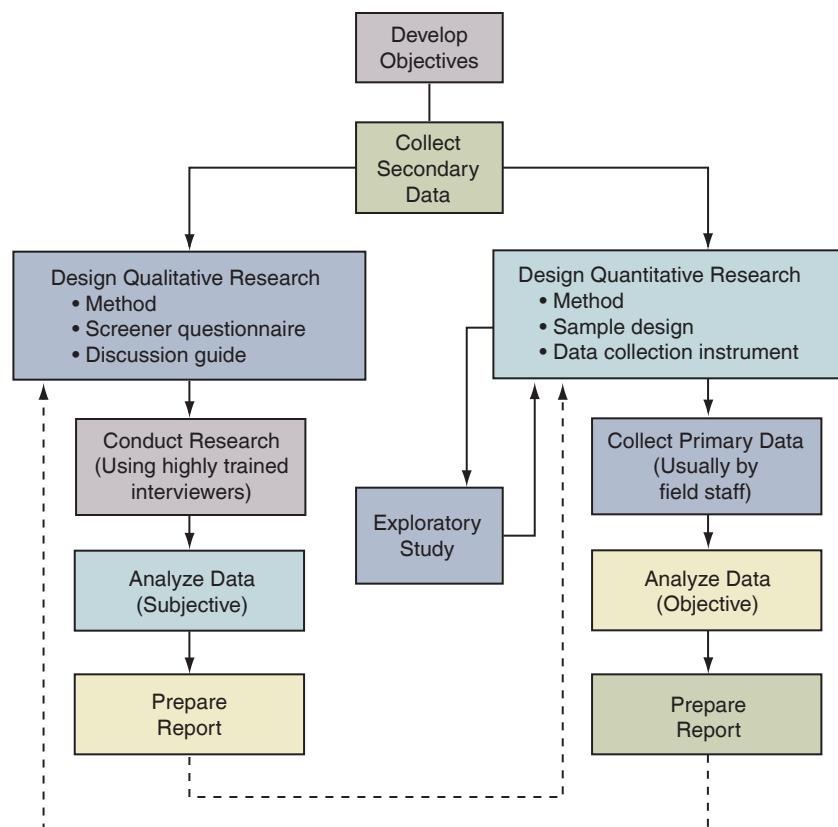
An examination of resources and materials that had already been collected and can be of value to the research at hand and consists mostly of reviewing secondary data.

qualitative research

Studies that attempt to delve into the consumer's unconscious or hidden motivations. This research utilizes focus groups, depth interviews, motivational research, and projective techniques.

quantitative research

Gathering and analyzing statistical data, utilizing observational research, experimentation, and survey research.



family dynamics: although Miranda was not born in Enchancia, she married its king. Nevertheless, Sofia is still a Disney princess. She's pretty, lives in a castle, wears gowns, and even got advice from Cinderella, who visited her in the first episode.¹

Exploratory research is an examination of resources and materials that had already been collected and can be of value to the research at hand and consists mostly

of reviewing secondary data. **Primary research** is a new study especially designed and collected for purposes of a current research problem. The two categories of primary consumer research are **qualitative research**, which consists primarily of focus groups and depth interviews, and projective methods; and **quantitative research**, which includes observational research, experimentation, and survey research.

Exploratory Research and Secondary Data

Learning Objective

- 16.1** To understand how to conduct exploratory research and review secondary data.

The first and most difficult step in the consumer research process is to accurately define the objectives of the research. Is it to segment the market for electronic readers? Is it to examine consumer attitudes about the experience of online shopping? What percentage of households shop for food online? Whatever the key research question is, it is important for the marketing manager and the research manager to agree at the outset as to the specific purposes and objectives of the proposed consumer study. A clearly written statement of research objectives ensures that the information needed is indeed collected and costly errors are avoided.

If the purpose of a study is to come up with new ideas for products or promotional themes, the researchers use qualitative research. Qualitative studies consist of focus groups and/or one-on-one depth interviews, in which sampled consumers are individually interviewed by professionally trained interviewers. Alternatively, for example, if the purpose of the study is to find out how many consumers match the demographics or psychographics of the target market, or the characteristics of consumers who buy given brands and whether or not they are brand loyal, marketers conduct quantitative research.

Commonly, marketers use qualitative research before conducting large quantitative studies, because their results enable marketers to define the research objectives of the large and expensive studies more precisely.

secondary data

Information that was gathered previously and not in the course of the study presently undertaken.

The second step in the consumer research process is to search **secondary data**, defined as existing information that was originally gathered for a research purpose other than the present research. The rationale for secondary data searches is simply that it makes good sense to investigate whether currently available information will answer—in part or even in full—the research question at hand. It seems unwise to expend the effort and money, and rush into collecting new information before determining if there is any available information that would provide at least a good starting point. In other words, if secondary data can in part or full answer the question, new primary research can either be cut back or even avoided altogether. Secondary consumer-related data can be secured from internal sources within the company or organization, or external sources for free or at a cost. The following subsections explore secondary data.

INTERNAL SECONDARY DATA

Internal information or data could consist of previously collected in-house information that was originally used for some other purpose. It might have originally been gathered as part of a sales audit, or from past customer service calls, or letters of inquiry from customers, or collected via warranty cards. Increasingly, companies use internal secondary data to compute **customer lifetime value profiles** for various customer segments. These profiles include customer acquisition costs (the resources needed to establish a relationship with the customer), the profits generated from individual sales to each customer, the costs of handling customers and their orders (some customers may place more complex and variable orders that cost more to handle), and the expected duration of the relationship.

EXTERNAL SECONDARY DATA

External secondary data come from sources outside of the firm or organization. They take many different forms. Some are free and can be found in a public library, other information is available for only a nominal fee, and still other data or information are quite expensive to secure. The following sections discuss some of the specific types of consumer behavior secondary information available from outside of the firm.

Government Secondary Data

Much data are collected by government bodies or their agencies, and are generally made available for a very nominal cost. For instance, within the United States, a major source of these data is the federal government, which publishes information collected by scores of government agencies about the economy, business, and virtually all demographics of the U.S. population. The best depositories of marketing-applicable information are FedStats, the U.S. Census Bureau, and the CIA's World Factbook. State and local governments, as well as studies prepared by the United Nations and various foreign governments, are also very useful for examining selective consumer behavior topics.

Periodicals and Articles

Business-relevant secondary data from periodicals, newspapers, and books are readily accessible via online search engines. Two quite popular examples are ProQuest and LexisNexis. These two engines provide access to major newspapers such as the *Wall Street Journal* and *The New York Times*; business magazines such as *Business Week*, *Forbes*, *Fortune*, and *Harvard Business Review*; and marketing journals and applied publications focused specifically on marketing, such as *Advertising Age*, *Brandweek*, *Marketing News*, *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Consumer Research*, and *European Journal of Marketing*. These materials are available in public and private libraries, especially business specialty libraries.

Syndicated Research Companies

Commercially available information about consumers is collected by syndicated research services that sell it to subscribing marketers. For example, Nielsen Media Research's

MyBestSegment provides demographic and lifestyle profiles of the consumers residing in each U.S. zip code, Ipsos Mendelsohn offers its “Affluent Media Survey” to advertisers and their ad agencies, and Mediemark collects information on magazine audience profiles. Future research into consumers’ exposure to media will consist of monitoring consumers via digital cable set-top boxes. Presently, digital cable boxes are primarily used to send signals to consumers’ TVs to enable them to watch movies on demand and to expand channel lineups. However, the boxes can easily record all the programs that consumers tune into, channel surf, avoid commercial breaks, and record for later viewing, using digital video recorders that cable companies increasingly offer to subscribers. So far, cable companies have been reluctant to monitor consumers’ viewing closely due to privacy concerns. However, some companies are exploring methods that will transform data from digital cable boxes into information that can be used for precise targeting of consumers while still protecting their privacy.²

Some commercial services maintain **consumer panels**—individuals and households that keep track of their purchases and are paid. Members of the panels record their purchases and media viewing habits in diaries that are combined with additional information about households collected by, say, the U.S. Census.

For example, a manufacturer of customized snowboards discovered that 10,000 snowboarding fans used its site’s discussion forum to chat about their hobbies and buying habits, and also to rate different designs of snowboards. The snowboard marketer then started selling the data it collected from this online panel to other marketers interested in targeting the young, mostly male, respondents who so enthusiastically revealed so much about themselves while discussing snowboards online. Similarly, automobile manufacturers purchase consumer behavior panel data about recent car purchases from independent panel companies. Again, information about a marketer’s own brands and competitors’ brands, as well as information about the demographic differences among households that purchase various brands, gives the data buyers’ insights for creating effective marketing campaigns.

Obtaining secondary data before engaging in primary research offers several advantages. First, secondary data may provide a solution to the research problem and eliminate the need for primary research altogether. Even if this is not the case, secondary data used in exploratory research may help to clarify and refine the objectives of the primary study, as well as provide ideas about selecting research tools and the difficulties that may occur during the full-scale study.

Although secondary information can be obtained more cheaply and quickly than primary data, it has some limitations. First, information may be categorized in units that are different from those that the researcher seeks (e.g., clustering consumers into the 15–20 and 21–25 age groups is useless to a researcher interested in consumers 17–24 years old). Some secondary data may not be accurate because of errors in gathering or analyzing it, or because the data were collected in a biased fashion to support a particular point of view. Also, secondary data may be outdated.

Qualitative Research

Learning Objective

- 16.2** To understand the purpose and tools of qualitative research.

motivational research

A “term of art” that refers to qualitative studies conducted by Dr. Ernest Dichter in the 1950s and 1960, which were designed to uncover consumers’ subconscious or hidden motivations in the context of buying and consumption.

As Figure 16.1 shows, after analyzing the secondary data available, marketers can use either qualitative or quantitative research. For example, if their objective is to generate new product ideas and how to position the new offerings, they should conduct qualitative studies. On the other hand, if they wish to construct descriptions of their customers, quantitative studies should be undertaken.

The objective of qualitative research is to understand hidden motivation (see Chapter 3). In consumer behavior, qualitative studies are often termed **motivational research** (see Chapter 3). Even when they were aware of their basic motivations, consumers were not always willing to reveal those reasons to others, or even to themselves.

The leader of the motivational research movement was the Viennese psychoanalyst Dr. Ernest Dichter, who, after arriving in New York in the late 1930s, began to apply qualitative Freudian psychoanalytic techniques to uncover the hidden or unconscious motivations of consumers.³ By the late 1950s and early 1960s, this research orientation became quite popular,

and focus groups and depth interviews were used by many advertising agencies and consumer products companies in order to better understand consumer needs and motivations. Today, focus groups and depth interviews are very well-established research tools that are regularly used to secure insights about consumers' underlying needs and motivations. They are also used to gain consumer input for new product development efforts (including the creation of new products and even future advertising messages).⁴ Because sample sizes are necessarily often small, findings cannot be generalized to larger populations. Nevertheless, qualitative research contributes extensively to the initial identification and development of new promotional campaigns and new product development that can eventually be further refined through a variety of quantitative research methods.

In designing and implementing an appropriate research strategy for conducting a qualitative study, the researcher must consider the purpose of the study, the type of interviews that are likely to be most appropriate given the purpose of the research, and the types of data instruments most suitable for securing the information needed. Although the specific research methods used may differ in composition, most forms of qualitative research questioning have their roots in psychoanalytic and clinical aspects of psychology. Specifically, they feature open-ended and free-response types of questioning and use of visual materials to stimulate respondents to reveal their innermost thoughts and beliefs.

The key methods used in qualitative studies are depth interviews and/or focus group sessions.

DEPTH INTERVIEWS

depth interview

A lengthy and unstructured interview designed to uncover a consumer's underlying attitudes and/or motivations.

A **depth interview** (also called a *one-on-one interview*) is a lengthy, nonstructured interview (often 20 to 60 minutes in duration) between a single respondent and a highly trained researcher (often the same person who moderates focus group sessions). Commonly, the interviewer's strategy is to minimize his or her own talking time and provide as much time as possible for the consumer being interviewed to express his or her thoughts and behaviors, and respond to specific verbal and visual materials (e.g., mock-up of a potential print ad campaign). The researcher also must establish an atmosphere that encourages the consumer respondent to relax and open up in order to provide valuable insights. In many cases, the researcher's role is to probe the respondent by encouraging the person to talk freely about the product category and/or brand under study.

Generally, a series of the depth interviews takes place in a professionally set-up interviewing room. These rooms are designed to provide audio and video recording equipment, as well as a one-way mirror for clients to view the interview without disruption. (The researcher tells the participants that they are being observed.)

Depth interviews provide marketers with valuable ideas about product design or redesign, and with insights for positioning or repositioning products. As already suggested, as part of a depth interview research project, a variety of stimulus materials are developed to enhance the discussion between the researcher and the respondent. They may take the form of written concept statements (describing a new product idea), drawings or photos of new products, actual product samples, or rough renditions or videotapes of print ads or TV commercials. The purpose of such "stimulus materials" is to assist the respondent in expressing his or her inner thoughts and to encourage a more precise or accurate response to what is being investigated. Over the course of a day of conducting depth interviews, a researcher is likely to be able to complete about five to eight hours of interviews, depending on the length of each interview.

focus group

A method of qualitative research consisting of eight to ten participants who meet with a moderator/researcher/analyst and "focus on" or "explore" a particular product or product category (or any other topic or subject of research interest).

FOCUS GROUPS

A **focus group** consists of 8 to 10 participants who meet with a moderator/researcher/analyst to focus on or explore a particular product or product category (or any other topic or

subject of research interest). During a focus group session (often two hours in duration), participants are encouraged to discuss their reactions to product and service concepts, or new advertising or marketing communications campaigns.

Because a focus group generally takes about 2 (or sometimes more) hours to complete, a researcher can generally conduct two or three focus groups (with a total of about 30 respondents) in one day; in contrast, it might take that same researcher 5 or 6 days to conduct 30 individual depth interviews. Analysis of responses from both depth interviews and focus groups requires a great deal of skill on the part of the researcher. Like depth interviews, focus-group sessions are invariably audiotaped and videotaped to assist in the analysis and to provide the client with a record of the sessions. Like depth interviews, focus groups are usually held in specially designed conference rooms with one-way mirrors that enable marketers and advertising agency staff to observe the sessions without disrupting or inhibiting the respondents.

Some marketers prefer focus groups because they feel that the dynamic interaction between participants that takes place in focus groups tends to yield a greater number of new ideas and insights than depth interviews. Also, timing is sometimes very critical. In such cases, again, focus groups might be selected because it generally takes less time to complete a series of focus groups than a project of individual depth interviews. Other marketers (and in particular advertising agency professionals) prefer individual or depth interviews because they believe that individually interviewed respondents are free of group pressures and are less likely to give socially acceptable (and not necessarily truthful) responses. Moreover, the single participant is more likely to remain attentive during the entire interview, and—because of the greater personal attention received—is more likely to reveal private thoughts.

A ***discussion guide*** is a step-by-step outline that sets out the line of questioning the researcher needs to cover with the respondent in a depth interview, or a group of respondents during a focus group session. Some moderator-researchers prefer to follow closely (question by question) the order set out in a discussion guide; other moderator-researchers “go with the flow” and allow the single respondent or focus-group participants to go in the direction of what turns out to be particularly important to them. Surprisingly, a good researcher, following either the question-by-question or go-with-the-flow approach, will tend to finish with more information than was originally anticipated by the client. Indeed, it is common for qualitative research to produce strategically important insights that were not anticipated or even sought before the actual qualitative research was conducted. Such “extra” insights are a special benefit of both depth interviews and focus groups in that they can provide extremely valuable and unanticipated information.

projective techniques

A research tool requiring respondents to interpret stimuli that do not have clear meanings, with the assumption that the subjects will “reveal” or “project” their subconscious, hidden motives into (or onto) the ambiguous stimuli.

When it comes to tapping into the underlying motives of individuals, ***projective techniques*** are a useful tool, borrowed from psychoanalytic theory and practice and adapted for studying the unconscious associations of consumers who may be concealing or suppressing some of their thoughts or reactions. Thus, projective exercises consist of a variety of disguised tests that contain ambiguous stimuli, such as incomplete sentences, untitled pictures or cartoons, word-association tests, and other-person characterizations. They are all designed to make it easier for consumers to express themselves and reveal their inner motivations. Projective techniques are sometimes administered as part of focus group research but more often are used during depth interviews. Some of the most commonly used projective methods are featured in Chapter 3.

Over the past 5 to 10 years, there has been a substantial amount of interest in, trial of, and acceptance of online focus groups and depth interviews. However, what is being called an “online focus group” can vary greatly. On the one hand, it can be very similar in nature and quality to a traditional focus group (i.e., sessions held in a local focus group facility, with moderator and participants interacting together). In such cases, these groups are often genuine focus group sessions that are “broadcasted” to clients’ individual laptops, or to a “sister” research facility in the clients’ hometowns, and viewed by a gathering of clients. On the

other hand, there is the option to select an online specialty research company, such as Harris Interactive, that provides focus group recruiting services from its very large panel of online consumers who are ready to participate. In addition, Harris Interactive has the capability of offering clients access to a “virtual version” of traditional focus groups. Specifically, it can provide a “virtual focus group room” environment—one where consumer participants and a moderator can log on to participate in an online focus group session. In certain ways, it can be similar to a regular offline focus group session.

Quantitative Research

Learning Objective

- 16.3** To understand the purpose and tools of quantitative research.

Marketers use quantitative research to understand the acceptance of various products or specific brands, as well as the impact of promotional messages on consumers. In other cases, the objectives are to assist marketers in pinpointing consumers’ level of satisfaction with a product, service, distributor, or retailer, or possibly to attempt to identify areas in which the consumer has unmet needs, or even to attempt to better “predict” future consumer needs or behavior. The broad category of quantitative research includes experimentation, survey techniques, and observation. The findings are descriptive and empirical, and, if collected using appropriate sampling, can be generalized to larger populations. Because the data collected are quantitative, they lend themselves to sophisticated statistical analysis. Next, we consider three basic research designs: observational research, causal research, also referred to as experimental research (in a laboratory or in the field, such as in a retail store), and contacting respondents of surveys.

VALIDITY AND RELIABILITY

The data collection instruments used in qualitative study must fulfill two criteria:

- Validity:** The data collected applies to the study’s objectives and questions. The data gathered must enable the researchers to confirm or reject their prior opinions and hunches.
- Reliability:** The study is said to have reliability if the same questions, asked of a similar sample, produce the same findings. Often, a sample is systematically divided in two, and each half is given the same questionnaire to complete. If the results from each half are similar, the questionnaire is said to be reliable.

Before the 2016 November elections, polls strongly predicted that Hillary Clinton would be the next president of the United States. So, when Donald Trump won, researchers and marketers found themselves asking serious questions about how they study consumers, use data, and quantify the value of facts—in other words, re-examining the validity and reliability of their research. Marketers, concerned that data are not telling them everything they need to know, have been considering increasing their use of personal interviews rather than relying mostly on large surveys.⁵ Some advertising agencies have been reflecting on the samples selected, which did not include enough rural, economically frustrated, elite-distrusting, anti-globalization voters—who voted for Trump.⁶

OBSERVATIONAL RESEARCH

observational research

A research tool where marketers gain an in-depth understanding of the relationship between people and products by watching them in the process of buying and/or using the products.

Watching or carefully observing consumers’ actions of purchasing and consuming, especially in realistic surroundings (e.g., in stores, in malls, watching TV, and even in their home environments), is an extremely insightful way to learn what is valuable or meaningful to consumers. **Observational research** is an important research tool because marketers recognize that often the best way to gain an in-depth understanding of the relationship between people and products is by watching them in the process of buying and/or using the products.⁷

Observing consumers in action enables researchers to comprehend what the product symbolizes to a consumer and provides greater insight into the bond between people and products that is the essence of brand loyalty. It is also important in uncovering issues or problems with a product. Many large corporations and advertising agencies use trained researchers/observers to watch, note, and sometimes videotape consumers in stores, malls, or even (with permission) in their own homes. For example, L'Oréal, a leading cosmetics brand, tries to study consumers' bathroom behavior by visiting them at home, but it also uses so-called "bathroom laboratories." These are mock-up bathrooms set up on L'Oréal's sites and equipped with cameras. Everyday women are invited to use them for things like demonstrating their personal hair-washing routine. These research projects led the company to observe, for instance, that some Mexican women mix their contraceptive pill with their hair shampoo to support hair growth.⁸

In another example, research teams in the Netherlands studied the walking speed of customers in supermarkets. Based on what they learned about how the consumers' pace while moving through a store influences the amount they buy as well as the congestion of aisles, they experimented with pasted lines on the floors. The scientists discovered that consumers adjusted their walking speed depending on how far apart the individual floor markers were, either slowing down or speeding up. These findings are useful not only for retailers but also airports and railway stations, which need to manage passenger flows.⁹

As an alternative to having trained observers view consumers, some firms prefer to use mechanical or electronic devices, such as counting or video-recording devices to capture customers' behaviors or responses to a particular marketing stimulus. For example, when Duane Reade—a large chain of drugstores in and around New York City—considers a location for a new store, the company uses electronic beams or hand counters to count the number of passersby at different times and under different weather conditions.¹⁰ Government planners use data collected from electronic E-ZPass devices in passenger cars to decide which roads should be expanded, and banks use security cameras to observe problems customers may have in using ATMs.

Increasingly, consumers use automated systems in their purchases because these instruments make purchases easier and often provide rewards for using them. For example, consumers who use supermarket frequent shopper cards often receive special offers for promotional discounts tailored for them at checkout counters. Moviegoers who order tickets online can pick them up at ATM-like devices at movie theaters and avoid waiting in line at the box office. As consumers use more and more highly convenient technologies, such as credit and ATM cards, E-ZPasses, frequent shopper cards, cell phones, and, most of all, online shopping, there are more and more electronic records of their consumption patterns.

The 10-day Roskilde music festival in Denmark, which features 170 live performances and attracts 130,000 visitors per year, reached out to Copenhagen Business School and IBM to make their customers' experiences safer and more enjoyable. They analyzed 50 different data sources, including social media data, mobile app observations, mobile phone movement data (which festival goers could volunteer), and food and ticket sales. Mobile phone geolocation data, for example, allowed them to see which areas were getting overcrowded as well as the distances people walked to get to certain bars or stalls. The team also discovered that their typical festival visitor, 24 years or younger, is no longer attending a concert for the entirety of the gig but moves around between the different stages a lot. For 10 percent of the attendees, the festival was merely a place for them to hang out with their friends and soak up the atmosphere—they did not even go to a single concert. Mapping these movements makes it possible to improve crowd, traffic, communication and safety management.¹¹

Transport for London (TfL), the organization responsible for transportation in and around London, did a similar trial, analyzing Wi-Fi signals of mobile phones. During the pilot, TfL recorded the movement of 5.6 million anonymized devices through their Wi-Fi

signals in its subway network. The data generated allowed the operators to not only track journeys around the network but also to look at the routes that passengers take between platforms and study the crowding of stations and trains and how delays on one line affect passenger flows on other lines. TfL hopes to use this data to provide travelers with more real-time information about their travel situation (like the shortest interchanges, occupancy rates on the network, and travel redirections) and also give its frontline staff more tools to assist passengers on the move. Museums, like the Natural History Museum and the National Gallery in London, have started similar projects to find out the most popular exhibits and to mitigate congestion.¹²

There are other forms of mechanical observation that entails monitoring the sales of products. Supermarkets ordering bread from a baking company are faced with a dilemma: if they order too much, they have perishable leftovers they cannot sell the next day. If they order too little, consumers are dissatisfied because of product unavailability. Bakkersland, the largest baking company in the Netherlands, turned to information technology and artificial intelligence to better serve the 1,200 supermarkets they deliver to daily. They commissioned a predictive sales planning model that calculates the optimal amount of fresh bread per supermarket each day by analyzing transaction details combined with external data. This approach allows them to better predict demand, plan production, and take into account variations in demand over time, which in turn helps them to suggest ideal promotion slots to supermarkets.¹³

physiological observation

A market research tool that uses electronic instruments that track bodily responses to stimuli.

Marketers also use **physiological observation** devices that monitor respondents' patterns of information processing. For example, an electronic eye camera may be used to monitor the eye movements of subjects looking at a series of advertisements for various products, and electronic sensors placed on the subjects' heads can monitor their brain activity and attentiveness levels involved in viewing each advertisement. Neuroscientists monitoring cognitive functions in 12 different regions of the brain while consumers watched commercials for different products claimed that the data collected showed the respondents' levels of attention and the decoding and recall of the promotional messages.¹⁴

CAUSAL RESEARCH

experiments (casual research)

A consumer research approach designed to identify cause-and-effect relationships among purchase-related factors.

Experiments (causal research) identify cause-and-effect relationships among factors. For instance, it is possible to test the relative sales appeal of many types of variables, such as package designs, alternative price points, and different promotional offers, by experiments designed to identify cause and effect. In the simplest form of such experiments, only one variable is manipulated (called the **independent variable**) while all other elements are kept constant. A **controlled experiment** ensures that any difference in the outcome (the **dependent variable**, which is most often sales) is due to different treatments of the variable under study and not to extraneous factors.

For example, one study tested the effectiveness of using an attractive versus unattractive endorser in promoting two types of products: products that are used to enhance one's attractiveness (e.g., a men's cologne) and products that are not (e.g., a pen). The endorser used was a fictitious character named Phil Johnson who was described as a member of the U.S. Olympic water polo team. The photograph depicting the attractive endorser was a scanned image of a handsome athletic man, whereas the picture depicting the unattractive endorser was the same image graphically modified to reduce attractiveness. The subjects viewed each endorser-product combination for 15 seconds (simulating the viewing of an actual print ad) and then filled out a questionnaire that measured their attitudes and purchase intentions toward the products advertised. In this study, the combinations of the product (i.e., used/not used to enhance one's attractiveness) and the endorser's attractiveness (i.e., attractive or not attractive endorser) were the "manipulated treatments" (i.e., the independent variables), and the combination of the attitudes and purchase intentions toward the product was the dependent variable. The study discovered that the attractive endorser was more effective in promoting both types of products.¹⁵

test marketing

Selecting a geographic market, that it presumably representative of other markets, and then introducing a product (i.e., all the elements of the Marketing Mix) in order to examine consumers' responses to the offering under actual marketing conditions.

A major application of causal research is **test marketing**. Sometimes, even after conducting depth interviews, focus groups, and survey research, the marketing firm realizes that it still needs to secure additional real-world feedback for a new product, service, or marketing communications program that it is considering, before it commits itself to a full-scale marketing rollout. In such situations, test marketing is a logical next step. Test marketing typically includes the selection of a representative single market area and then the conduct of a market introduction (only in that market) to test actual consumer response to the marketing effort under actual marketing conditions. From the test-marketing effort, the marketing firm hopes to be able to project how the entire market may respond to its marketing effort, without the full risks associated with skipping a test-marketing stage. Still further, some research firms carry out small-scale experiments that test consumer responses to alternative marketing strategies. This can be done prior to selecting a new product, redesigning a package, changing the price of a product, or trying out a new marketing campaign. All of these are marketing actions that can benefit from small-scale experimentation that manipulates variables in a controlled setting in order to predict sales or gauge the possible responses to the product.

Unlike a real-world test market, many experiments are conducted in a lab environment. Today, some researchers employ “virtual reality methods.” For example, in a market test, respondents can view, on a computer screen, supermarket shelves that are stocked with many products, including different versions of the same product; they can “pick up” an item by touching the image, examine it by rotating the image with a track ball, and place it in a shopping cart if they decide to buy it. The researchers observe how long the respondents spend in looking at the product, the time spent in examining each side of the package, the products purchased, and the order of the purchases. In general terms, it is quite important for marketers to continuously experiment and test-market their products and services.¹⁶

CONTACTING RESPONDENTS

Consumer surveys can be done in person, by mail, by telephone, or online. Each of these survey methods has certain advantages and certain disadvantages that the researcher must weigh when selecting the method of contact.

Personal interview surveys take place in a public space or a retail shopping area, such as within the public area of a mall, or a rented space within an office located in a mall. The latter, referred to as “mall intercepts,” are used more frequently, as a replacement for the in-home interviews that used to be commonplace, due to the high incidence of not-at-home working women and the reluctance of many people today to allow a stranger into their homes.

Telephone surveys are also used to collect consumer data; however, evenings and weekends are often the only times to reach telephone respondents, who tend to be less responsive—if not actively hostile—to calls that interrupt dinner, television viewing, or general relaxation. Other problems arise, however, from the increased use of answering machines, telephone company voice-mail systems, and caller ID to screen calls. Some market research companies have tried to automate telephone surveys, but many respondents are even less willing to interact with an electronic voice than a live interviewer. Table 16.1 compares the survey contact methods.

Mail surveys are conducted by sending questionnaires directly to individuals at their homes. One of the major problems of mail questionnaires is a low response rate, but researchers have developed a number of techniques to increase returns, such as enclosing a stamped, self-addressed envelope, using a provocative questionnaire, and sending notifications in advance as well as follow-up letters. Also, to deal with the ongoing problems of low response rates to unsolicited mail surveys, some consumer marketing companies are establishing their own ongoing consumer panels and periodically mail or email a questionnaire to consumer panel participants to fill out. As a motivation to complete the task, and ensure a satisfactory response rate, it is commonplace to pay respondents a prearranged participation fee for each

round of completed surveys. Sometimes panel members are also asked to keep diaries of their purchases.¹⁷

Email surveys are an increasingly popular alternative to using the postal service as a means of distributing questionnaires to target consumers. One of the key attractions of using email is that it is as easy and quick to distribute a survey around the world as it is to distribute it down the block. Moreover, with an accurate list of email addresses, it is very inexpensive to distribute even a large number of questionnaires. We can expect that as the world increasingly turns to the Web for many types of social communications, we will see continued growth of emailing as a way to distribute surveys.¹⁸

Furthermore, there has been a rapid increase in the number of consumers who are interested in participating in **internet surveys**. Potential respondents are directed to the marketer's (or researcher company's) website by online ads or targeted email invitations. Often, responses to online surveys are from consumer respondents who are self-selected, and therefore the results cannot be projected to the larger population. Most computer polls ask respondents to complete a profile consisting of demographic questions that enable the researchers to classify the responses to the substantive product or service questions. The advantages and limitations of the means used to contact respondents are listed in Table 16.1.

QUESTIONNAIRES

For quantitative research, the primary data collection instrument is the questionnaire, which can be sent through the mail or online to selected respondents for self-administration, or can be administered by field interviewers in person or by telephone. To motivate respondents to take the time to respond to surveys, researchers have found that questionnaires must be interesting, objective, unambiguous, easy to complete, and generally not burdensome. To enhance the analysis and facilitate the classification of responses into meaningful categories, questionnaires include both substantive questions that are relevant to the purposes of the study and pertinent demographic questions. Questionnaires consist of two types of questions:

1. **Open-ended questions** require answers in the respondent's own words (e.g., essay type questions).
2. **Closed-ended questions** require respondents to check the appropriate answer from a list of options (e.g., multiple-choice and true or false questions).

Open-ended questions yield more insightful information but are more difficult to code and to analyze; closed-ended questions are relatively simple to tabulate and analyze, but the answers are limited to the alternative responses provided (i.e., to the existing insights of the questionnaire designer).

When putting together the questionnaire, researchers must consider the following:

1. **Avoid leading questions.** For example, questions such as, “Do you often shop at such cost-saving stores as Staples?” or, “Weren’t you satisfied with the service you received at Staples today?” introduce bias into the survey.

TABLE 16.1 Contacting Respondents

	MAIL	TELEPHONE	PERSONAL INTERVIEW	ONLINE
Cost	Low	Moderate	High	Low
Speed	Slow	Immediate	Slow	Fast
Response Rate	Low	Moderate	High	Self-selected
Geographic Flexibility	Excellent	Good	Difficult	Excellent
Interviewer Bias	N/A	Moderate	Problematic	N/A
Interviewer Supervision	N/A	Easy	Difficult	N/A

2. **Avoid two questions in one.** For example, “In your view, did you save money and receive good service when you last visited Staples?” is really two questions combined; they should be stated separately.
3. **Questions must be clear.** For example, “Where do you usually shop for your home office supplies?” is unclear because the word *usually* is vague.
4. **Use words that consumers routinely use.** For example, do not use the verb *to rectify*; rather, use the verb *to correct*.
5. **Ensure that respondents are able to answer the question.** For example, it is unlikely that any respondent can accurately answer a question such as, “How many newspaper or TV ads for Staples did you read or see during the past month?”
6. **Make sure that respondents are willing to answer the question.** Questions about money, health issues, personal hygiene, or sexual preferences can embarrass respondents and cause them not to answer. Sometimes asking the question in a less personal fashion can help generate more responses. For example, rather than asking older consumers whether they experience incontinence, the researcher should ask, “Millions of Americans experience some level of incontinence. Do you or anyone you know experience this difficulty?”
7. **Questions' sequence.** The opening questions must be interesting enough to “draw” the respondent into participating; the questions must proceed in a logical order; and demographic (classification) questions should be placed at the end, where they are more likely to be answered.

In Chapter 6, we discussed the importance of researching consumers’ attitudes. The primary measures to assess attitudes are Likert scales, semantic differential scales, behavior intention scales, and rank-order scales.

1. In a **Likert scale**, respondents indicate their levels of “agreement” or “disagreement” with a series of statements, each referring to the object under investigation. The scale consists of an equal number of agreement/disagreement choices on either side of a neutral choice. A principal benefit of the Likert scale is that it gives the researcher the option of considering the responses to each statement separately or of combining the responses to produce an overall score.
2. The **semantic differential scale** consists of a series of bipolar adjectives (such as “good/bad,” “hot/cold,” “like/dislike,” or “expensive/inexpensive”) anchored at the ends of an odd-numbered (e.g., five- or seven-point) continuum. Respondents are asked to evaluate a concept (or a product or company) on the basis of each attribute by checking the point on the continuum that best reflects their feelings or beliefs. Care must be taken to vary the location of positive and negative terms from the left side of the continuum to the right side to avoid consumer response bias. Sometimes an even-numbered scale is used to eliminate the option of a neutral answer. An important feature of the semantic differential scale is that it can be used to develop graphic consumer profiles of the concept under study. Semantic differential profiles are also used to compare consumer perceptions of competitive products and to indicate areas for product improvement when perceptions of the existing product are measured against perceptions of the “ideal” product.
3. The **behavior intention scale** measures the likelihood that consumers will act in a certain way in the future, such as buying the product again or recommending it to a friend. These scales are easy to construct, and consumers are asked to make subjective judgments regarding their future behavior.
4. With a **rank-order scale**, subjects are asked to rank items such as products (or retail stores or websites) in order of preference in terms of some criterion, such as overall quality or value for the money. Rank-order scaling procedures provide important competitive information and enable marketers to identify areas where improvement is needed in product design and product positioning.

Customer satisfaction surveys measure how satisfied the customers are with relevant attributes of the product or service, as well as the relative importance of these attributes

(using an importance scale). Generally, these surveys use five-point semantic differential scales, ranging from “very dissatisfied” to “very satisfied.” Research shows that customers who indicate they are “very satisfied” (typically a score of 5 on the satisfaction scale) are much more profitable and loyal than customers who indicate that they are “satisfied” (a score of 4). Therefore, companies that merely strive to have “satisfied” customers are making a crucial error.¹⁹ Some marketers maintain that customers’ satisfaction or dissatisfaction is a function of the difference between what they had *expected* to get from the product or service purchased and their perceptions of what they *received*. A group of researchers developed a scale that measures the performance of the service received against two expectation levels: *adequate* service and *desired* service, and also measures the customers’ future intentions regarding purchase of the service.²⁰ This approach is more sophisticated than standard customer satisfaction surveys and more likely to yield results that can be used to develop corrective measures for products and services that fall short of customers’ expectations.

Mystery shoppers are professional observers who pose as customers and interact with and provide unbiased evaluations of the company’s service personnel in order to identify opportunities for improving productivity and efficiency. For example, one bank used mystery shoppers who, while dealing with a bank employee on another matter, dropped hints about buying a house or seeking to borrow college funds. Employees were scored on how quickly and effectively they provided information about the bank’s pertinent products or services. A company that requires sales clerks to check youthful customers’ IDs when they seek to buy video games with violent content may employ mystery shoppers to see whether their employees are actually doing so.

Analyzing *customer complaints* is crucial for improving products and customer service. Research indicates that only a few unsatisfied customers actually complain. Most unsatisfied customers say nothing but switch to competitors. Marketers must *solicit* complaints by asking specific questions beyond the routine, “How was everything?” Additionally, they should have *listening posts* such as hotlines where specially designated employees either listen to customers’ comments or actively solicit input from them (e.g., in a hotel lobby or on checkout lines). Because each complaint, by itself, provides little information, the company must have a system in which complaints are categorized and analyzed so that the results may be used to improve its operations.

Analyzing *customer defections* consists of finding out why customers leave the company. Customer loyalty rates are important because it is generally much cheaper to retain customers than to get new ones. Therefore, finding out why customers defect, and intervening when customers’ behaviors show that they may be considering leaving, is crucial. For example, one bank that was losing about 20% of its customers every year compared 500 transaction records of loyal customers with 500 transaction records of defectors, using such dimensions as number of transactions, frequency of transactions, and fluctuations in average balances. The bank then identified transaction patterns that tended to indicate future defection and started targeting potential defectors and encouraging them to stay.²¹

Sampling and Data Collected and Analysis

Learning Objective

- 16.4** To understand how to combine qualitative and quantitative research, sampling, and data analysis.

sample

A presumably representative subset of the population under study that is used to estimate the entire population’s characteristics.

Because it is almost always impossible to obtain information from *every* member of the population or universe being studied, researchers use samples. A **sample** is a subset of the population that is used to estimate the characteristics of the entire population. Therefore, the sample must be representative of the universe under study. As the well-established Nielsen Media Research company recently found out, suspicions that a sample may not be representative of its universe endanger the credibility of all the data collected, and therefore must be addressed promptly. Although Nielsen’s TV ratings have been used to estimate TV audiences and calculate advertising rates for many decades, its clients recently charged that the Nielsen sample was no longer representative of the U.S. population, because it did not reflect accurately America’s changing demographics and the large number of consumers who use devices such as TiVo to “time shift” and to avoid commercials during both live and recorded programs. In response to these criticisms, Nielsen redesigned its sample to include significantly more ethnic groupings and to reflect the changes in TV viewing habits.²²

probability sample

A method when studies' respondents are selected in such a way that every member of the population studied has a known, non-zero chance of being selected.

nonprobability sample

Selecting study respondents in a nonrandom fashion based on researchers' judgments.

sampling plan

A plan that specifies whom to survey (the sampling unit), how many to survey (the sample size), and how to select them (the sampling procedure).

There are two ways to draw samples: probability sampling and nonprobability sampling. Within these two types, there are specific sample types for each.

In a **probability sample**, respondents are selected in such a way that every member of the population being studied has a known and equal chance of being selected. There are four types of probability samples:

1. **Simple Random Sample:** Every member of the population has a known and equal chance of being selected.
2. **Systematic Random Sample:** A member of the population is selected at random and then every *n*th person is selected.
3. **Stratified Random Sample:** The population is divided into mutually exclusive groups (such as age groups), and random samples are drawn from each group.
4. **Cluster (Area) Sample:** The population is divided into mutually exclusive groups (such as blocks), and the researcher draws a sample of the groups to interview.

In a **nonprobability sample**, the population under study has been predetermined in a nonrandom fashion on the basis of the researcher's judgment or decision to select a given number of respondents from a particular group. There are three types of nonprobability samples:

1. **Convenience Sample:** The researcher selects the most accessible population members from whom to obtain information (e.g., students in a classroom).
2. **Judgment Sample:** The researcher uses his or her judgment to select population members who are good sources of accurate information (e.g., experts in the relevant field of study).
3. **Quota Sample:** The researcher interviews a prescribed number of people in each of several categories (e.g., 50 men and 50 women).

After deciding on the type of sample to be drawn, researchers must develop a **sampling plan** that specifies whom to survey (the sampling unit), how many to survey (the sample size), and how to select them (the sampling procedure). Deciding whom to survey requires a precise definition of the universe or boundaries of the market from which data are sought, so that an appropriate sample can be selected (such as working mothers). The size of the sample is dependent on both the size of the budget and the degree of confidence that the marketer wants to place in the findings. The larger the sample, the more likely the responses will reflect the total universe under study. It is interesting to note, however, that a small sample can often provide highly reliable findings, depending on the sampling procedure adopted.

Data collation follows the sample selection. As indicated earlier, qualitative studies usually require highly trained social scientists to collect data. A quantitative study generally uses a field staff that is either recruited and trained directly by the researcher or contracted from a company that specializes in conducting field interviews. Completed questionnaires are reviewed on a regular basis as the research study progresses to ensure that the recorded responses are clear, complete, and legible.

Although we had discussed them separately, most consumer research studies include both qualitative and quantitative research. For example, when using qualitative studies, marketers form ideas for a new advertising campaign and then test consumers' potential reactions using quantitative research.

Qualitative research provides insights about new product ideas and identifies positioning strategies, and is also used to refine the objectives of quantitative studies. Quantitative studies are aimed at describing a target market—its characteristics and possible reactions of various segments to the elements of the marketing mix. Results are used for making strategic marketing decisions.

Researchers adapt the research processes to the special needs of the study. For example, let's say a researcher is told that the purpose of the study is to develop a segmentation strategy for a new online dating service. He or she would first collect secondary data, such as population statistics (e.g., the number of men and women online in selected metropolitan

areas within a certain age range, their marital status, and occupations). Then, together with the marketing manager, the researcher would specify the parameters (i.e., define the sampling unit) of the population to be studied (e.g., single, college-educated men and women between the ages of 18 and 45 who live or work within the Boston metropolitan area). A qualitative study (e.g., focus groups) might be undertaken first to gather information about the target population's attitudes and concerns about meeting people online, their special interests, and the specific services and precautions they would like an online dating service to provide. This phase of the research should result in tentative generalizations about the specific age group(s) to target and the services to offer.

The marketing manager then might instruct the researcher to conduct a quantitative study to confirm and attach "hard" numbers (percentages) to the findings that emerged from the focus groups. The first-phase study should have provided sufficient insights to develop a research design and to launch directly into a large-scale survey. If, however, there is still doubt about any element of the research design, such as question wording or format, the marketing manager and the researcher might decide first to do a small-scale exploratory study. Then, after refining the questionnaire and any other needed elements of the research design, they would launch a full-scale quantitative survey, using a probability sample that would allow them to project the findings to the total population of singles (as originally defined). The analysis should cluster prospective consumers of the online dating service into segments based on relevant sociocultural or lifestyle characteristics and on media habits, attitudes, perceptions, and geodemographic characteristics.

In qualitative research, the moderator-researcher usually analyzes the responses received. In quantitative research, the researcher supervises the analysis: open-ended responses are first coded and quantified (i.e., converted into numerical scores). Then all the responses are tabulated and analyzed using sophisticated analytical programs that correlate the data by selected variables and cluster the data by selected demographic characteristics.

In both qualitative and quantitative research, the research report includes a brief executive summary of the findings and recommendations for marketing action. The body of the report includes a full description of the methodology used and, for quantitative research, also includes tables and graphics to support the findings.

Summary

Learning Objective 16.1: To understand how to conduct exploratory research and review secondary data.

Secondary data is existing information that was originally gathered for a research purpose other than the present research. The rationale for secondary data searches is simply that it makes good sense to investigate whether currently available information will answer—in part or even in full—the research question at hand. It seems unwise to expend the effort and money, and rush into collecting new information before determining if there is any available information that would provide at least a good starting point.

The first source of secondary data is previously collected in-house information that was originally used for some other purpose. It might have originally been gathered as part of a sales audit, or from past customer service calls, or letters of inquiry from customers, or collected via warranty cards.

The second source of secondary data is information from sources outside the firm or organization. This type of data takes many different forms. Some information is free and can be found in a public library, other information is available for only a nominal fee, and still other data or information are quite expensive to secure. The major sources of external secondary data are the government; articles from popular, professional, and academic publications; and syndicated commercial sources.

Learning Objective 16.2: To understand the purpose and tools of qualitative research.

If the purpose of a study is to come up with new ideas for products or promotional themes, the researchers use qualitative research. Qualitative studies consist of focus groups, depth interviews, and projective techniques.

Learning Objective 16.3: To understand the purpose and tools of quantitative research.

If the purpose of the study is to find out how many consumers match the demographics or psychographics of the target market or the characteristics of consumers who buy given brands and whether or not they are brand loyal, marketers conduct quantitative research. Quantitative research includes observation, experiments, and surveys.

Learning Objective 16.4: To understand how to combine qualitative and quantitative research, sampling, and data analysis.

Marketers frequently conduct research projects that combine both a qualitative component (often composed of focus groups and/or depth interviews) and a quantitative component (often consisting of a survey research). For example, marketers use qualitative research findings to discover new ideas and develop promotional strategies, and quantitative research findings to estimate the extent or amount

of consumers who react in a particular way (i.e., positive or negative) to various promotional inputs. Frequently, ideas stemming from qualitative research are tested empirically through quantitative studies. The predictions made possible by quantitative research and the understanding provided by qualitative research together produce a richer and more robust profile of consumer behavior than either research approach used alone.

In qualitative research, the moderator-researcher usually analyzes the responses received. In quantitative research, the responses are coded and analyzed statistically. In both qualitative and quantitative research, the research report includes an executive summary of the findings, description of the methodology used, and recommendations for marketing actions.

Review and Discussion Questions

- 16.1.** LEGO, a famous manufacturer of construction toys, did global market research with 3,500 girls and their mothers over the span of four years. What, in your opinion, justifies this effort and expenditure? Discuss the functions and purposes that market research could fulfill in this example.
- 16.2.** What is the difference between primary and secondary research? Under what circumstances might the availability of secondary data make primary research unnecessary? What are some major sources of secondary data?
- 16.3.** What are the advantages and limitations of secondary data?
- 16.4.** A manufacturer of agricultural machinery is planning to launch a new robot lawnmower model that, besides mowing, can also collect leaves. The company would like to know what consumers think of this new product. Would you advise the manufacturer to use consumer observations or a personal, telephone, or (e)mail survey? Explain your choice.
- 16.5.** Why might a researcher prefer to use focus groups rather than depth interviews? When might depth interviews be preferable?
- 16.6.** How would the interpretation of survey results change if the researcher used a probability sample rather than a nonprobability sample? Explain your answer.
- 16.7.** Why is observation becoming a more important component of consumer research? Describe two new technologies that can be used to observe consumption behavior and explain why they are better to use than questioning consumers about the same behavior.

Hands-on Assignments

- 16.8.** A manufacturer of domestic appliances is looking to present an innovation in its product range of refrigerators—a “smart” fridge. In which stages of product development might (a) qualitative and (b) quantitative research be useful to the company? Formulate interview and survey questions for each of the two types of research.
- 16.9.** Based on the discussion of focus groups and depth interviews, develop a discussion guide for studying college students’ reactions to their brand and model of cell phone.
- 16.10.** Your local zoo wants to assess its customers’ attitudes toward its facilities. Develop a questionnaire for this measurement using each of the attitude scales below twice in the survey:
- A likert scale
 - A semantic differential scale
 - A behavior intention scale
 - A rank-order scale

Adhere to the guidelines for wording a good question.

Key Terms

- Behavior intention scale 429
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Endnotes

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Glossary

Absolute Threshold. The lowest level at which an individual experiences a sensation. The point at which a person can detect a difference between “something” and “nothing.” *See Differential Threshold.*

Acculturation. Learning a new culture. *See Enculturation.*

Ad Exchange. A big pool of ad impressions—websites—paste their ad impressions into the pool, hoping someone will buy them. Buyers then bid on the impressions they wish to purchase and the outcomes are determined in milliseconds.

Addressable Advertising. Customized messages that are sent to individual consumers and are based on the messages’ receivers’ prior shopping and surfing online, which marketers have tracked.

Adopter Categories. A classification showing where consumers stand in relation to other consumers in terms of the first time they had purchased an innovation (e.g., a new product or model). *See the five adopters’ categories: Innovators, Early Adopters, Early Majority, Late Majority, and Laggards.*

Adoption. The final stage of Innovation Adoption, which is a term designating the process leading to a person’s decision of whether or not to adopt an innovation. After becoming aware of and interested in the innovation, and evaluating and trying it, the person adopts (purchases) the innovation. If satisfied, he (or she) would buy the innovative product again. If not, there will be no repeat purchase. *See Innovation Adoption Process.*

Advergames. Brands embedded in video games played at homes, arcades, or online.

Advertising Wear-Out. Overexposure to repetitive advertising that causes individuals to become satiated, pay less attention to advertising, and remember fewer ads.

Advertisers. Printed ads that closely resemble content and editorial material.

Affect Referral Decision Rule. The consumer selects the brand with the highest perceived overall rating. *See Noncompensatory Decision Rules.*

Affective Component. The second component of the Tri-Component Model of attitudes. It represents the person’s *emotions and feelings* regarding the attitude object, which are considered *evaluations* because they capture the person’s overall assessment of the attitude object (i.e., the extent to which the individual rates the attitude object as “favorable” or “unfavorable,” “good” or “bad”). *See Likert Scale, Semantic Differential Scale, and Tri-Component Attitude Model.*

Affluent Market. Upscale market segment that consists of households with incomes that are, according to most definitions, over \$100,000. However, what is considered “affluent” varies among geographic locations. *See Social Class.*

Aggression. Responding aggressively when encountering frustration. *See Defense Mechanisms.*

Aided Recall. A recognition test, that measures the effectiveness of learning and communications, where consumers are shown ads and asked whether or not they remember seeing them and can recall any of their salient points. *See Unaided Recall.*

Anthropology. The comparative study of human societies’ cultures and developments. *See Content Analysis, Culture, and Field Observation.*

Anthropomorphism. Assigning human characteristics to an object. *See Brand Personification.*

Approach Objects. Positive outcomes that people seek. *See Avoidance Objects.*

Apps (Applications). Chunks of software—installed on one’s computer, tablet, or smartphone—that are gateways to games, online resources, and social networking.

Application Programming Interface. Announces each impression individually as it becomes available online.

Attitude. A learned predisposition to behave in a consistently favorable or unfavorable way toward a given object. *See Attitude Measures.*

Attitude-Toward-Behavior Model. A model stating that a consumer’s attitude toward a specific behavior is a function of how strongly he or she believes that the action will lead to a specific outcome (either favorable or unfavorable).

Attitude-Toward-Object Model. A model stating that a consumer’s attitude toward a product or brand is a function of the presence of certain attributes and the consumer’s evaluation of those attributes.

Attitude-Toward-the-Ad Model. A model maintaining that a consumer forms various feelings (affects) and judgments (cognitions) as the result of exposure to an advertisement, which, in turn, affects the consumer’s attitude toward the ad and beliefs and attitudes toward the brand advertised.

Attitudes-Toward-Social-Media Posts. The attitudes-toward-social-media-posts model proposes that consumers form attitudes about a brand when they see and hear posts about the brands on social media.

Attribution Theory. A theory focused on how people assign causality to events and form or alter their attitudes after assessing their own or other people’s behavior.

Authoritarian Parents. Parents who are very restrictive and not nurturing during their children’s consumer socialization. *See Authoritative Parents, Indulgent Parents, and Neglecting Parents.*

Authoritative Parents. Parents who are very nurturing but also very restrictive during their children’s consumer

socialization. *See Authoritarian Parents, Indulgent Parents, and Neglecting Parents.*

Autonomic Decisions. Purchase decisions where either the husband or wife is the primary or only decision maker. *See Husband-Dominated Decisions, Joint Decisions, and Wife-Dominated Decisions.*

Avoidance Objects. Negative outcomes that people want to prevent. *See Approach Objects.*

Awareness. The first stage of Innovation Adoption, which is a term designating the process leading to a person's decision of whether or not to adopt an innovation. In this stage, the person becomes aware that the innovation is available. *See Innovation Adoption Process.*

Baby Boomers. The age cohort representing people born between 1946 and 1964. *See Subculture.*

Bachelorhood. In the context of the family life cycle, individuals who are not married and have no children. *See Family Life Cycle.*

Behavior Intention Scale. An instrument that measures the likelihood that consumers will act a certain way in the future, such as if they will buy a product again or recommend it to friends. *See Quantitative Research.*

Behavioral Biometrics. Chart unique patterns in the way people perform various activities, such as swiping the screen or even the way they walk while holding smartphones.

Behavioral Learning (Stimulus-Response Learning). The premise that observable responses to specific external stimuli signal that learning has taken place. *See Classical Conditioning.*

Benefit Segmentation. A segmentation approach based on the benefits that consumers seek from products and services.

Biogenic Needs. Biogenic needs sustain physical existence, e.g., foot, water, air, protection of the body, and sex. *See Physiological Needs.*

Blog (Weblog). A discussion or informational site published on the internet and consisting of discrete entries ("posts").

Brand Community. An online community formed by consumers who share an attachment to a brand.

Brand Equity. The intrinsic value of a brand name, which stems from consumers' perception of the brand's superiority, the social esteem that using it provides, and the customers' trust and identification with the brand.

Brand Image. The perception, in the minds of consumers, of products and brands stemming from images and symbolic values for consumer benefits that these products claim they provide.

Brand Loyalty. A measure of how often consumers buy a given brand, whether or not they switch brands and, if they do, how often, and the extent of their commitment to buying the brand regularly.

Brand Management. The process of maintaining, improving, and upholding a brand so that it is clearly differentiated from other offerings in the same product category.

Brand Personification. Communicating human features of a brand in advertising. *See Anthropomorphism.*

Branded Entertainment. Featuring products within entertainment content or building entertainment content around promoted brands. *See Product Placement.*

Broad Categorizers. Low-risk perceivers who prefer to choose from a wide range of alternatives because they would rather face the consequences of a wrong decision than limit the number of alternatives from which they choose. *See Narrow Categorizers, Perceived Risk, and Risk Aversion.*

Buzz Agent. A consumer, employed by a marketer who promotes products clandestinely in exchange for (mostly) free product samples. *See Word-of-Mouth.*

Cabinet Castaways. Unused products that consumers store in their cabinets, pantries, and closets.

CAD Scale. The CAD scale measures the extent to which individuals are Compliant, Aggressive, and Detached.

Captive Advertising Screens. Promotional messages placed in locations where consumers spend time (and generally do not expect to see advertisements), such as elevators, cinemas, retail stores, restaurants, bars, fitness clubs, college campuses, and transit.

Cause-Related Marketing. Process in which a firm contributes a portion of its revenues from selling certain products to supporting needy groups, such as helping people with incurable diseases or hurt by inclement weather.

Celebrity Actor. A celebrity who plays a part in a commercial for a product.

Celebrity Endorsement. An ad where a celebrity appears on behalf of a product, with which he may or may not have direct experience or familiarity.

Celebrity Spokesperson. A celebrity who endorses a brand, social cause, or company over an extended period.

Celebrity Testimonial. A promotional message where a celebrity attests to the product's quality based on his or her usage of the product.

Central Route to Persuasion. A promotional approach maintaining that highly involved consumers are best reached and persuaded through ads focused on the product's attributes. *See Elaboration Likelihood Model and Peripheral Route to Persuasion.*

Classical Conditioning. A form of behavioral learning stating that animal and human alike, can be taught behaviors and associations among stimuli through repetition. Some describe it as a "knee jerk" (or automatic) response to a drive that builds up through repeated exposure to a stimulus. *See Behavioral Learning, Conditioned Stimulus, and Conditioned Response.*

Closed-Ended Questions. Questionnaires which require respondents to check the appropriate answers from a list of options (e.g., multiple-choice and true or false questions).

Closure. The instinct to organize pieces of sensory input into a complete image or feeling. Individuals need closure, which means that if they perceive that a stimulus is incomplete, they are compelled to figure out its complete meaning.

Cluster (Area) Sample. A probability sample where the population is divided into mutually exclusive groups (such as blocks), and the researcher draws a sample of the groups to study. *See Probability Sample.*

Cognitive Age. An individual's perceived, not chronological, age.

Cognitive Associative Learning. A learning theory that views classical conditioning as learning of associations among events that enable consumers to expect and anticipate and events, rather than being a reflexive action.

Cognitive Component. The first component of the Tri-Component Model of attitudes. It represents the person's *knowledge* and *perceptions* of the features of the attitude object, which, collectively, are the *beliefs* that the object possesses or does not possess specific attributes. *See Likert Scale, Semantic Differential Scale, and Tri-Component Attitude Model.*

Cognitive Dissonance. The mental discomfort that people experience when facing conflicting information about an attitude object. *See Post-Purchase Dissonance.*

Cognitive Learning. The premise that learning occurs in the form of sequential, mental processing of information when people face problems that they wish to resolve. *See Innovation Adoption Process and Tri-Component Attitude Model.*

Communication. The process of imparting or exchanging information. In the context of consumer behavior, it is the transmission of messages from senders (the sources) to receivers (the consumers) via media (the channels of transmission). *See Formal Source, Impersonal Communications, Informal Source, and Interpersonal Communications.*

Comparative Ads. *See Comparative Advertising.*

Comparative Advertising. An advertising appeal where marketers proclaim that their products are better than competing brands named in the ads. *See Two-Sided Message.*

Comparative Influence. A process that takes place when people compare themselves to others, whom they respect and admire, and then adopt their values or imitate their behaviors. *See Normative Influence and Reference Groups.*

Compatibility. One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which potential customers perceive a new product as consistent with their present needs, values, and practices. *See the other four characteristics: Complexity, Observability, Relative Advantage, and Trial-Ability.*

Compensatory Decision Rules. A group of decisions rules in which a consumer evaluates each brand in terms of each relevant attribute, weighted by the importance of that attribute, and then selects the brand with the highest weighted score. *See Noncompensatory Decision Rules.*

Complexity. One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which a new product is difficult to understand or use. *See the other four characteristics: Compatibility, Observability, Relative Advantage, and Trial-Ability.*

Compulsive Consumers. Addictive and out-of-control buyers who often cause damaging consequences for both the compulsive shopper and those around him or her.

Conative Component. The third component of the Tri-Component Model of attitudes. It represents the *likelihood* that an individual will *behave in a particular way* with regard to the attitude object. In consumer behavior, the conative component is treated as an expression of the consumer's *intention to buy*. *See Behavior Intention Scale and Tri-Component Attitude Model.*

Conditioned Response. A response to conditioned stimulus. *See Conditioned Stimulus.*

Conditioned Stimulus. A stimulus that became associated with a particular event or feeling as a result of repetition. *See Classical Conditioning, Conditioned Response, and Unconditioned Stimulus.*

Conjunctive Decision Rule. A noncompensatory decision rule in which consumers establish a minimally acceptable cutoff point for each product attribute evaluated. Brands that fall below the cutoff point on any attribute are not considered further. *See Noncompensatory Decision Rules.*

Consumer Behavior. The study of consumers' actions during searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs.

Consumer Decision-Making. A process in three stages: (1) *input* (e.g., marketing mix, sociocultural influences); (2) *process* (e.g., need recognition, information search, evaluation, and decision rules); and (3) *output* (e.g., purchase, use, post-purchase evaluation, storage, and disposal, trust, and loyalty).

Consumer Environmental Stewardship. Consumer environmental stewardship is one's personal sense of responsibility for the environment, accountability for purchases' environmental impact, and willingness to sacrifice personal comfort for the good of the environment.

Consumer Imagery. A term referring to consumers' perceptions of all the components of products, services, and brands, and to how consumers evaluate the quality of marketers' offerings. *See Perception.*

Consumer Involvement. The degree of personal relevance that the product or purchase holds for the consumer. *See High-Involvement Purchases and Low-Involvement Purchases.*

Consumer Journey. The consumer journey is the newest way of describing the stages consumers pass through as they develop relationships with brands before, during, and after purchase. It includes stages where consumers interact with brands on social media.

Consumer Learning. The process through which consumers acquire knowledge from experiences with products and observations of others' consumption, and use that knowledge in subsequent buying. *See Learning.*

Consumer Panels. A research method where a group of people are paid to record their purchases and/or media viewing habits in diaries, which are then compiled and analyzed to determine trends. *See Consumer Research and Primary Research.*

Consumer Research. The process and tools used to study consumer behavior. *See Qualitative Research and Quantitative Research.*

Consumer Socialization. The process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers. *See Socialization and Socialization Agent.*

Content Analysis. Analyzing the content of verbal and/or pictorial communications of a given society in order to uncover its members' values, this method is often used in anthropological and sociological studies. *See Anthropology, Sociology, and Culture.*

Continuous Innovation. A new product that is an improved or modified version of an existing product rather than a totally new product, which therefore has very little disruptive influence on established consumption patterns. *See Discontinuous Innovation and Dynamically Continuous Innovation.*

Convenience Sample. A nonprobability sample where the researcher selects the most accessible people as the study's sample (e.g., students in a classroom). *See Nonprobability Sample.*

Cookie. Also called web cookie, internet cookie, browser cookie is a software code sent from a website and stored on the user's computer web browser while the user is online.

Core Values. Cultural core values both guide and reflect the character of a culture. Core values are *pervasive* and *enduring*. That is, a significant portion of the population must have accepted the value and used it to guide their attitudes and actions. And the value must have influenced people's actions over an extended period of time.

Corrective Advertising. A retraction or clarification a company must issue after it has made a false or misleading advertising claim because it was mandated to do so by the federal or local government.

Covert Marketing (Masked or Stealth Marketing). Marketing messages and promotional materials that appear to come from independent parties although, in fact, they come from marketers.

Cross-Channel Campaigns. Where marketers can direct identical audiences through various media.

Cross-Cultural Analysis. A form of marketing research that examines the differences and similarities among consumers in different countries.

Cross-Screen Marketing. A promotional strategy that consists of tracking and targeting users across their computers, mobile phones, and tablets, and sending them personalized ads based on their interests, as observed by marketers.

Cues. Stimuli that direct motivated behavior. *See Learning.*

Culture. The collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society which express its principles, standards, and priorities. *See Content Analysis and Field Observation.*

Customer Lifetime Value Profile. A forecasted estimate of how much a customer will spend on a particular product or service over the customer's entire "stay" with the offering's seller.

Customer Retention. Turning individual consumer transactions into long-term customer relationships.

Customer Satisfaction. Customers' perceptions of the performance of the product or service in relation to their expectations.

Customer Satisfaction Survey. A quantitative series of questions used by market researchers to determine customers' perceptions of the performance of the product or service in relation to their expectations.

Customer Value. The ratio between customers' perceived benefits (i.e., economic, functional, and psychological) and the resources they have used to obtain those benefits (i.e., monetary, time, effort, psychological).

Data Chunking. The process during which consumers recode what they have already encoded, which often results in recalling additional relevant information. "Chunks" are groupings of information.

Data Rehearsal. The process that information in the short-term store undergoes, in the form of silent, mental repetition of information, after which the information is transferred to the long-term store.

Data Retrieval. The process by which people recover information from the long-term store, that is frequently triggered by external cues.

Daydreaming. Responding to frustration by fantasizing and imaginary gratification of unfilled needs. *See Defense Mechanisms.*

Deceptive Advertising. Marketing advertising claims that mislead consumers.

Defense Mechanisms. Cognitive and behavioral ways of handling frustration in order to protect one's self esteem. *See Aggression, Daydreaming, Identification, Projection, Rationalization, and Withdrawal.*

Defensive Attribution. Behavior or thoughts that occur when people accept (or take) credit for success (internal attribution), but assign failure to others or outside events (external attribution). *See Self-Perception Attribution.*

Demographic Segmentation. Dividing consumers according to age, gender, ethnicity, income and wealth, occupation, marital status, household type and size, and geographical location. These variables are objective, empirical, and can easily be determined through questioning or observation.

Depth Interview. A lengthy and unstructured interview designed to uncover a consumer's underlying attitudes and/or motivations. *See Qualitative Research.*

Differential Decay. A cognitive phenomenon where the memory of a low-credibility source decays faster than the contents of the message received from the source. *See Sleeper Effect.*

Differential Threshold (Just Noticeable Difference or JND). The minimal difference that can be detected between two similar stimuli. *See Absolute Threshold and Weber's Law.*

Diffusion of Innovations. The framework for exploring the evolution of consumers' acceptance of new products throughout the social system. *See Adopter Categories, Diffusion Process, Innovation, and Innovation Adoption Process.*

Discontinuous Innovation. A dramatically new product entry that greatly disrupts existing consumption behavior and requires the establishment of new practices. *See Continuous Innovation and Dynamically Continuous Innovation.*

Dissolution. The last stage of the family life cycle where only one spouse survives. *See Family Life Cycle.*

Distributed Learning. Learning designed to take place over a period of time. *See Massed Learning.*

Dogmatism. A personality trait representing one's degree of cognitive rigidity—the opposite of being open-minded—toward information and opinions contradictory to one's own.

Door-in-the-Face Technique. A strategy aimed at changing attitudes where a large and costly first request—that is likely refused—is followed by a second, more realistic, and less costly request. *See Foot-in-the-Door Technique.*

Downward Mobility. Represented by people who have a lower social class level than their parents in terms of the jobs they hold, their residences, level of disposable income, and savings. *See Social Class and Upward Mobility.*

Dynamically Continuous Innovation. A new product entry that is sufficiently innovative to have some disruptive effects on established practices. *See Continuous Innovation and Discontinuous Innovation.*

Early Adopters. An adopter category designating consumers who buy new products within relatively short periods following the products' introductions, but not as early as the innovators. *See Adopter Categories, Innovators, Early Majority, Late Majority, and Laggards.*

Early Majority. An adopter category designating consumers who buy innovations after the early adopters have done so. *See Adopter Categories, Innovators, Early Adopters, Late Majority, and Laggards.*

Earned Social Media. Independent online media channels that are neither owned nor controlled by marketers.

Ego-Defensive Function. A functional approach to understanding attitudes where researchers believe that people replace doubt with feelings of security and confidence. *See Functional Approach.*

Ego. A Freudian term referring to the individual's conscious control in the form of an internal monitor that balances the impulsive demands of the id and the sociocultural constraints of the superego. *See Freudian Theory, Id, and Superego.*

Egoistic Needs. Psychological needs manifested in self-acceptance, self-esteem, success, independence, prestige, status, and recognition from others.

Elaboration Likelihood Model (ELM). The proposition that attitudes can be changed by either one of two different routes to persuasion—a central route or a peripheral route—and that the cognitive elaboration related to the processing of information received via each route is different. *See Central Route to Persuasion and Peripheral Route to Persuasion.*

Email Survey. Consumer research surveys conducted via email.

Emotional Bonds. Customers' high levels of personal commitment and attachment to a company and its products that extend beyond individual transactions. *See Transactional Bonds.*

Encoding. Assigning a word or visual image in order to represent an object during communications.

Enculturation. Learning one's own culture. *See Acculturation.*

Environmental Triggers. Cues in the environment that remind a person of something.

Ethnic Subcultures. A subculture that is based on belonging to a group that has a common national or cultural heritage.

Ethnocentrism. A personality trait representing one's tendency toward buying or not buying foreign-made products.

Evaluation. The third stage of Innovation Adoption, which is a term designating the process leading to a person's decision of whether or not to adopt an innovation. In this stage, the person evaluates the innovation and decides whether he (or she) wants to try using it. *See Innovation Adoption Process.*

Evoked Set (Consideration Set). The specific brands (or models) a consumer considers when deciding which item

to purchase within a particular product category. *See Inert Set and Inert Set.*

Experiential Ads. Allow customers to engage and interact with products and services in sensory ways and to create emotional bonds between consumers and brands.

Experiments (Casual Research). A consumer research approach designed to identify cause-and-effect relationships among purchase-related factors. *See Quantitative Research and Test Marketing.*

Exploratory Research. An examination of resources and materials that had already been collected and can be of value to the research at hand and consists mostly of reviewing secondary data.

Extensive Problem Solving. Purchase situations that occur infrequently and where the consumer does not have prior criteria to evaluate the product considered. *See Limited Problem Solving and Routinized Response Behavior.*

Extinction. A phenomenon that occurs when a learned response is no longer reinforced and the link between the stimulus and the expected reward is eliminated. *See Forgetting.*

Extrinsic Cues. Characteristics that are not physically inherent in the product, such as packaging, price, and promotions. *See Intrinsic Cues.*

Family. Two or more persons related by blood, marriage, or adoption residing together.

Family Branding. Marketing a whole line of products under the same brand name, which is a marketing application of stimulus generalization. *See Stimulus Generalization.*

Family Life Cycle. A composite variable that includes marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household classifies the family into a “typical” stage. *See Bachelorhood, Honeymooners, Parenthood, Post-Parenthood, and Dissolution.*

Field Observation. A research method, used in anthropological and sociocultural studies, that consists of observing the daily behavior of selected members of a society in order to learn about its beliefs, values, and customs. *See Anthropology, Culture, and Sociology.*

Figure and Ground. An element of perception that describes the interrelationship between the stimulus itself (i.e., figure) and the environment or context within which it appears (i.e., ground).

Fixed Consumers. Collectors and hobbyists who tend to accumulate items that are related to their interests and show them off to friends and others who have similar interests.

Focus Group. A method of qualitative research consisting of eight to ten participants who meet with a moderator/researcher/analyst and “focus on” or “explore” a particular product or product category (or any other topic or subject of research interest). *See Qualitative Research.*

Foot-in-the-Door Technique. A strategy aimed at changing attitudes consisting of getting people to agree to a large request after convincing them to agree to a small and modest request first. *See Door-in-the-Face Technique.*

Forgetting. A point at which the link between the stimulus and the expected reward ceases to exist because of lack of engagement in the applicable purchase situation for a lengthy period. *See Extinction.*

Formal Learning. Learning that occurs when parents, older siblings and other family members teach younger members “how to behave.” *See Informal Learning and Technical Learning.*

Formal Source. A communication source that speaks on behalf of a company, such as an endorser, salesperson, or advertiser. *See Communication, Informal Source, and Source Credibility.*

Freudian Theory. A theory maintaining that unconscious needs or drives, especially biological and sexual ones, are at the heart of human motivation and personality. *See Ego, Id, and Superego.*

Frustration. The feeling that results from failure to achieve a goal. *See Defense Mechanisms.*

Functional Approach. An approach to changing attitudes by appealing to the reasons (or motivations) behind people’s attitudes. These reasons are called “functions.” *See Ego-Defensive Function, Knowledge Function, Utilitarian Function, and Value-Expressive Function.*

Gender Subcultures. Members of the same gender tend to behave similarly in the marketplace and, therefore, form a subculture.

Generation X (Xers). The age cohort representing people born between 1965 and 1979.

Generation Z (Homeland Generation, Digital Natives). The age cohort representing people born from 1997 till the present.

Geodemographic Segments. Segments identified through geodemographics.

Geodemographics. A hybrid segmentation scheme based on the premise that people who live close to one another are likely to have similar financial means, tastes, preferences, lifestyles, and consumption habits (as an old adage states, “Birds of a feather flock together”).

Geofencing. Promotional alerts sent to the smartphones of customers, who opted into this service, when the customers near or enter the store.

Geographic Subcultures. A subculture that is based on geographic locations and differences in consumer behavior based on lifestyle differences because of living in that location (e.g., climate, urban or rural, mountains or plains, and regional consumer preferences).

Gestalt Psychology. The principles underlying perceptual organization. “Gestalt” means “pattern” or “configuration” in German. *See Perception.*

Gifting Behavior. Consumer behavior involving giving and receiving gifts.

Global Brands. Global brands are brands that hold significant market share in their home country as well as other countries.

Global Marketing Strategy. Selling the same product using the same positioning and communication approach globally. *See Local Marketing Strategy.*

Goals. Sought after outcomes of motivated behavior. *See Motivation.*

Google Analytics. A service offered by Google that enables advertisers to evaluate the effectiveness of their websites and profiles their users.

Gordon Survey of Personal and Interpersonal Values. A research instrument measuring the values that represent how people cope with their daily lives.

Green Marketing. Green marketing is the process of producing and promoting reusable, recycled, and recyclable, eco-friendly products, as well as promoting the idea of reuse, reduce, and recycle for a sustainable future.

Grouping. People’s instinctive tendency to group stimuli together and unite them into one entity. *See Perception.*

Halo Effect. An evaluation of an object based on one or several positive dimensions. Linguistically, the definition of “halo” signifies light, honor, and glory. Thus, in marketing, the term refers to a prestigious image of a product “rubbing on” other products marketed under the same brand name.

Hemispheric Lateralization (Split-Brain Theory). A theory whose premise is that the human brain is divided into two distinct cerebral hemispheres that operate together, but “specialize” in processing different types of cognitions. The left hemisphere is the center of human language; it is the linear side of the brain and primarily responsible for reading, speaking, and reasoning. The right hemisphere of the brain is the home of spatial perception and nonverbal concepts; it is nonlinear and the source of imagination and pleasure. *See Passive Learning.*

High-Involvement Purchases. Purchases that are very important to the consumer and provoke a lot of perceived risk, and extensive problem solving and information processing. *See Consumer Involvement, Extensive Problem Solving, Low-Involvement Purchases, and Perceived Risk.*

Honeymooners. In the context of the family life cycle, young and newly married couples. *See Family Life Cycle.*

Husband-Dominated Decisions. Purchase decisions where the husband’s influence is greater than the wife’s. *See Autonomic Decisions, Joint Decisions, and Wife-Dominated Decisions.*

Id. A Freudian term referring to the “warehouse” of primitive and impulsive drives—basic physiological needs such as thirst, hunger, and sex—for which the individual seeks immediate satisfaction without concern for the specific means of satisfaction. *See Ego, Freudian Theory, and Superego.*

Identification. Resolving frustration identifying with other persons who have experienced the same or similar frustrating situation. *See Defense Mechanisms.*

Impersonal Communications. Messages that companies (formal sources) develop and transmit through their marketing departments, advertising or public relations agencies, and spokespersons. *See Communication, Formal Source, and Interpersonal Communications.*

Impression. A customer that becomes available for real-time bidding.

Impression-Based Targeting. A technique where advertisers specify the criteria of the persons they wish to reach online and then bid in real time for the opportunities to reach such people. A person reached is termed an “eyeball” or “impression.” Impression-based ads often “follow” consumers online and thus keep reminding them about the products they were interested in. *See Real Time Bidding.*

Incentivized Advertising. Advertising that provides consumers with rewards for watching ads.

Index of Status Characteristics (Warner's ISC). A measure of social class in the form of a weighted index of occupation, source (not amount) of income, house type, and the quality of the dwelling area.

Indulgent Parents. Parents who are very nurturing and highly permissive during their children’s consumer socialization. *See Authoritarian Parents, Authoritative Parents, and Neglecting Parents.*

Inept Set. Brands (or models) that the consumer excludes from purchase consideration because they are unacceptable and often considered inferior. *See Evoked Set (Consideration Set) and Inert Set.*

Inert Set. Brands (or models) the consumer is indifferent toward because they are perceived as not having any particular advantages. *See Evoked Set (Consideration Set) and Inept Set.*

Infomercials. Long commercials that appear to be documentaries rather than advertisements.

Informal Learning. Learning that occurs when children imitate the behaviors of selected others, such as family members, friends, or TV and movie heroes or characters. *See Formal Learning and Technical Learning.*

Informal Source. A person whom the message receiver knows personally, such as a parent or friend, or an individual met online, who provides the receiver with product information and advice. *See Communication, Formal Source, and Source Credibility.*

Information Overload. A situation that occurs when consumers receive too much information and find it difficult to encode and store it.

Inner-Directed. Consumers who rely on their own inner values and standards in evaluating new products, and are also likely to be consumer innovators. *See Other-Directed.*

Innovation. An innovation represents any item that the consumer perceives as new and is classified into three categories reflecting the extent to which consumers are required to change existing consumption behavior or buying patterns. *See Continuous Innovation, Diffusion of Innovation, Discontinuous Innovation, and Dynamically Continuous Innovation.*

Innovation Adoption Process. The innovation adoption process focuses on the stages through which an individual consumer passes when deciding to accept or reject a new product.

Innovativeness. The degree of a consumer's willingness to adopt new products and services shortly after they are introduced. *See Innovators.*

Innovators. Consumers who are open to new ideas and are among the first to try new products, services, or practices. *See Innovativeness, Adopter Categories, Early Adopters, Early Majority, Late Majority, and Laggards.*

Institutional Advertising. Advertising that promotes a company's overall image without referring to specific products.

Instrumental Conditioning (Operant Conditioning). A form of behavioral learning based on the notion that learning occurs through a trial-and-error process, with habits formed as a result of rewards received for certain responses or behaviors. *See Behavioral Learning and Reinforcement.*

Instrumental Values. Within the Rokeach Value Survey, values that are defined as the "means" to achieve end goals. *See Rokeach Value Survey and Terminal Values.*

Interactive TV (iTV). A medium that combines TV broadcasts and the interactivity of the internet. iTV can be delivered to one's TV, computer, or mobile device in the form of a two-way communication between subscribers and providers of cable or satellite TV.

Interest. The second stage of the innovation adoption process, which is a term designating the process leading to a person's decision of whether or not to adopt an innovation. In this stage, the person begins to be interested in the innovation. *See Innovation Adoption Process.*

Internet Survey. A research study conducted online.

Interpersonal Communications. Messages sent by either formal sources (e.g., a salesperson in a physical or virtual retail location) or informal sources (e.g., peers with whom the consumer communicates face to face or via electronic means). *See Communication, Formal Source, Impersonal Communications, and Informal Source.*

Intrinsic Cues. Physical characteristics of the product itself, such as size, color, flavor, or aroma. *See Extrinsic Cues.*

JND (Just Noticeable Difference). *See Differential Threshold.*

Joint Decisions. Purchase decisions where the husband and wife's influence are equal. *See Autonomic Decisions, Husband-Dominated Decisions, and Wife-Dominated Decisions.*

Judgment Sample. A nonprobability sample where researchers use their own judgments to select the respondents. *See Nonprobability Sample.*

Key Informants. Persons who are keenly knowledgeable about the nature of social communications among members of a specific group.

Klout Score. A numerical value that measures persons' influence online based on their ability to generate engagement with and feedback to their online postings.

Knowledge Function. A functional approach to studying attitudes where researchers maintain that people form attitudes because they have a strong need to understand the characters of the people, events, and objects they encounter. *See Functional Approach.*

Laggards. The very last consumers to adopt innovations. *See Adopter Categories, Innovators, Early Adopters, Early Majority, and Late Majority.*

Late Majority. People who buy innovations only after most other consumers have adopted them. *See Adopter Categories, Innovators, Early Adopters, Early Majority, and Laggards.*

Learning. Applying one's past knowledge and experience to present circumstances and behavior. *See Motivation, Cues, Response, and Reinforcement.*

Lexicographic Decision Rule. A noncompensatory decision rule where the consumer first ranks the attributes in terms of perceived relevance or importance. The consumer then compares the various alternatives in terms of the single attribute that is considered most important. *See Noncompensatory Decision Rules.*

Licensing. An application of stimulus generalization that contractually allows affixing a brand name to the products of another manufacturer. *See Stimulus Generalization.*

Likert Scale. The most popular form of attitude scale, where consumers are asked to check numbers corresponding to their level of "agreement" or "disagreement" with a series of statements about the studied object. The scale consists of an equal number of agreement/disagreement choices on either side of a neutral choice. *See Quantitative Research.*

Limited Problem Solving. Purchase decisions where consumers buy updated versions of products they have bought before and have set criteria to evaluate these items. *See Extensive Problem Solving and Routinized Response Behavior.*

Local Marketing Strategy. Customizing both the product and communication approach for overseas market. *See Global Marketing Strategy and Hybrid Marketing Strategy.*

Low-Involvement Purchases. Purchases are not very important to the consumer, hold little relevance, have little perceived risk, and, thus, provoke very limited information processing. *See Consumer Involvement, High-Involvement Purchases, Perceived Risk, and Routinized Response Behavior.*

Mail Survey. A research study consisting of sending questionnaires by mail.

Majority Vote Heuristic. Consumers choose the option that most other people have chosen.

Market Research. A process that links the consumer, customer, and public to the marketer through information in order to identify marketing opportunities and problems, evaluate marketing actions, and judge the performance of marketing strategies.

Market Segmentation. The process of dividing a market into subsets of consumers with common needs or characteristics. Each subset represents a consumer group with shared needs that are different from those shared by other groups.

Marketing. The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society.

Marketing Concept. The premise that marketing consists of satisfying consumers' needs, creating value, and retaining customers, and that companies must produce only those goods that they have already determined would satisfy consumer needs and meet organizational goals.

Marketing Ethics. Moral principles designed to guide marketers' behavior.

Marketing Mix (Four Ps). The component of the business plan that includes four elements: the product (or service), price, place (or distribution), and promotion.

Marketing Myopia. A focus on the product rather than on the needs it presumes to satisfy.

Maslow's Hierarchy of Needs. A theoretical framework consisting of five levels of human needs, which rank in order of importance from lower-level (biogenic) needs to higher-level (psychogenic) needs. The theory states that individuals seek to satisfy lower-level needs before higher-level needs.

Massed Learning. Bunched up learning designed to teach people all at once. *See Distributed Learning.*

Materialism. A personality trait that gauges the extent to which an individual is preoccupied with the purchase and display of non-essential and often conspicuous luxury goods.

Media Exposure Effects. A measure of how many consumers were exposed to the message and their characteristics.

Membership Group. A group to which a person either belongs or can join and whose values he or she adopts. *See Reference Groups and Symbolic Group.*

Message Framing. Either stresses the benefits of using the product (*positive framing*) or the benefits to be lost by not using the product (*negative framing*).

Message Repetition. When consumers hear the brand name and brand message over and over within a period of time.

Mid-Roll Ads. Promotions that run in the middle of streaming videos, allowing viewers to view about 50 percent of the program before they appear.

Millennials (Echo Boomers, Generation Y). The age cohort representing people born between 1980 and 1996. Some definitions also include people born in the late 1970s and late 1990s in this cohort.

Mobile Advertising. Sending promotional messages to consumers' cell phones, iPads, electronic readers, and other devices that people carry while on the go.

Motivation. The driving force within individuals that impels them to act.

Motivational Research. A "term of art" that refers to qualitative studies conducted by Dr. Ernest Dichter in the 1950s and 1960, which were designed to uncover consumers' subconscious or hidden motivations in the context of buying and consumption. *See Projective Techniques and Qualitative Research.*

Multi-Attribute Attitude Models. Models that portray consumers' attitudes as functions of their assessments of the objects' prominent attributes.

Mystery Shoppers. Professional observers who pose as customers and interact with and provide unbiased evaluations of the company's service personnel in order to identify opportunities for improving productivity and efficiency. *See Consumer Research.*

Narrow Categorizers. High-risk perceivers who prefer to limit their choices to a few safe alternatives rather than face the consequences of a wrong decision. *See Broad Categorizers, Perceived Risk, and Risk Aversion.*

Narrowcasting. Communication channels that enable marketers to send addressable, customized, interactive, and more response-measurable messages, to narrowly defined market segments.

Native Advertising (Branded Content). Promotional messages designed to blend within the content in which they are "planted," such as articles, entertainment, and news, by resembling the content and disguising advertising—their true identity. *See Advertorial.*

Need for Cognition (NFC). A personality trait that reflects a person's craving for or enjoyment of thinking.

Need for Humor. A person's tendency to enjoy, engage in, or seek out amusement.

Need for Uniqueness. 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.

Need Recognition. The first step in the consumer decision-making process occurring when the consumer identifies and faces a "problem" that can be solved by buying a product or service.

Needs. Circumstances or things that are wanted or required, and therefore direct the motivational forces. *See Motivation.*

Negative Disconfirmation of Expectations. A situation that occurs when a product's performance is below expectations and the consumer is dissatisfied. *See Positive Disconfirmation of Expectations.*

Negative Reinforcement. Removing an unpleasant stimulus. *See Positive Reinforcement.*

Neglecting Parents. Parents who are very permissive and provide their children with little or no nurturing during their children's consumer socialization. *See Authoritarian Parents, Authoritative Parents, and Indulgent Parents.*

Neo-Freudian Theory. Neo-Freudian theory posits that, in addition to Freud's concepts, social relationships are crucial factors in the development of personality.

Neuromarketing. The study of advertising's effects on brain activity.

Noncompensatory Decision Rules. A group of decision rules that do not allow consumers to balance positive evaluations of a brand on one attribute against negative evaluations on other attributes. *See Compensatory Decision Rules.*

Nonfamily Households. Living situations that are not legally defined as families. *See Family.*

Nonprobability Sample. Selecting study respondents in a nonrandom fashion based on researchers' judgments. *See Cluster Sample, Convenience Sample, Judgment Sample, and Quota Sample.*

Nontraditional Families. Families that do not readily fit into the traditional family life cycle. *See Family Life Cycle.*

Normative Influence. Learning and adopting a group's norms, values, and behaviors. *See Comparative Influence and Reference Groups.*

Novelty Seeking. Novelty seeking is a personality trait that leads consumers to prefer variety, that includes exploration of new brands and novel ways of doing things.

Observability (Communicability). One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the ease with which a product's benefits or attributes can be observed, imagined, or described to potential consumers. *See the other four characteristics: Compatibility, Complexity, Relative Advantage, and Trial-Ability.*

Observational Learning (Modeling). Learning that occurs when people observe and later imitate observed behaviors.

Observational Research. A research tool where marketers gain an in-depth understanding of the relationship between people and products by watching them in the process of buying and/or using the products. *See Quantitative Research.*

Occupational Prestige Ranking. Rankings that represent society's collective beliefs regarding the occupation's social worth and desirability, as stemming from the knowledge required to attain it (i.e., educational level) and the material rewards that occupants receive (i.e., income). *See Social Class.*

One-Sided Message. A message that provides only the positives of a product or brand, and/or the negatives of the competitor's brand. The message presents only one side of an argument.

Online Display Ads. Fixed banners posted on websites.

Open-Ended Questions. Questions that require answers in the respondent's own words (e.g., essay type questions).

Opinion Leadership. The process by which one person (the opinion leader) informally influences others, who might be either opinion seekers or recipients. This influence occurs between two or more people neither of whom represents a commercial seller nor would gain directly from providing advice or information. *See Buzz Agent and Word-of-Mouth.*

Optimum Stimulation Level (OSL). A personality trait that reflects the degree to which a person likes novel, complex, and unusual experiences (i.e., high OSL), or prefers simple, uncluttered, and calm existence (i.e., low OSL).

Other-Directed. Consumers who look up to others for guidance as to what is appropriate or inappropriate and are unlikely to be consumer innovators. *See Inner-Directed.*

Out-of-Home Media. Communications vehicles that target consumers in captive and less cluttered environments outside of their homes.

Owned Social Media. Online communication channels that marketers control. *See Paid Social Media.*

Paid Social Media. Online communication channels that marketers pay for using. *See Owned Social Media.*

Parenthood. In the context of the family life cycle, married couples with at least one child living at home. *See Family Life Cycle.*

Passive Learning. A form of learning in which consumers receive information from repeated exposures which is fully processed after a product is purchased. *See Hemispheric Lateralization.*

Perceived Risk. The uncertainty that consumers face when they cannot foresee the consequences of their purchase decisions. The types of perceived risk include functional, physical, financial, psychological, and time risks. *See Perception.*

Perception. The process by which individuals select, organize, and interpret stimuli into a meaningful and coherent picture

of the world. It can be described as “how we see the world around us.”

Perceptual Defense. A cognitive activity occurring when consumers subconsciously screen out stimuli that they find psychologically threatening, even though exposure has already taken place. *See Perception, Selective Attention, Selective Exposure, and Subliminal Perception.*

Perceptual Mapping. Constructing a maplike diagram representing consumers’ perceptions of competing brands along relevant product attributes. Perceptual maps show marketers: (1) how consumers perceive their brand in relation to competition; (2) determine the direction for altering undesirable consumers’ perception of their brands; and (3) find gaps, in the form of “un-owned” perceptual positions, that represent opportunities for developing new brands or products. *See Perception.*

Peripheral Route to Persuasion. A promotional approach maintaining that uninvolved consumers can be best persuaded by the ad’s visual aspects rather than its informative copy (i.e., the product’s attributes). *See Central Route to Persuasion and Elaboration Likelihood Model.*

Personal Interview Survey. A study where researchers interview respondents in person.

Personality. The inner psychological characteristics that both determine and reflect how we think and act.

Personality Traits. Personality traits are inner psychological characteristics that distinguish one individual from other individuals.

Persuasion Effects. Measures that indicate whether the message was received, understood, and interpreted correctly.

Physiological Needs. Innate (biogenic, primary) motivational forces that sustain biological existence. They include the need for food, water, air, protecting the body from the outside environment (i.e., clothing and shelter), and sex. *See Biogenic Needs.*

Physiological Observation. A market research tool that uses electronic instruments that track bodily responses to stimuli.

Podcasts. Audio stories that can be saved and played on a computer or smartphone that rely almost entirely on advertising dollars.

Positioning. The process by which a company creates a distinct image and identity for its products, services, and brands in consumers’ minds. The image differentiates the company’s offering from competition by communicating to the target audience that the product, service, or brand fulfills the target consumers’ needs better than alternatives. *See Repositioning.*

Positive Disconfirmation of Expectations. A situation that occurs when the product’s performance exceeds expectations and the consumer is satisfied. *See Negative Disconfirmation of Expectations.*

Positive Reinforcement. Rewarding a particular behavior and strengthening the likelihood of a specific response during the same or similar situation in the future. *See Negative Reinforcement.*

Post-Parenthood. In the context of the family life cycle, older couples with no children living at home. *See Family Life Cycle.*

Post-Purchase Dissonance. Cognitive dissonance that occurs after a purchase. *See Cognitive Dissonance.*

Pre-Purchase Search. A stage in the consumer decision-making process where the consumer tries to identify a product that will satisfy a recognized need better than other alternatives.

Predictive Analytics. Measures designed to predict consumers’ future purchases on the basis of past buying information and other data, and also evaluate the impact of personalized promotions stemming from these predictions.

Price–Quality Relationship. A situation occurring when consumers rely on prices as indicators of product quality and view more expensive products as having higher quality and value. *See Perception.*

Primacy Effect. An indication that material presented first during communications is more noticeable and persuasive than subsequent materials. *See Recency Effect.*

Primary Research. New research especially designed and collected for purposes of a current research problem. *See Qualitative Research and Quantitative Research.*

PRIZM®. A framework designed by Nielsen that is widely used in geodemographic segmentation. It consists of sixty-six segments classified according to zip codes and enables marketers to locate specific consumer groups readily.

Probability Sample. A method when studies’ respondents are selected in such a way that every member of the population studied has a known, nonzero chance of being selected. *See Simple Random Sample, Stratified Random Sample, and Systematic Random Sample.*

Product Awareness Status. The degree of a consumer’s awareness of the product and its features, and whether or not he or she intends to buy it reasonably soon.

Product Concept. A premise that consumers buy the product that offers them the highest quality, the best performance, and the most features.

Product Form Extensions. Offering the same product in a different form but under the same brand, which is a marketing application of stimulus generalization. *See Stimulus Generalization.*

Product Involvement. The degree of personal relevance the product holds for the consumer.

Product Line Extensions. Additions of related items to an established brand because they are likely to be adopted, since they come under a known and trusted brand name,

which is a marketing application of stimulus generalization. *See Stimulus Generalization.*

Product Placement. A form of promotion where marketers “disguise” promotional cues by integrating products (i.e., “figures”) into TV shows, films or other entertainment content (i.e., “grounds”), or building entertainment content around products. *See Branded Entertainment and Figure and Ground.*

Projection. Responding to frustration by projecting blame for failures and inability on other objects or persons. *See Defense Mechanisms.*

Projective Techniques. A research tool requiring respondents to interpret stimuli that do not have clear meanings, with the assumption that the subjects will “reveal” or “project” their subconscious, hidden motives into (or onto) the ambiguous stimuli. *See Qualitative Research.*

Psychogenic Needs. Motivational forces that are learned from our parents, social environment, and interactions with others.

Psychographics. Segmenting consumers according to their lifestyles, which consist of consumers’ activities, interests, and opinions (i.e., AIOs).

Psychological Noise. Competing advertising messages or distracting thoughts that impact the reception of promotional messages.

Psychology. The study of the human mind and the mental factors that affect behavior (i.e., needs, personality traits, perception, learned experiences, and attitudes).

Qualitative Research. Studies that attempt to delve into the consumer’s unconscious or hidden motivations. This research utilizes focus groups, depth interviews, motivational research, and projective techniques. *See Depth Interview, Focus Group, Motivational Research, and Projective Techniques.*

Quantitative Research. Gathering and analyzing statistical data, utilizing observational research, experimentation, and survey research. *See Behavior Intention Scale, Email Survey, Experiments, Internet Survey, Likert Scale, Mail Survey, Observational Research, Personal Interview Survey, Semantic Differential Scale, Rank Order Scale, and Telephone Survey.*

Quota Sample. A nonprobability sample where the researcher interviews a prescribed number of people in each of several categories (e.g., 50 men and 50 women). *See Nonprobability Sample.*

Rank-Order Scale. A research instrument requiring participants in a study to rank items (e.g., products) in order of preference in terms of some criterion, such as overall quality or value for the money. *See Quantitative Research.*

Rationalization. Resolving frustration by inventing plausible reasons for being unable to attain goals or deciding

that the goal is not really worth pursuing. *See Defense Mechanisms.*

Real-Time Bidding (RTB). A technique that allows advertisers to reach the right user, in the right place, at the right time, and also sets the price that advertisers pay for each “eyeball” or “impression” (i.e., for each person reached). *See Impression-Based Targeting.*

Recall Test. *See Unaided Recall.*

Recency Effect. An indication that the material presented last during communications is more noticeable and persuasive than preceding materials. *See Primacy Effect.*

Recognition Heuristic. Consumers choose the most familiar product or brand.

Recognition Test. *See Aided Recall.*

Reference Groups. Groups that serve as sources of comparison, influence, and norms for people’s opinions, values, and behaviors. *See Comparative Influence, Membership Group, Normative Influence, and Symbolic Group.*

Reference Price. Any price that a consumer uses as a basis for comparison in judging another price.

Reinforcement. In learning, particularly in instrumental conditioning, it is a reward, in the form of pleasure, enjoyment, and other benefits, for a desired behavior. In consumer behavior, it is the benefits, enjoyment, and utilities that consumers receive from products purchased. *See Negative Reinforcement, Positive Reinforcement, and Variable Reinforcement.*

Relative Advantage. One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which potential customers perceive a new product as superior to existing substitutes. *See the other four characteristics: Compatibility, Complexity, Observability, and Trial-Ability.*

Reliability. A measure has reliability if the same questions, asked of a similar sample, produce the same findings. *See Validity.*

Religious Affiliation. A subculture that is based on identification with a religious or faith based group.

Repositioning. The process by which a company strategically changes the distinct image and identity of its products, services, and brands. *See Positioning.*

Response. Reaction to a drive or cue. *See Learning.*

Risk Aversion. The reluctance to take risks and low tolerance of ambiguous situations.

Ritual. A symbolic activity consisting of a fixed sequence of steps that is repeated periodically.

Rokeach Value Survey. A self-administered, two-part values inventory. *See Instrumental Values and Terminal Values.*

Routinized Response Behavior. Purchase decisions that are “automatic” and made without much thought because the products involved are inexpensive and purchased frequently. *See Extensive Problem Solving and Limited Problem Solving.*

Safety and Security Needs. Psychological forces that are concerned not only with physical safety but also include order, stability, routine, familiarity, and control over one’s life. *See Maslow’s Hierarchy of Needs.*

Sales Effects. Measures that indicate whether the messages of a given campaign have generated the sales level defined in the campaign’s objectives.

Sample. A presumably representative subset of the population under study that is used to estimate the entire population’s characteristics. *See Nonprobability Sample and Probability Sample.*

Sampling Plan. A plan that specifies whom to survey (the sampling unit), how many to survey (the sample size), and how to select them (the sampling procedure).

Search Advertising. Placing online advertisements on Web pages that show results from search engine queries.

Secondary Data. Information that was gathered previously and not in the course of the study presently undertaken. *See Primary Research.*

Selective Attention. Consumers’ heightened awareness of stimuli that meet their needs and interests and minimal awareness of stimuli irrelevant to their needs. *See Perception, Perceptual Defense, and Selective Exposure.*

Selective Exposure. Consumers seeking out sympathetic, pleasant messages and deliberately avoiding messages that they find painful or threatening. *See Perception, Perceptual Defense, and Selective Attention.*

Self-Actualization Need. An individual’s desire to fulfill his or her potential—to become everything that he or she is capable of becoming.

Self-Administered Questionnaires. A survey data collection method in which consumers respond to a series of questions without the assistance of an administrator or researcher. Often sent via email, post mail, or online.

Self-Construal. A trait that refers to how individuals perceive, comprehend, and interpret the world around them, particularly the behavior or action of others towards themselves.

Self-Designation Method. Asking respondents to evaluate the extent to which they had provided others with information about products and influenced their purchases. *See Opinion Leadership.*

Self-Image. Self-image is defined as how people perceive themselves.

Self-Perception Attribution. A mental interpretation that reflects the way people see themselves when they form

causalities about prior events, which consists of internal and external attributions. *See Defensive Attribution.*

Selling Concept. A premise that marketers’ primary focus should be selling the products that they have decided to produce through the “hard sell” approach.

Semantic Differential Scale. A measure consisting of a series of bipolar adjectives (such as “good/bad,” “hot/cold,” “like/dislike,” or “expensive/inexpensive”) anchored at the ends of an odd-numbered (e.g., five- or seven-point) continuum. *See Quantitative Research.*

Sensation. The immediate and direct response of the sensory organs to stimuli. *See Perception and Stimulus.*

Sensation Seeking. A personality traits that is closely related to OSL and reflects one’s need for varied, novel, and complex sensations and experiences, and the willingness to take risks for the sake of such experiences.

Sensory Adaptation. Getting used to high levels of sensory input and therefore less able to notice a particular stimulus.

Sensory Input. The stimuli that are received and perceived from our five senses: smell, sight, touch, taste, and sound.

Sensory Store. A location in the brain where the sensory input lasts for just a second or two. If it is not processed immediately, it is lost.

SERVQUAL Scale. Perceptual measure of the gap between customers’ expectations of services and their perceptions of the actual service delivered, based on five dimensions: reliability, responsiveness, assurance, empathy, and tangibility. These dimensions are divided into two groups: the “outcome dimension,” which focuses on the reliable delivery of the core service, and the “process dimension,” which focuses on how the core service is delivered (i.e., the employees’ responsiveness, assurance, and empathy in handling customers) and the service’s tangible aspects.

Sexual Self-Schema. One’s cognitive view of the self with regard to sexuality, which originates in the person’s past experiences and influences his or her reactions to sex-related promotional themes.

Shaping. Reinforcement before the desired consumer behavior actually takes place, which increases the probability that the desired behavior will occur.

Showrooming. Consumers using smartphones to scan the bar codes of products displayed in physical stores and then checking the items’ prices online in order to purchase them at the lowest prices.

Simple Random Sample. A probability sample where every member of the population has a known and equal chance of being selected. *See Probability Sample.*

Sleeper Effect. A person’s disassociation of the message from its source over time, which results in remembering only the message’s content, but not its source. *See Differential Decay.*

Slice-of-Life Commercials. Promotional messages showing typical consumers in everyday situations.

Social Class. The division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either higher or lower status. *See Occupational Prestige Rankings and Social Class Consciousness.*

Social Media. Means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. Social media depend on mobile and Web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content.

Social Needs. The psychogenic needs for love, affection, belonging, and acceptance. *See Maslow's Hierarchy of Needs.*

Social Networks. Virtual community where people share information about themselves with others, generally with similar interests, with whom they had established relationships that, for the most part, exist only in cyberspace.

Social-Class Consciousness. A person's level of identification with a given social class.

Socialization. The process by which people learn how to behave in ways that are acceptable to other members of their society. *See Socialization Agent.*

Socialization Agent. The person or organization involved in the socialization process because of frequency of contact with the individual being socialized and control over the rewards and punishments given to him or her. *See Consumer Socialization.*

Societal Marketing Concept. A premise that requires marketers to fulfill the needs of the target audience in ways that improve, preserve, and enhance society's well-being, while also meeting their business objectives.

Socioeconomic Status Score (SES). A measure of social class, developed by the U.S. Census Bureau, that combines occupation, family income, and educational attainment to determine social standing.

Sociology. The study of the development, structure, functioning, and problems of human society. *See Content Analysis, Culture, and Field Observation.*

Sociometric Method. A technique of measuring opinion leadership that records person-to-person communications about a product or brand among members of a community where most people know each other by name. *See Opinion Leadership.*

Source Credibility. A source's persuasive impact, stemming from its perceived expertise, trustworthiness, and believability.

Starch Readership Ad Study. A research method that evaluates the effectiveness of magazine advertisements along three criteria: "Noticing" the ad, "associating" the ad with

the brand advertised, and "involvement" with the ad (defined as having read most of the ad's text). *See Learning.*

Stereotypes. Biased notions that people carry in their minds about the meanings of various stimuli. When presented with these stimuli, people "add" these biases to what they see or hear and form mostly distorted impressions. *See Perception.*

Stimulus. Any input to any of the senses. *See Sensation.*

Stimulus Discrimination. The strategy that is the opposite of stimulus generalization aimed at getting consumers to select a specific stimulus from among similar stimuli, whose objective is to position products and services in such a way that differentiates them effectively from competitive offerings. *See Positioning, Stimulus, and Stimulus Generalization.*

Stimulus Generalization. Responding the same way to slightly different stimuli. *See Stimulus and Stimulus Discrimination.*

Stratified Random Sample. A probability sample where the population is divided into mutually exclusive groups (such as age groups), and random samples are drawn from each group. *See Probability Sample.*

Subculture. A group that shares certain beliefs, values, and customs, stemming from ethnicity, religion, geographic location, age, or gender, while also being a part of a larger society.

Subliminal Perception. A situation that occurs when the sensory receptors receive stimuli that are beneath the person's conscious awareness (i.e., the absolute threshold). *See Absolute Threshold and Perception.*

Superego. A Freudian term referring to the individual's internal expression of society's moral and ethical codes of "proper" or "correct" conduct. The superego's role is to see that individuals satisfy their needs in a socially acceptable fashion. Thus, the superego is a "brake" that restrains or inhibits the impulsive forces of the Id. *See Ego, Freudian Theory, and Id.*

Symbol. A verbal or nonverbal thing that represents or stands for something else.

Symbolic Group. A group to which an individual is unlikely to belong, but whose values and behaviors he or she adopts nevertheless. *See Membership Group and Reference Groups.*

Systematic Random Sample. A probability sample where members of the population are selected at random and then every *n*th person is selected. *See Probability Sample.*

Targeting. Selecting the segments that the company views as prospective customers and pursuing them.

Technical Learning. Learning that occurs when teachers instruct children about how to behave and "do things" in social and personal settings. *See Formal Learning and Informal Learning.*

Teens. The age cohort representing youngsters who are between 13 and 17 years old.

Telephone Survey. A study conducted via the phone.

Terminal Values. Within the Rokeach Value Survey, values that reflect goals and desired states of existence (i.e., “ends). See *Instrumental Values and Rokeach Value Survey*.

Test Marketing. Selecting a geographic market, that it presumably representative of other markets, and then introducing a product (i.e., all the elements of the Marketing Mix) in order to examine consumers’ responses to the offering under actual marketing conditions. *See Experiments.*

Thematic Apperception Test. Showing pictures to respondents and asking them to tell a story about each picture. *See Projective Techniques and Qualitative Research.*

Theory of Reasoned Action (TRA). An approach to studying attitudes that measures the “subjective norms” that influence a person’s intention to act, which include his (or her) beliefs as to what relevant others (e.g., family, friends, roommates, co-workers) might think of the person’s contemplated action.

Theory of Trying to Consume. An approach to studying attitudes referring to cases where positive attitudes lead to actions, although the personal and environmental impediments that the person faces may (or are even likely) to prevent the desired outcome.

Three-Hit Theory. A marketing assumption that just three exposures to an advertisement are needed in order for learning to take place: one to make consumers aware of the product, a second to show consumers the relevance of the product, and a third to remind them of its benefits.

Time Shift. Electronic devices that enable consumers to skip commercials by pausing and resuming play during live broadcasts, or recording programs and viewing them later on.

Transactional Bonds. Convenience and transaction-related relationships between customers and companies. *See Emotional Bonds.*

Tri-Component Attitude Model. A model describing the structure of attitudes, it maintains that an attitude consists of three components. *See Affective Component, Cognitive Component, and Conative Component.*

Trial. The fourth stage of Innovation Adoption, which is a term designating the process leading to a person’s decision of whether or not to adopt an innovation. After becoming aware and interested in the innovation, and undertaking a “mental trial” (or evaluation), the consumer tries the innovative product, either by buying it (while being able to return it) or receiving a free sample. *See Innovation Adoption Process.*

Trial-Ability. One of the five characteristics identified as a determinant of consumer acceptance of a new product representing the degree to which a new product can be tried on a limited basis. *See the other four characteristics: Compatibility, Complexity, Relative Advantage, and Observability.*

Trickle-Down Effect. Originally applied to fashion, the concept states that members of lower classes adopt the fashions of the upper class and maintain them even after the upper class has abandoned these fashions, presumably because they no

longer reflect the exclusivity of the upper class. To “restore” their exclusivity, members of the upper class adopt new fashions, which are subsequently copied by the lower classes, and the cycle is repeated.

Truth-in-Advertising Laws. Laws designed to protect consumers against false advertising.

Tweens. The age cohort representing youngsters who are between 8 and 12 years old.

Twitter. An online social networking service and microblogging service that enables its users to send and read text-based messages of up to 280 characters, known as “tweets.”

Two-Sided Message. A message that acknowledges competing products and/or the negatives of one’s own product or brand. *See Comparative Advertising and One-Sided Message.*

Unaided Recall. A recall test, that measures the effectiveness of learning and communications, where consumers are asked whether or not they have read a particular magazine or have watched a particular TV show. Afterwards, they are asked whether they can recall any of the ads featured in these media and their salient points. *See Aided Recall.*

Unconditioned Stimulus. A stimulus that occurs naturally in response to given circumstances. *See Conditioned Stimulus.*

Upward Mobility. The opportunity to move from a lower social class to a higher one because of the availability of educational resources and free enterprise. *See Downward Mobility and Social Class.*

Usage-Occasion Segmentation. A segmentation strategy based on the fact that many products are purchased and used in the context of specific occasions.

Usage-Rate Segmentation. A segmentation strategy based on the differences among heavy, medium, and light users of a given product.

Utilitarian Function. A functional approach to understanding attitudes where researchers believe that consumers’ attitudes reflect the utilities that brands provide. *See Functional Approach.*

Validity. A measure has validity if it does, in fact, collect appropriate data needed to answer the questions or objectives stated in the first (objectives) stage of the research process. *See Reliability.*

VALS™. A widely used segmentation method that classifies America’s adult population into eight distinctive subgroups: Innovators, Thinkers, Achievers, Experiencers, Believers, Strivers, Makers, and Survivors.

Value-Expressive Function. A functional approach to studying attitudes where researchers believe that attitudes reflect people’s values and beliefs. *See Functional Approach.*

Verbalizers. People who respond favorably to verbal messages and pay less attention to visual and pictorial messages. *See Visualizers.*

Viral Advertising. A marketing techniques that uses social networks to increases brand awareness by encouraging individuals to pass along online email messages or other contents.

Visualizers. People who respond favorably to visual and pictorial messages and pay less attention to verbal messages. *See Verbalizers.*

Web Crawlers. Programs that capture content across the internet and transmit it to the data broker's servers.

Web-Search Ads. Ads generated by consumers' online searches.

Weber's Law. A principal stating that the stronger the initial stimulus, the greater the additional intensity needed for the second stimulus to be perceived as different. *See Differential Threshold and JND.*

Webisodes. Short videos featuring entertainment content centered around brands.

Wife-Dominated Decisions. Purchase decisions where the wife's influence is greater than the husband's. *See Autonomic Decisions, Husband-Dominated Decisions, and Joint Decisions.*

Withdrawal. Resolving frustration by withdrawing from the situation. *See Defense Mechanisms.*

Word-of-Mouth. An oral or written communication in which satisfied customers tell others how much they like a business, product, service, or event. *See Buzz Agent and Opinion Leadership.*

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