Consumer Behaviour: Implications for Marketing Strategy (MKTG2112)

Ch1: week 1

• Studying the consumer is important for marketers
• Implications of consumer behaviour for marketing strategy
• Relevance of consumer behaviour for non-profit organisations, government agencies or consumer groups
• A working model of consumer behaviour
• Structure of book and logic of argument

Understanding Consumer behaviour (CB) is essential to carry out and effectively implement:

• Market segmentation
• Positioning strategy
• New market applications (micro marketing)
• Global marketing (understanding different cultures and how different cultures perceive a product).
• Marketing mix
• Consumerism, ethics & non-profit marketing

Definitions of Consumer Behaviour:

• The dynamic interaction of cognition, behaviour and environmental events by which human beings conduct the exchange aspects of their lives (American Marketing Association)
• A discipline dealing with how and why consumers purchase (or don’t purchase) products and services (textbook).

Consumer behaviour is product-person-situation specific
*Marketing strategies need to be aware of such factors when developing their marketing mix.

**How consumer influences drive marketing decisions**

**CONSUMER INFLUENCES**

**External influences**
- Culture and values
- Demographics, income and social class
- Reference groups and households
- Marketing activities

**Internal influences**
- Needs, motives and emotions
- Perceptions and memory
- Personality and lifestyle
- Attitudes

**Situational influences**
- Physical, time, social, task and antecedent

**Decision-process influences**
- Problem recognition
- Information search
- Alternative evaluation
- Outlet selection
- Purchase
- Postpurchase processes

**MARKETING DECISIONS**

**Market segmentation**
- Target segment(s)
- Single- or multiple-target segments

**Product positioning**
- Key product-differentiation variables
- Position relative to competition

**Marketing mix**
- Product features
- Price level
- Promotional appeal
- Place (distribution)
Consumer lifestyle and consumer decisions

Consumer Decision Process

overall model of CB
Perception: the process through which we notice, attend to and interpret the objects, messages and events (the stimuli) that we encounter in the world around us.

- Perception plays a critical role in the information processing system: a series of interlinked activities by which stimuli (objects, messages and events) are transformed into info and stored. Information processing has 4 main stages:

1) Exposure: when a stimulus comes within range of a person’s sensory receptors. Marketers have to identify which promotional channels (magazines, TV) and which distribution channels (department stores or newsagents) can best expose their products to the right target market.

- The consumer doesn’t have to consciously perceive the stimulus for exposure to occur.

- Whether a consumer is exposed to stimuli (marketing means) is determined by what the consumer is capable of perceiving. Some sensory info falls below the absolute threshold of our senses- the lowest level of stimulation needed for detection by a person’s sensory receptors. (This is why marketers go to great lengths to ensure that certain ads are noticeably big, loud, colourful etc). May also employ techniques such as smell to enhance sensory input.

- Many of the stimuli to which an individual is exposed are self-selected: the process by which individuals deliberately seek out exposure to certain stimuli and avoid exposure to others.

- So what influences the types of stimuli people seek out? Consumers seek info that they believe will help them achieve certain goals (immediate and long term).
2) **Attention**: occurs when a stimulus activates one or more sensory receptors and the resulting sensations go to the brain for processing.

- **Attention is determined by 3 factors;**
  a) **The Stimulus**: stimulus factors refer to physical characteristics of the stimulus itself, including; the **size of a stimulus** (the larger the more notice and attention it will attract), **the intensity** (loudness or brightness) of a stimulus. **Colour and movement, Position** (the given location of a stimulus- objects placed near the centre of the vision of field are more likely to be noticed than those near the edge), **Contrast** and many more.

- Over time we adjust to the level and type of stimuli to which we are accustomed, thus an advertisement that initially stood out will eventually lose its contrast effect, this is known as **Adaptation Level Theory**. As a result, marketers need to change their campaigns regularly to avoid ‘wear out’.

- Ensuring that marketing messages stand out also requires an understanding of a consumer’s **differential threshold**: their ability to notice changes or differences in levels of stimulation.

- The minimum amount of change in a stimulus that needs to occur for consumers to notice is known as **just-noticeable difference** (JND).

- **Weber’s law** states that the stronger the initial stimulus is, the greater the JND has to be in order for the consumer to notice.

- Another aspect of the stimulus that affects consumer’s is the **information quantity**: in today’s media info has to be compressed (messages are sped up to increase attention-short and sharp), to avoid an **information overload** (consumers cannot obtain all the info that is being provided).
b) **Individual Factors:** concerns personal characteristics that are likely to influence how incoming information is perceived and processed.

- Individuals will seek out (deliberate exposure) to info relevant to their current needs, this act is known as **perceptual vigilance**. Furthermore, consumers have a tendency to demonstrate decreased awareness to stimuli that is perceived as not relevant or not wanted to the consumer (**perceptual defence**).

c) **Situational Factors:** those elements in the environment (other than the focal object-stimulus) that are likely to influence consumer behaviour.

- Print, radio and TV advertisement always occur in the context of a program, magazine or newspaper (positive effects are evident in relation to print advertisements when a consumer becomes involved with a magazine, newspaper etc).

- **Program involvement also affects the viewers’ attitudes towards the advertisement and the product advertised.**

**Non-focused Attention:** superficial and distracted allocation of ones’ processing ability to a stimulus. Much controversy surrounds **subliminal messages:** the belief that some messages may be attended to without awareness, however research indicates that such messages have little affect on consumer’s behaviours.
3) **Interpretation:** concerns the assignment of meaning to the stimuli that consumers attend to. The meaning that is created is a function of how info about a stimulus is organised by the human brain into patterns. *These patterns are formed by the characteristics of the stimulus, the individual and the situation* (Gestalt psychology). *how we interpret stimuli is also dependent on one’s involvement (high or low).*

![Diagram of Interpretation Process]

**a) Cognitive Interpretation:** a process whereby stimuli are placed in existing categories of meaning (the addition of new info to existing categories). **Affective Interpretation:** is the emotional or feeling response triggered by a stimulus.

**b) Individual Characteristics:** a number of individual characteristics influence interpretations.

- **Learning:** prior learning provides the framework within which people interpret and give meaning to events/data (learning to assign meaning to certain stimuli). **Expectations:** individual’s tend to interpret stimuli consistently with their expectations. Eg- it is expected that dark brown pudding will taste like chocolate and white pudding will be vanilla. *This acts as a sort of bias, already setting the stimuli up in a certain way or at a certain standard in one’s mind.*

**c) Situational Characteristics:** common sense. Eg- hunger, proximity (having chocolate bars at the checkout at coles to take advantage of impulse buys).

**d) Stimulus characteristics:** how the consumer perceives the stimulus (product).
4) **Memory**: how this meaning of a stimulus is recorded either for short-term use (immediate decision making) or long-term storage. The distinction between short and long term memory is referred to as the **duplex theory of memory**.

*These 4 stages determine how marketing information is processed and the resulting purchase and consumption decisions of consumers.*

**Perception & Marketing Strategy: MS**

- Knowledge of the process by which perception occurs is an essential guide to MS, understandings of perception are useful in the areas of:
  
1) **Retail Strategy**: Store interiors are designed with the sought after items spread out so consumers travel through more of the store, increasing the stores total exposure. Stores also provide reference prices to increase consumers ability to interpret price info, facilitating price comparisons.

2) **Brand name and logo development**: the name of a company or product influences how consumers perceive it. The brand name becomes an important asset for a company, creating a brand name is expensive. How a good’s name is visually presented is its **logo**, companies want to ensure that their company logo looks good/appealing and projects an accurate image of their good/service to both consumers and other companies.

3) **Media Strategy**: Companies should determine to which media consumers in the target market their product is most often exposed to and then place advertising messages in those media.

4) **Advertisement & package design**: A & P design must capture attention and convey meaning. *What should a manager do to attract attention to a package or advertisement?* This depends on the target market, the product and the situation. If the target market is interested in the product category or in the firm/brand attention is not an issue. **However, most consumers are not actively interested until there is a need for a product/service.** Developing a campaign
for a product to increase the number of users requires 2 methods: 1- use stimulus characteristics such as bright colours, full-page advertisements etc to grab attention to the ad, 2- tie the message to a topic the target market is interested in (celebrities are used in ads for this reason), sex appeal, humour etc.

5) Advertising Evaluation: a successful ad will accomplish the 4 tasks of; exposure, attention, interpretation, memory. Measures of exposure: can be measured through data circulation (exposure to print media). Measures of circulation include, households, income etc. Measures of Attention: attention-attracting powers of ads or packages can be measured through; eye-pupil dilation, eye-tracking, brain wave analysis etc.

   - **Indirect tests of attention include day-after recall:** most popular method of measuring the attention-getting power of TV ads, individuals are interviewed the day after a commercial is aired during a program they watched.

   - **Recognition tests:** a market research technique aimed at estimating how many respondents, if shown an advertisement, can recognise it.

   - **Starch scores:** evaluating the attention-attracting power of print ads, respondents are shown ads from magazine issues they have read and indicate which parts of the ad they recall reading.

Measures of Interpretation: marketers investigate interpretation primarily through the use of focus groups and day after recall. It is clear that consumers use all of the advertisement, including non-verbal visual and auditory imagery, in forming an impression of the product.

6) Regulation of Ads and packaging: have to maintain ethical and legal boundaries. Ads and Children- research indicates that children under 7 have difficulty distinguishing ads from programs, as a result a number of regulations have been enforced to control the way advertising is included in children’s programs.
Chapter 9: Learning and Memory

**Learning** is any change in the content or organisation of long term memory, the result of info processing. **Much of the CB today is an outcome of learning.** Most of our internal psychological processes like attitudes, values, behaviours, symbolic meanings and feelings are acquired through learning. Consumers also utilise learning when they are trying to ‘fit in’ to a new social class or culture.

Many marketing activities aim to result in consumers learning about a product or the benefits offered by the product and influence ‘consumer learning’. Through consistent promotional activities marketers aim to focus consumers learning towards positive brand associations (learn positive things about the brand/product).
- Learning results from information processing and can cause changes in memory.

### Learning under conditions of High and Low Involvement:

A **High Involvement (HI) learning situation** is one in which the consumer is motivated to learn or process the material, a **low involvement situation** is the opposite (consumer has no desire to put any effort in).

* CC & vicarious/modelling learning is low involvement. OC & reasoning is high involvement.  
* CC= learning based on association. OC = learning based on consequences (good or bad)

The degree of involvement on the consumers’ part is dependent on the characteristics of the **individual, the object and the situation.**

**Conditioning:** learning that is based on the association of a stimulus (info) and a response (behaviour or feeling).

- **Classical Conditioning (CC)-** the process of using an established relationship between a stimulus and a response to bring about the learning of the same responses to a different stimulus.

Eg- when the dominos pizza ad comes on, after seeing it numerous times, the reaction to the hunger pangs prompts you to call the number on the screen, **a new response has been learned after repeated associations.**

- In the same way hearing popular music (**unconditioned stimulus**) elicits a positive emotion (**unconditioned response**). If this music is consistently paired with a particular brand of beer or another product (**conditioned stimulus**) the brand itself will come to elicit the same positive emotion (**conditioned response**).
- **CC** is the most common in low-involvement situations, eg- pairing a sports game with a type of soft drink (most individuals watching the sports game pay no attention to the soft drink but after continuous exposure consumers begin associating the excitement of the game with the drink).

- **Operant Conditioning**: also known as instrumental conditioning, is the process of learning whereby the consumers response to a stimulus is either reinforced by a reward or discouraged by a punishment, differing from CC in terms of the role and timing of the reinforcement.

- **Operant C**- often involves the actual use of the product and therefore many marketing strategies are aimed at securing an initial trial. Eg- free sampling of food in supermarkets.

- The process of encouraging partial responses (consuming a free sample) leading to the final desired response (purchasing the product at full price) is known as **shaping**.

- **OC** is widely used by marketers, the most common application is keeping products at a consistent quality, so that the use of the product to meet a consumer need is reinforcing. Occurs in high-involvement situations. Reinforcement (positive or negative) will have a
stronger effect in such a situation than in low-involvement situations where less post-purchase evaluation takes place.

**Cognitive Learning:** encompasses all the mental activities of humans as they work to solve problems or cope with situations, learning ideas, concepts, attitudes and facts that contribute to the ability to reason and problem solve without direct experience or reinforcement.

**Iconic Rote Learning:** refers to memorising through repetition as a form of learning, involves the association between 2 or more concepts in the absence of conditioning. IRL involves low-involvement (many repetitions of a simple message may result in the message being learned).

**Vicarious Learning/Modelling:** is a type of learning based on the observation and limitation of the behaviour of others. By observation, consumers learn throughout their lives that certain behaviours (and products) are appropriate in some situations and others are not.

- Much of **consumer socialisation:** the process by which young people acquire skills, knowledge and attitudes relevant to their functioning as consumers in the marketplace.

**Reasoning:** represents the most complex form of cognitive learning, in this process the individual engages in creative thinking to restructure existing info as well as new info to form new associations.

(put in table 9.1)
**Strength of Learning:**

The strength of learning is heavily influenced by 6 factors:

1) **Importance**: is the value that the consumer places on the info to be learned (if place more value on what is being learnt, have higher involvement in learning and require less reinforcement).

2) **Message involvement**: the extent to which the consumer is involved with the message.

3) **Mood**: a transient state of mind that is generally not tied to a specific event or object.

4) **Reinforcement or punishment**: a positive reinforcement is a pleasant or desired consequence (increasing a consumer’s future purchase of that product). A negative reinforcement involves the removal or avoidance of an unpleasant consequence, eg- teens buying Proactive for their skin to avoid being bullied by school peers.

5) **Repetition**: the repeated exposure of consumers to info, increasing the strength and speed of learning. Whenever it is important to produce widespread knowledge of the product rapidly, frequent, close together repetitions should be used. This is known as **pulsing**.

6) **Imagery**: Brands/logo’s that stimulate consumers to form mental images of that particular brand/product are remembered better.

**Extinction** occurs when the reinforcement for the learned response is withdrawn, gradually forgetting the learnt response.

**Stimulus Generalisation**: whenever a learnt response to one stimulus is elicited by a similar stimulus. Eg- conditioned a young boy to be scared of white rabbits. Generalised this stimulus to anything white and fluffy.
Stimulus Discrimination: the process of learning to respond differently to similar (but different) stimuli.

Memory: is the total accumulation of prior learning experiences, consisting of short and long term memory.

Short term memory: it is not used for storage, it is the portion of that memory that is currently in use, individuals use STM to hold information while they analyse and interpret it.

- 2 kinds of info-processing activities occur in STM; 1- elaborative activities (EA): the use of previously stored experiences, values, attitudes, beliefs to interpret and evaluate information in working memory (EA serve to redefine or strengthen info). 2- Maintenance Rehearsal (MR): the continual repetition of a piece of info in order to hold it in current memory for use in problem solving or transferral to long term memory.

Long Term Memory: is viewed as a virtually unlimited, permanent storage. Marketers are primarily interested in semantic memory, which is the basic knowledge and feelings people have about a concept (represents an individual’s understanding of an object at its simplest level).

Episodic memory- is the memory of a sequence of events in which a person participated. These personal memories of events etc are strong and can elicit imagery and feelings. *Marketers try to elicit episodic memories to evoke positive feelings towards the brand from the consumer.

Schematic Memory: consists of patterns of association around a particular concept, this form of memory is concerned with associations and combinations of ‘chunks’ of information.

Scripts: memory of how an action sequence should occur is a special type of schema known as a script. Scripts are step by step instructions of how to carry out specific behaviours.
**Brand Image & Product Positioning:**

**Brand Image:** refers to the schematic memory of a brand without reference to competing brands. It is what consumers think of/feel when they hear or see a brand name.

**Product Positioning:** is a marketing strategy developed to present a specific image for a product to a specific target segment. Once a marketer decides on an appropriate product position the marketing mix is designed to achieve that image in the target market.

**Perceptual Mapping:** is a method whereby marketers use consumer’s perceptions of how similar various brands or products are to each other and then relate these perceptions to the products attributes. Perceptual mapping helps the marketer understand how the consumer perceives their brand relative to others by specific product attributes/characteristics.

**Product re-positioning:** a deliberate decision to significantly change the way the market views a product.

**Brand Equity:** the value that consumer’s assign to a brand, above and beyond any specific functional characteristics of the product/ beyond the products attributes. **Brand Leverage:** refers to marketers capitalising on brand equity by using the existing brand name for new products (the positive association of the brand is automatically transferred to the new products being introduced).
Chapter 10: Motivation, personality and emotion

A motive is a construct representing an unobservable inner force that stimulates and compels a behavioural response, provides specific direction to that response and drives the response until the inner force is satisfied.

- Thus motive has 3 main elements: 1- the triggering of a behaviour, 2- the general direction of that behaviour and 3- its persistence until satisfaction is achieved.

- A motive is often stimulated by processes similar to problem recognition

Theories of Motivation:

1) Maslow’s Hierarchy of Needs: based on 4 premises: a) all humans acquire a similar set of motives through genetic endowment & social interaction, b) some motives are more basic than others, c) the more basic motives must be satisfied to a minimum level before other motives are activated, d) as each motive in the hierarchy is satisfied the next more advanced motive comes into play.

- Maslow proposed a motives hierarchy from basic to advanced needs common to all individuals: a) Physiological- food, water, sleep etc unless they are minimally satisfied other motives are not activated. b) Safety- seeking physical safety and security, stability etc. They are aroused after physiological motives are minimally satisfied. c) Belongingness- such motives are reflected in a desire for love, friendship, group acceptance etc. They are activated after physiological and safety needs have been satisfied. d) Esteem- desires for status, superiority, self-respect and prestige, relating to an individuals feelings of usefulness and accomplishment. e) Self-actualisation- the desire for self-fulfilment, the highest level of motivation activated last after all other motives have been satisfied.

- However, this theory is a generalisation, not distinguishing the motives of different cultures.
McGuire’s Psychological Motives:

McGuire has developed a motive classification system that is more specific than Maslow’s, assisting marketers in isolating motives involved in specific consumption situations.

McGuire has classified motives into **4 categories; pg 306**

1) **Cognitive preservation motives**: the need for consistency, motives that focus on achieving all parts of oneself and ensuring that each part is consistent with the others. – Marketers use this in several ways. **First**, it makes clear the need for a consistent marketing mix (a product positioned as a luxury product, expensive packaging etc should not be priced as an average product, this may cause consumers to reject the product). – The need for consistency relates to the **purchase-decision process**, following an important purchase consumers may have feelings of dissonance and may be motivated to seek info to reduce these feelings of inconsistency.

Keeping a product consistent will generate a positive post-purchase dissonance.

– **This set of motives deals with the need to determine who or what causes things to happen to us (causation)**, whether individual’s attribute favourable or unfavourable outcomes to themselves (**internal attribution**) or an external source (**external attribution**) known as the
attribution theory (an approach to understanding why consumers assign particular meanings to a person’s behaviour and whether it is due to dispositional characteristics or situational factors).

- Have a need to be able to categorise and organise information and experiences in meaningful yet manageable way.

- Have a need for cues: these motives reflect our need for observable cues to enable us to infer what if felt and known. By viewing our own behaviour and that of others and drawing inferences as to what we feel and think we can subtly influence our attitudes and feelings.

2) Cognitive Growth Motives: motives that focus on achieving a sense of meaning through personal development.

- The need for independence: the need for a feeling of self-governance or self-control
- The need for novelty: the need for variety and difference
- Teleological need: the need to achieve desired outcomes or end states
- Utilitarian need: the need to learn new info to solve problems

3) Affective Preservation Motives: motives that deal with needs to obtain personal goals while maintaining equilibrium.

- The need for tension reduction: need to reduce stress
- The need for self-expression: need to express self-identity to others
- Ego defence: the need to defend or protect our identities or egos
- Reinforcement: the need to act in such a way that others will reward us

4) Affective Growth Motives: motives that deal with needs to obtain goals through personal development.

- Assertion: the need to increase self-esteem
- Affiliation: the need to develop mutually satisfying relationships with others
- Identification: the need to adopt new roles
- **Modelling:** the need to base behaviours on those of others

**Motivation Theory & MS:**

- Consumers don’t buy products, they buy solutions to problems or motive satisfaction.
- The tourism industry has applied the basic concepts of motivation in an attempt to understand why people travel. It has been suggested that the prime motivations for engaging in pleasure travel are to escape. *These basic motivations have been said to consist of both internal push (relaxation, wish fulfilment) and external pull factors (the image of the destination).*

**Discovering purchase motives:**

- **Manifest motives** are motives that are known and freely admitted. Eg- a market researcher asking why you wear Ray-Ban sunnies, reasons the consumer may offer include; ‘they’re fashionable, are good quality etc’. However, there are other reasons for the purchase that consumers are not as willing to admit, eg- ‘they make me look attractive, show that I am cool etc’. Such motives are known as **latent motives**- motives that are either unknown to the individual or are such that the individual is reluctant to admit them.
- Both manifest and latent motives may influence a purchase.
While Manifest motives are easy to determine (through direct questioning), Latent motives are more complex. Motivation research methods such as projective techniques — techniques designed to measure feelings, attitudes and motivations that consumers would be unable or unwilling to reveal otherwise. Techniques include:

1 Association Techniques

<table>
<thead>
<tr>
<th>Word Association</th>
<th>Consumers respond to a list of words with the first word that comes to mind. <strong>Successive word association:</strong> consumers give the series of words that come to mind after hearing each word on the list.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis &amp; Use</td>
<td>Responses are analysed to see if negative associations exist, emotionality of the word is also measured (use for brand name &amp; advertising copy tests).</td>
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2 Completion Techniques
**Sentence Completion**

Consumers complete a sentence such as; ‘People who buy a Mercedes Benz are…’ or **Story completion:** consumers complete a partial story

**Analysis & Use**

Responses are analysed to determine what themes are expressed.

**3 Construction Techniques**

**Third person techniques**

Consumers tell why ‘an average woman’, ‘most doctors’ or ‘people in general’ purchase or use a certain product. **Analysis & Use:** same as completion techniques

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- **Netnography:** ‘ethnography on the internet’- a qualitative research method designed to investigate the CB of communities & cultures that are present on the internet.

**Marketing Strategy based on Multiple Motives:**

- Once the marketing manager has isolated the combinations of motives that are influencing the target market, the next task is to design the MS around the relevant set of motives. The product must provide more than 1 benefit to satisfy the consumers various motives.

- Since Latent Motives are often less than socially desirable indirect appeals in the MS are often used. Most of the copy in an advertisement may focus on quality and performance, however, the photo in the ad may show the product being used by a wealthy figure and as such a dual appeal is used. *The direct appeal focuses on the quality but the indirect appeal focuses on status. Less direct appeals to self-esteem are utilised.*
Marketing Strategies based on Motivation Conflict:

Motivation Conflict: the outcome of motives driving consumers to opposite behaviours (resolution of such conflict often affects consumers consumption patterns). Eg- a consumer may be motivated to buy a product online but may be concerned about the quality of the product, to alleviate this concern the marketer may provide a money back guarantee to encourage the consumer to buy this product.

Approach-approach motivational conflict: a situation where the consumer faces a choice between 2 attractive alternatives.

Approach-avoidance MC: a situation where the consumer faces both positive and negative consequences in the purchase of a product. Eg- a consumer who is trying to makes changes to their diet faces this problem; wanting the taste and emotional satisfaction of snacks (approach) but doesn’t want to gain weight (avoidance). The introduction of low calorie snacks may reduce this conflict. Consumers are strongly motivated by the minimisation of negative feelings.

Avoidance-avoidance MC: a situation where a consumer faces 2 undesirable alternatives, consumer has to pick the ‘lesser of 2 evils’.

Personality:

- For marketers personality is a useful concept as it enables consumers to be categorised into different groups on the basis of the characteristics they exhibit.

Individual Personality Theories:

- Have 2 common assumptions: 1) all individuals have internal characteristics or traits. 2) For these characteristics, there are consistent and measurable differences between individuals.

- Single trait theories: emphasise one personality trait as being particularly relevant to understanding a specific set of behaviours.
- **Multi-trait theories**: specify several traits in combination that capture a substantial portion of an individual’s personality. Cattell indicates that traits are acquired at an early age through learning or are inherited. Cattell suggests that if we observe ones surface traits (observable behaviours) that correlate highly with another we would be able to identify an underlying source for that trait/ the cause of the behaviour.

- A more recent approach that is **commonly used by marketers to illustrate multi-trait personality theory is the five-factor model of personality**: this model identifies 5 basic traits that are said to be formed by genetics and early learning, these core traits manifest into behaviours triggered by different situations.

<table>
<thead>
<tr>
<th>Core Trait</th>
<th>Manifestation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extroversion</td>
<td>Prefer to be in a large group, talkative and bold</td>
</tr>
<tr>
<td>Instability</td>
<td>Moody, Touchy</td>
</tr>
<tr>
<td>Agreeableness</td>
<td>Sympathetic, kind to others, polite with others</td>
</tr>
<tr>
<td>Openness to Experience</td>
<td>Imaginative, find novel solutions</td>
</tr>
<tr>
<td>Conscientiousness</td>
<td>Careful, precise, efficient</td>
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**Social Learning Theories**: in contrast to personality theories, SLT emphasise the environment as the primary determinant of behaviour. SLT deal with the ways people learn to respond to the environment and the patterns of responses they learn. As situations change, individuals change their reactions.
Personality in Marketing:

**Brand Personality**- a set of human characteristics that become associated with a brand

**Dimensions of Brand Personality** (figure 10.2 pg 317).

**Emotion**: strong, uncontrolled feelings that affect our behaviour. Emotions are characterised by a state of heightened physiological arousal.

Marketers use emotional appeals and triggers in the advertising campaigns and design products to meet various emotional needs.

**Figure 10.3 from week 3ppt. pg 319**

**Emotions & MS:**

**Emotion Arousal**- the motivation to activate certain emotional states (is beneficial to products/product sales is the emotional arousal has a positive association).

- **Emotion reduction can also prove to be beneficial to a product**. People do not like to feel sad, powerless or disgusted, as a result marketers design and/or position many products to prevent or reduce the arousal of unpleasant emotions. Eg- products designed to deal with depression, use flowers to alleviate such bad emotions.

- The emotional content of advertisements enhances their attention-attraction and attention-maintenance capabilities. Ads that trigger reactions of joy/warmth are more likely to be attended to than those ads that are neutral.
- The triggering or such emotions results in consumers having a more positive perception of the product and the brand (brand personality).

Chapter 11: Attitude and Attitude Change

An attitude is a combination of motivational, emotional, perceptual and cognitive processes with respect to some aspect of our environment. It is a learned pre-disposition to respond in a consistently favourable or unfavourable manner with respect to a given object.

Anything about which an individual can have an attitude is commonly referred to as the attitude object.

Attitudes can range from positive to negative, a property referred to as favourability. The strength to which a consumer can hold an attitude is referred to as the intensity. Also, the consumer may hold the attitude with a varying degree of confidence (greater confidence = more resistant the attitude is to change).

Many attitudes are the result of early experiences, family influences etc

Attitude Components: consist of 3 components; cognitive (beliefs), affective (emotions) and behavioural (responses), this model is known as the tri-component attitude model.

1) Cognitive Component: of a consumer's attitude consists of beliefs, knowledge about an attitude object. Multi-attribute attitude model: a model expressing attitudes as a function of a number of attributes and the beliefs associated with them by consumers in relation to any particular brand, each allocated with a particular coefficient reflecting its importance.

- An example of a MAA model is the weighted ideal-point model (WEPM). The WEPM assumes that consumers seek an ideal level in a number of attributes for a product and that they also assign different degrees of importance to these different attributes.
2) **Affective Component:** Feelings or emotional reactions to an attitude object represent the affective component of an attitude. However, must look at the consumers’ reaction to an attitude object within context (the situation).

3) **Behavioural Component:** the tendency of the attitude holder to respond in a certain manner towards an attitude object. The behavioural component also provides response tendencies or behavioural intentions. Actual behaviours reflect these intentions as these behaviours are modified by the situation in which they occur.

**Component Consistency:**

All 3 components of an attitude tend to be consistent, referred to as the principle of cognitive consistency, this means that a change in one attitude component would produce changes in the other components. *A key basis for marketing strategies.*

If an individual experiences some inconsistency between attitude components, this is called cognitive dissonance (can be common in post purchase behaviour, especially amongst high-involvement purchases).

**7 factors can operate to reduce the consistency** between measures of beliefs and feelings and observations of behaviour:

1) A favourable attitude requires a need or motive before it can be translated into action.

2) Translating favourable beliefs and feelings into ownership requires ability (eg-money).

3) Many purchase decisions involve not just the individual consumer, purchase decision may be influenced, directly or indirectly, by others.
Measures of Attitude Components:

Put in figure 11.4, pg 347

*The cognitive component is measured by the beliefs consumers have about a product. A lack of product knowledge as well as inaccurate knowledge could hinder the development of a positive attitude towards a particular product. The affective component may be measured in terms of taste, price etc. The behavioural component is often measured by the strength of intention to buy on the next purchase or continue past purchase behaviour (if bought the product).

*A popular way of measuring importance weights is with a 100 point constant sum scale (such that the total of a products attributes adds up to 100).

Attitude Change Strategies:

- The attitude change induced by manipulating the marketing mix can be illustrated by many government agencies attempts to reduce socially irresponsible behaviours. Eg- Tobacco Campaigns etc.
- Attempting to change one attitude component so that the others also change, based on the notion of component consistency. *Therefore, marketing managers may focus on one, or more than one, of the components as they try to develop favourable attitudes towards their brands.

Changing the Affective Component:

- Marketers use 3 approaches to increase affect (emotions/feelings) directly: classical conditioning, affect towards the ad itself and mere exposure.

1) CC: with this approach a stimulus the audience likes is consistently paired with the brand name. Gradually, the positive affect associated with the music will transfer to the brand. Other ‘liked’ stimuli, such as pictures of high-profile personalities, are often used for this reason.
2) **Affect towards the Ad:** liking the ad increases the tendency to like the product. Positive affect towards the ad may increase liking for the brand through CC or it may be a more high-involvement, conscious process. Eg- Carlton Draught beer ad with the take-off from flash dance (like the ad, creating a more positive attitude toward the brand and product).

3) **Mere Exposure:** Repeatedly representing a brand to an individual could make the individual’s attitude towards the brand more positive. The continued repetition of ads for low-involvement products may increase liking for and subsequent purchase of the advertised brands without altering the initial belief structure.

**Changing the Behavioural Component:**

- Behaviour can lead to affect, to cognition or both simultaneously. Changing behaviour prior to changing affect or cognition is based primarily on operant or instrumental conditioning. Therefore, the key marketing task is to induce people to purchase or consume the product or at least try it out and ensure that the purchase/consumption will be rewarding. Coupons, free samples etc are common techniques for inducing trial behaviour.

**Changing the Cognitive Component:**

- As is explained by the principle of cognitive consistency, if a belief about an issue is influenced, affect and behaviour should then change. **4 basic marketing strategies** are used for altering the cognitive structure of a consumer’s attitude:

1) **Changing beliefs about the attributes of the brand**- The attitude of a consumer who believes that VB beer is overpriced and tastes bitter is shown in table 11.1. Based on the structure of beliefs, ideal beliefs and belief importance, an attitude index of 300 was computed. By shifting the consumer’s perception of the taste of VB (through ads) to a middle position, the attitude index would be improved to 200.
2) **Changing the relative importance of these beliefs-** the beer consumer considers some beliefs to be more important than others. Another way to change an attitude is to shift the importance away from attributes evaluated as poor to attributes that are positively evaluated. *Shift away from price.

3) **Adding new beliefs-** Let us assume that VB is able to offer 1/3 fewer kj’s in a beer without altering the taste. Let us also assume that our consumer views this as a favourable new product feature. The addition of this positive feature contributes to a better overall attitude toward this brand.

4) **Changing beliefs about the attributes of the ideal brand-** VB may try to convince consumers that good beer has a strong taste, the result of this succeeding would see the attitude index at 150 (figure 11.1).

(put in figure 11.1, pg 350)

**Individual & Situational Characteristics influencing Attitude Change:**

- There are individual differences in how easily consumers will shift attitudes. Some are head strong, close-minded or less subject to social influence than others, therefore marketing messages need to address such individuals.

- The **elaboration likelihood model (ELM)** is a theory about how attitudes are formed and changed under varying conditions of involvement. The ELM suggest that brand involvement (the degree of personal relevance of the brand, which may change according to the situation), is a key determinant of how the information is processed and attitudes are changed.

- **High involvement** results in a ‘central route’ to attitude change whereby consumers deliberately examine, think about and process message elements of an ad that they believe are relevant to a logical evaluation of the brand.

- When consumers’ involvement levels are high they are more receptive to reading larger amounts of text than when their involvement levels are low.
- **Low involvement** results in a peripheral route to attitude change whereby consumers form impressions of the brand based on exposure to readily available, easy to process cues in the message, regardless of the relevance of these cues to the brand itself. *Under low involvement conditions, consumers are usually not interested in reading large amounts of text and hence emotional appeals are more effective.*

- **Due to differing involvement levels, different communication strategies are required, but this is complicated as such involvement levels are not set and are subject to change.**

**Communication characteristics influencing attitude formation & change:**

1) **Source Characteristics: Source credibility:** influencing attitudes is easier when the source of the message is viewed as being highly credible or believable by the target market (this is known as source credibility). SC is composed of the 2 dimensions of **trustworthiness and expertise.**

   Individuals who are recognised as **experts** and have no motive to mislead are influential sources.

   *However, when the consumer believes that the source is paid by the firm for their endorsement this effectiveness is diminished. Sources that provide nothing but complete and accurate info are seen as **trustworthy.**

   * **Sleeper effect:** a communication phenomenon according to which the discounting of the message from a non-credible source dissipates over time, allowing the message to produce attitude changes similar to those delivered by credible sources.

2) **Celebrity Sources:** Ads using a celebrity to promote a product or cause can be effective and enhance attitude change for numerous reasons; a) they attract more attention to the ad, b) consumers may identify with or desire to emulate that celebrity etc. However, a risk is that an event or behaviour involving the spokesperson (celebrity) may affect their credibility. Eg- Tiger Woods scandal, affected perceptions of Nike etc.

3) **Appeal Characteristics: Fear Appeals**- a type of appeal that used the threat of negative consequences if attitudes or behaviours are not altered. Eg- smoking and drink driving ads.
**Humorous Appeals** - a type of advertising appeal aimed at getting attention via the use of jokes, puns etc to make the consumer laugh or smile. The following performance criteria must be met in order for humorous appeal to be effective in altering consumers’ attitudes: a) brand identified within the opening 10secs, b) type of humour is different (subtly), c) humour is linked to the brand.

*Humour should only be used if its consistent with the brands message and doesn’t over power the message the ad is trying to communicate.*

**Comparative Appeals:** advertising that explicitly states how one brand or product compares with one or more of its competitors.

**Emotional Appeals:** ads designed primarily to elicit an affective response rather than to provide information or arguments. *Emotional ads can enhance attitude formation or change by increasing: a) the ad’s ability to attract and maintain attention, b) ad memorability, c) product liking through CC and through high involvement processes.*

4) **Message Structure Characteristics:** One sided (only one point of view is expressed) vs Two sided messages (present both good and bad points, most marketers are reluctant to try such an approach). However, 2 sided msgs are more effective than 1 sided msgs in terms of the ability to change a strongly held attitude. One-sided messages are good for enforcing existing attitudes.

**Market Segmentation & Product development strategies based on attitudes:**

- The importance of various attributes is one way of defining customer needs for a given product.

  Segmenting consumers on the basis of the attribute or attributes important to them is called benefit segmentation (consumers are grouped into segments on the basis of their similarity or differences regarding the attribute benefits they look for in certain goods and services). *To define benefit segments a marketer needs to know the importance attached to the respective attributes of a particular good/service.*
**Product Development**: put in figure 11.2, pg359

The **first step** was to construct a profile of a segment of consumer’s ideal level of performance with respect to key attributes of a product (identify the attributes and the ideal level of performance of the product). The **second step** involves the creation of a product concept that closely matches the ideal profile. **Third step**, is to translate the concept into an actual product (aligned with the consumers ideal performance level from the products attributes).

**Chapter 13: Household structure and consumption behaviour**

The **Household** is the basic consumption unit for most consumer goods. A consuming unit, often family based, made up of individuals living under the same roof, the primary purchasing unit for most consumer goods.
Type of Households:

**Family household**- a household unit that consists of 2 or more people related, who live and eat in private residential accommodation.

**Non-family household**- a household made up of householders who live either alone or with others to whom they are not related.

*households, family or non-family, are important to marketing managers because they constitute consumption units and therefore represent the proper unit of analysis for many aspects of marketing strategy.

**Household growth patterns**- although continued growth in the number, structure and size of households is important, the age of the householder also plays a role in the purchase and consumption behaviour. Analysing the family life cycle stage is crucial to understand buying patterns at particular age groups and thus develop marketing strategies accordingly. Eg- the growth in single parenting families implies a need for convenience items, child care centres and household assistance.

**The Household life cycle**- the institution called household has a regular and predictable life cycle of its own. Applicable to both family and non-family, it assumes that these entities move through a series of distinct and well-defined stages with the passage of time. There is a variety of paths in most stages and movement between one stage and another often occurs.
STAGES:

Single I- characterised by those under the age of 35 and those who are single. As an increasing number of people defer or shun marriage, this group is growing. Young singles can further be divided into those who live with their parents and those who don’t. *most at home individuals live care free with few financial commitments and engage in many social events. *Those living independently often live in multi-individual households and have more financial obligations.

Young Married- the no children stage. The lifestyles of 2 young singles are altered as they develop a joint lifestyle. Due to joint income and the delay of having a family this group are quite affluent and much is spent on social activities (thus a target for marketers for theatre tickets, fine dining, holidays etc).

Full Nest I- the married with young children stage. The addition of a child drastically changes lifestyle and consumption behaviours. New purchases in the areas of baby clothes, food, furniture etc and in regards to lifestyles, couples may have to move elsewhere holidays are more child oriented as is dining. Money is directed towards the child.

Single Parent I- the young solo parent stage. As divorce is rising there is an increasing market for single parents for marketing managers. A consumption trend that increases as a result is greater time in formal care (child care), the need for easy to prepare foods and accommodation.

Single II- middle aged single stage. Composed of individuals who never married and those who are divorced and have no child-rearing responsibilities *35-64 age group. Are affluent and live in well furnished houses/apartments and live comfortably.

Delayed Full Nest- older married with young children stage. Many baby boomers are delaying having children till their mid 30’s. This has led to a boom in marketing trends for reproductive technologies (IVF) and these parents have more money to spend on their children.
**Full Nest II-the middle aged married with children at home stage.** People aged 35-64 years in most cases the children are over 6 years old and are less dependent than the children of the young married couple. Trend among having kids at this age is the purchase of lessons of all kinds (gymnastics, piano etc), soft drinks and snack foods, this coupled with clothing and schooling costs places a large financial burden on this stage of the family. *The teenage members of these segments are extremely important—many marketers target this demographic with upbeat tunes and styles to gauge their attention.*

**Single Parent II- middle aged single with children at home stage.** This age group is often faced with tremendous financial pressures, the same demands that are placed on the above stage are present in this stage although less income is available to support it (only 1 income). Individuals in this position are more inclined to use time saving alternatives (fast food) and children of this segment are given greater household responsibilities.

**Empty Nest- middle aged married with no children stage.** This group includes married couples whose children have left home and those who did not have children. Both adults typically have jobs so will be short on time but will have money to spend on social events and household services (cleaning).

**Empty Nest II- older married couple stage.** This group represents couples where the head of the household is over 64 years of age may still be working or retired. Because of age and weakening financial status (due to retirement) the older married couple has unique needs in the area of Healthcare, housing, food and recreation. Generally have a lot of time.

**Single III- older single stage.** 64 years of age and single. Generally do not work and thus have time for socialising, travel and recreation but have a new set of needs (health and financial wise). Financial programs are set up at this stage for when they pass away etc (wills).
Household life cycle and social class:

*Whilst most consumers in the same stage of the household life cycle will experience similar problems, the solutions they choose or can afford will vary and this will be influenced by their social class. The household life cycle can thus be combined with social class to create a matrix of households that differ in structure and social status. Occupation provides a good indicator for social position. Hence the household lifecycle/social stratification matrix can be completed for the various stages according to occupational category. *This matrix uses the stages of the household life cycle and 5 occupational categories; 1- blue collar, 2-white collar, 3-managerial or professional, 4- retired and 5- student.

Household Decision Making:

5 distinct roles that lead to consumption;

1- Information gatherer- the individual who has expertise and interest in a particular purchase.
2- Influencer- the person who influences the alternatives evaluated, the criteria considered and the final choice (children and teens are important influencers for household purchase decisions).
3- Decision Maker- person who makes the final decision. Joint decisions are likely to occur.
4- Purchaser- the household member who actually makes the purchase.
5- Consumer- the user of the product, for many products there are multiple users.

Household decision making is classified as husband dominant decision making (husband plays a more important role in determining the outcome), wife dominant (as above but wife is more important), syncretic decision making (both the husband and wife play a joint role in determining the outcome) or autonomic decision making (either the husband or wife makes the final decision).

*there is also evidence of direct and indirect influences, passive dictation occurs when mums buy
grocery items they know they children will like without direct requests from their children to buy them.

**Determinants of family purchase roles:**

Hose household members interact in a purchase decision depends largely on the **role specialisation** (different members deal with different types of purchases depending on their expertise and experience) of different household members and the degree of involvement each has in the product area of concern.

**Conflict Resolution:**

Given the number of decisions families and households make daily disagreements are inevitable. 6 approaches have been identified that individuals use to resolve purchase conflicts after they have arisen;

1- Bargaining- trying to reach a compromise
2- Impression management- misrepresenting facts in order to win
3- use of Authority- claiming superior expertise or role appropriateness
4- Reasoning- using logical arguments to win
5- Playing on emotions- using the silent treatment
6- Additional Information- getting additional data or a third party opinion.

Conclusions of household decision making:

1- different household members may be involved at different stages of the decision process
2- “…” may evaluate different attributes of a product/brand
3- The direct involvement of household members in each stage of the decision process represents only a small part of the picture, accounting for desires of ther household members is also important
4- Which member of the household participants at each stage of the decision process and the
method by which conflicts are resolved are primarily a function of the product category and
secondarily a function of the characteristics of the individual household members and the
household.

5- Overt conflicts in decision making are less common than agreement, conflicts are resolved
through problem solving and negotiating.

**MS and household decision making:**

It is essential to analyse household decision making within each defined market, within each
market the marketer needs to;

- discover which household members are involved at which stage of the decision
  process
- determine their motivations and interests
- develop a marketing strategy (MS) that will meet the needs of each participant.

**Consumer Socialisation:** the processes by which young people acquire skills, knowledge and
attitudes relevant to their functioning as consumers in the market place.

The process of consumer learning can be broken down into 2 categories- **directly relevant**
learning and **indirectly relevant learning**.

**Directly relevant aspects**- are those that are necessary if purchase and use are to take place. In
other words, a person has to learn particular skills (how to shop, compare similar brands etc).

**Knowledge about and attitudes towards stores, products, brands etc are examples of direct**
**relevant consumer learning content.**

**Indirectly;** includes everything that has been learned that motivates purchase and use behaviour (it
is the knowledge, attitudes and values that cause people to want certain goods and services that
allow them to attach differential evaluations to products and brands. Eg- consumers have learned that Dior is a luxury brand and thus may respond positively to products carrying this name. This information about Dior’s prestige is not necessary for carrying out the actual purchase (directly relevant) but it is important to deciding whether and what to purchase (indirectly relevant).

**Consumer socialisation & Ads:**

Large amount of time children devote to TV (including ads) gives rise to 4 main areas of concern:

1- potential for commercial messages to generate intra-family conflict
2- effect of ads messages on children’s values
3- “…” on children’s health and safety
4- the ability of children to understand and evaluate persuasive commercial msgs.

*MEDIATION* = arbitration (settlement) by a third party.

*Pets and the internet are other large marketing sources amongst households. Those with pets create a whole new target segment (in terms of money, lifestyle in accordance with the type of pet they own, pet insurance and kennels for when on holidays etc).*
Chapter 14: Group Influence & Communication

**Group influences**- the control that a group may have over an individual, it may affect usage of a product category, type of product and brand used.

**Types of Groups:**

A **group** is defined as two or more individuals who share a set of norms, values or beliefs and have certain implicitly or explicitly defined relationships that make their behaviours interdependent.

A **Reference Group** is a group whose presumed perspectives or values are being used by an individual as the basis of their current behaviour (a group that an individual uses as a guide for behaviour in specific situations). People can belong to a variety of groups and as the situation and desired behaviours change, so does the reference group – but generally stick to using 1 group.

- **Groups are classified according to a 3 component criteria;**
  
  1) The **Membership criterion** is dichotomous- a person is either a member or not.
  
  2) **Degree of contact** refers to how much interpersonal contact the group members have with each other. **Degree of contact is categorised into 2 categories;** a-frequent interpersonal (primary groups) and b- groups with limited interpersonal characteristics (secondary groups).
3) **Attraction**- refers to the desirability that membership in a given group has given the individual, being either negative or positive.

**Dissociative Reference Groups**- groups with whom consumers do not identify and with whom they wish to avoid association.

**Aspirational Reference Groups**- are non-membership groups with a positive attraction, exert a strong influence for some products. Individuals may purchase products thought to be used by the desired group in order to achieve actual or symbolic membership. *Conformity*- the tendency to want to be like relevant and significant others.

*When a person responds to group expectations they are reacting either to role expectations or group norms. Norms are general expectations about behaviour that are deemed appropriate for everyone in a particular social context, regardless of the position they hold.

**Nature of reference-group influence:**

**Informational influence** occurs when an individual uses the behaviours and opinions of reference group members as potentially useful pieces of information.

**Normative Influence**- sometimes referred to as utilitarian influence, occurs when an individual fulfils group expectations to gain a direct reward or to avoid a sanction.

**Identification Influence**- also called value expressive influence, occurs when individuals use the perceived group norms and values as a guide for their own attitudes or values. *(look at pg 460, figure 14.4 GOOD DIAGRAM).*
Determinants of the type of reference-group influence:

Any marketing attempt to utilise reference-group influence requires an understanding of the type of influences operating.

Product characteristics & types of reference-group characteristics: This table is useful when considering the type of influence relevant to a specific product.

<table>
<thead>
<tr>
<th>Product Characteristics</th>
<th>Informational</th>
<th>Normative</th>
<th>Identification</th>
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<tbody>
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<td>High complexity product</td>
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<td>High conspicuousness</td>
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Degree of reference group influences:

Reference groups may have no influence in a given situation or they may influence usage of a product category, the type of product used and/or the brand used. --Group influence is more likely to be a category influence than an influence that causes the purchase of a specific brand.

Group influence is strongest when the use of the product or brand is visible to the group. Eg- mobiles compared to consumption of vitamins usually done privately. Reference group influence increases as the degree of necessity of an item decreases. *and the more commitment an individual feels to a group the more the individual will conform to group norms.
Another influencing factor is the relevance of the behaviour to the group. The more relevant a particular activity is to the groups functioning the stronger the pressure to conform to group norms concerning that activity.

The final factor that affects the degree of reference-group influence is the individual’s confidence in the purchase situation.

Marketing Strategies based on reference-group influence:

Personal Sales Strategies: The power of group norms has been established. Eg-Asch Experiment.

Asch experiment format in personal selling- a group of potential consumers (owners and sales people of small firms) are brought together in a central location for a sales presentation. As each design is presented the salesperson scans the expressions of the people in the group looking for someone who shows approval of the design. he then asks that person for an opinion, since the opinion is certain to be favourable. The person elaborates and as they do the salesperson scans the expressions of the rest of the members in the room then asks the next person exhibiting the most approval (highlighting social group pressure influencing attitudes).

Advertising Strategies:

Marketers use all 3 types of reference group influence when developing advertisements. Ads using informational influence typically show members of a group using the product with the msg that if you are or want to be in this group then you need to use this product.
Consumption Subcultures:

A consumption subculture or community is a distinctive subgroup of society that self-selects on the basis of a shared commitment to a particular product class, brand or consumption activity.

Activity-based communities are the most common, snowboarding, surfing etc all have consumption subcultures based around them. Each has a set of self-selected members and they have hierarchies at local and national levels, each specific community also has shared beliefs and rituals.

The term ‘brand communities’ has emerged to refer to groups of people who are united in their admiration for a particular brand. A brand community is characterised by a shared sense of belonging amongst its members that distinctly separate them from those outside the community.

Members of brand communities tend to adopt new products launched under the same brand more quickly than non-members. Making them a very important consideration for marketers in the early stages of the product life cycle.

Some brand communities engage in ‘brand fests’ as a celebration of the brand community’s identity and of the brand itself. Eg- the frequent gatherings of the Harley Owners Groups.

Marketing & Consumption Communities:

Consumption and brand communities are important for marketers, for product based groups the firm must market the subculture itself as well as (or instead of) the product. Even within brand communities there exist multiple segments that may assign varying meanings to the same products and therefore different strategic approaches may be required.

Groups based on an activity represent a market for all the requirements of the activity itself (eg- Golf, golf clubs, balls etc). However, these groups also often develop rituals and modes of
symbolic communication that involve other goods and services. Eg- golf involves a particular dressing style- for functioning and status purposes.

A consumption ritual- a set of interrelated behaviours that occur in a structured format, as symbolic meaning, is repeated periodically and involves the consumption of goods or services. Participating in such rituals is a means of maintain social relationships, so for many activity based products marketing campaigns look at promoting the art of the sport as well as the social aspect.

Communication within Groups:

Learning about products from friends is known as ‘word-of-mouth’. Findings indicate that: a) various information sources are considered important to consumers, but reference-group sources are the most important. b) The relative importance of the information sources is not the same for all groups- thus the information source has differing degrees of influence. Eg- children are not likely to be an info source for life insurance. c) The fact that using the product at a friend’s house is an important source of info.

Opinion Leadership: an individual who has a greater long term involvement with a product category than the non-opinion leaders in the group, this is referred to as enduring involvement. *In low involvement purchases the consumer is less likely to seek an opinion leader

Characteristics of opinion leaders: Include; greater long-term involvement with the product category than those who are not opinion leaders in the group. Greater long term involvement -> greater knowledge on, experience with the product category or activity, such individuals also have a broader social network. *Opinion leadership primarily occurs through interpersonal communications and observation.* it is important to note that in addition to the individual characteristics associated with opinion leaders, situational factors of great influence include product dissatisfaction-highly motivated to tell others about the reasons for their dissatisfaction.
Market Mavens: individuals who appear to have information about many kinds of products, places and other aspects of markets. They both initiate discussions with others and respond to requests for market info, are opinion leaders about the shopping process in general.

*A purchase mate*- is a person who accompanies another on a shopping trip primarily to aid in the purchase process, motivated by both personal benefits- ego enhancement- and altruistic.

MS & Opinion Leadership:

1) Identifying Opinion Leaders- can be identified using sociometric techniques, key informants and self-designating questionnaires. Hard to initially identify as they are similar to those they influence.*are heavily involved with the mass media

2) Marketing Research- since opinion leaders interpret info to others marketers should focus on opinion leaders rather than on representative samples in those product categories. Product use tests and pre-tests should be conducted on a sample of individuals likely to be opinion leaders.

3) Product Sampling- sample (group of consumers partaking in the experiment) is an effective means of generating interpersonal communication relating to the product.

4) Advertising- attempts to both stimulate and simulate opinion leaders. **Stimulation** involves themes designed to encourage current owners to talk about the product/brand. **Simulating** opinion leadership involves having an acknowledged opinion leader endorse a brand, eg- Ricky Ponting for cricket bats.

5) Product Quality- it is critical for marketers to meet or exceed consumers’ expectations concerning their product, to avoid dissatisfaction which would be spread to other potential consumers.
**Roles:** a role is a prescribed pattern of behaviour expected of a person in a given situation by virtue of the persons’ position in that situation. *Role Style*- individual variations in the performance of a given role.

**Role Parameters**- the range of behaviours acceptable within a given role.

**Sanctions**- punishments imposed on individuals for violating role parameters.

**Role Commitment**- the desire to continue in the role position

**Role Overload**- a situation where an individual attempts to fill more roles than the available, time, energy or money allows.

**Role Conflict**- a situation where incompatible role demands arise.

**Role Evolution**- the process whereby the behaviours and products appropriate for a given role change with time. *Role Stereotypes*- a shared visualisation of the ideal performer of a given role.

**Role Theory in Marketing Practise:**

A **role-related product cluster** is a set of products generally considered necessary in order to fulfil a given role. Eg- horse riding boots were originally developed for functional purposes and now today such boots are symbolically tied to the horse rider.

Such clusters are important as they both define appropriate and inapp. products for a given role. Major task for marketers is ensuring that the product meets both functional and symbolic needs of target roles.

**Evolving roles**- as roles evolve and change this presents challenges and opportunities for marketers. Eg- the shifting roles of women.
Role conflict & Role overload - as roles evolve and change new types of role conflicts come into play, providing opportunities for marketers. Eg- airlines may alter their pricing and offer a discount on a second ticket in an attempt to capitalise on conflicts between career and family roles.

Diffusion of Innovations: the manner in which a new product is accepted by a market is the diffusion process- a group phenomenon.

An innovation is an idea, practise or product perceived to be new by the relevant individual or group.

Categories of Innovation: varying degrees of innovation (a digital camera is more innovative than a low-fat biscuit). Behavioural change refers to changes in the consumer required if the innovation is adopted.

There are 3 categories in which a specific market segment could classify a given innovation;

1) Continuous Innovation- a product for which application requires relatively minor change in behaviour.
2) Dynamically continuous innovation- adoption requires a major change in behaviour.
3) Discontinuous Innovation- requires major changes in behav in an area of importance to the individual. *Most theoretical and empirical research has been based on such innovations.

*Adoption process*-extended decision making process when a new product is involved.

The Diffusion Process: no matter which innovation is being studied or which social group is involved the diffusion process follows a similar pattern over time: period of slow growth, followed by a period of rapid growth, followed by a final period of slower growth. *It appears that the initial growth stage may be skipped for continuous innovations such as cereals.
Factors affecting the spread (purchase behaviour in which the product is purchased with some degree of continuing regularity) of innovations:

1) **Type of Group**- some groups are more accepting of change than others

2) **Type of Decision**- basically an individual vs collective dimension. The fewer individuals involved in the decision, the faster the innovation will spread.

3) **Marketing Effort**- rate of diffusion is not completely beyond the control of the firm (have some control).

4) **Fulfilment of Felt Need**- the more obvious the need the innovation satisfies, the faster the diffusion.

5) **Compatibility**- the more the purchase and use of the innovation are consistent with the individual and group values/beliefs, the more rapid the diffusion.

6) **Relative Advantage**- the more completely the innovation is perceived to meet consumers needs relative to earlier products, the more rapid the diffusion.

7) **Complexity**

8) **Observability**

9) **Perceived Risk**- the higher the degree of risk associated with trying an innovation, the slower the diffusion of that product. **Risk (financial, physical or social) is a function of 3 categories:** a) the probability that the innovation will not perform as expected, b) the consequences of its not performing as expected, c) the ability to reverse and the cost of reversing any negative consequences.

**Individual Characteristics of those adopting innovations:**

1- **Innovators**- first 2.5% to adopt, are venturesome risk takers and are capable of absorbing the financial and social costs of adopting an unsuccessful new product.
2- **Early Adopters**- next 13.5%, tend to be opinion leaders in local reference groups. They are successful, well-educated and younger than their peers. Willing to take a calculated risk and are less price sensitive.

3- **Early Majority**- next 34%, such consumers are cautious regarding innovations. Adopt sooner than others but after the innovation has proven successful with others.

4- **Late Majority**- next 34%, members are sceptical about innovations. Often adopt in response to social pressures or a decreased availability of the previous product. Tend to be older and have less social status.

5- **Laggards**- final 16%, engage in limited social interaction.

**Marketing Strategies & the Diffusion Process:**

1) **Market Segmentation**- the fact that earlier purchases differ from later purchasers suggests a **moving target market approach**. Marketers should focus on a specific target market and those individuals within this market that are most likely to be innovators or early adopters.

2) **Diffusion enhancement strategies**- pg 483, table 14.4
Social Stratification is the process of assigning members of society to different groups according to their social status.

The terms social class and social standing are used interchangeably to mean social rank - the place and ranking granted to an individual by the rest of society.

Social class system - the hierarchal division of a society into relatively distinct and homogenous groups with respect to attitudes, values and lifestyles.

(above) how social standing is derived and how it influences behaviour

**Socioeconomic factors:**
- Occupation
- Education
- Ownership
- Income

**Social Standing:**
- Upper Class
- Middle Class
- Working Class
- Lower Class

**Unique Behaviours:**
- Preferences
- Purchases
- Consumption
- Communication

*Whilst members of a social class have unique behaviours, not all behaviours differ according to social status and much behaviour is shared. Therefore it needs to be recognised when formulating marketing strategies that application of social position is often product specific and situation specific.*

**Concept of Social Class:**

For a social class system to exist in society, the individual classes must meet 5 criteria: must be

1) **Bounded** - there are clear breaks between each social class, separating one class from another.
2) **Ordered** - classes can be spread out in terms of some measure of prestige or status from highest to lowest.

3) **Mutually Exclusive** - means that an individual can belong to only one social class, although movement from one class to another is possible.

4) **Exhaustive** - every member of a social system must fit into some class, no undefined individuals.

5) **Influential** - there must be behavioural variations between the classes.

   *Holt notes that social stratification is not as rigid as the definition above, consumer behaviour may be more homogenised across the social classes with the advent of mass production and mass consumption.

**Status Crystallisation**: is the degree of consistency of all status dimensions. *Various status dimensions are related both functionally and statistically. The question of status crystallisation revolves around the question- will an individual with high status based on one dimension have high status based on other dimensions? The more consistent an individual is on all status dimensions, the greater the degree of status crystallisation.

**Social Class Structure:**

Functional Approach- Gilbert and Kahl, this approach focuses on occupational role, income level, living conditions and identification with a possibly disadvantaged ethnic group. The Gilbert-Kahl new synthesis class structure;

**Upper:**

- Capitalist class-1%
- Upper middle class- 14%
Reputational Approach: Coleman and Rainwater base their social class structure on reputation relying heavily on the ‘person in the street’ imagery. This approach is designed to reflect popular imagery and observation of how people interact with one another, as equals, superiors or inferiors.

Social Stratification in Australia:

3 main classes identified;

1) Upper Class: 11% of Australian pop. Composed of mainly large landholders, financiers, entrepreneurs and some self-employed. Many products use an exclusivity appeal when advertising to this class.

2) Middle Class: 60% of the pop. Comprised of white collar workers, owners of small businesses, teachers, salespeople etc. Such members perceive themselves as not having the money and power as the upper class but are considered to be above the working class as they have higher incomes and better jobs. *Further changes, can now differentiate between an upper and lower middle class, professional people and those with landholdings represent the upper middle class and white-collar majority, teachers, farmers etc represent the lower middle class.
*(below) Upward pull strategy targeted at the middle class.

3) Lower or Working Class: 1/3 of the Australian pop, composed of semi-skilled and unskilled blue collar workers and labourers. According to McGregor, Working class Australians live in different suburbs, speak in different accents, vote for different parties and belong to a different culture. Ads use humour to mock the upper classes and provide subtle gestures of exclusivity to appeal to the working class. *Questions as to whether Australia is developing an ‘underclass’ – a permanently disadvantaged group who are outside the typical class structure and under the working class, have arisen.

Measurement of Social Status: education, occupation and income are the primary achievement-based status dimensions used for determining social standing. Race, age, gender & parents status are ascribed (non-achieved) status dimensions. 2 basic approaches to measure these dimensions;

1) A single dimension- single item index. Since several dimensions influence an individual’s overall status, single item indexes are generally less accurate at predicting an individual’s social standing or position in a community than multiple item indexes.

*3 most common single-tem indexes are;

a) Education- it is a direct measure of status, influencing an individuals’ taste, values and information processing style.

b) Occupation- most widely used single item index. The type of work an individual does and the types of people they work with have a direct influence on preferred lifestyle. *Broom
developed a status scale for Australian occupations by asking people to rank the prestige of certain occupations and then reviewing how variables such as age, education, gender, qualifications etc contributed to these evaluations.

c) Income- used as a measure of both purchasing power and status. Researcher must decide which income to measure; individual or family income?, income before or after tax? salary or total income? *In addition, many individuals may not be accurately aware of their income nor willing to reveal their income (so answers may be dishonest). *Relative Occupational Class Income (ROCI)- the relationship of a families total income to the median income of other families in the same occupational class. Thus, occupational class is viewed as setting the basic lifestyle whereas relative income provides on of the following;

i) Excess funds (over privileged), neither excess nor deficient funds (average), deficient funds for the desired lifestyle (under privileged).

*A closely related concept is subjective discretionary income (SDI), an estimate by the consumer of how much money they have available to spend on non-essentials, measured using the responses of a 1-6, agree vs disagree scale.

2) Combination of several dimensions- multiple item index.

Hollingshead Index of Social Position (HISP); a 2-item index for measuring social position is widely used. It was designed to measure an individual families overall social position within a community. (pg512, figure 15.6).

Warner’s Index of Status Characteristics is another popular multiple item index, measuring social status. Is based on 2 socioeconomic factors;

a) occupation

b) source of income

c) house type
d) dwelling area. *each of these dimensions of status is defined over a range of 7 categories and each carries a different weight (figure 15.7, pg 513). Classifies individuals into 1 of 6 social categories.

**Differences in Patterns of consumption between groups:**

The process of **socialisation**-learning hobbies and activities in accordance with one’s social class, influences consumer’s consumption patterns. Also determines their attitudes towards a activity and how they evaluate it.

**Masstige** describes a marketing phenomenon that occurs when a prestige brand becomes generalised to a wider target market and achieves large volume sales inconsistent with its original positioning.

**Issues in using Social Class:**

1) A tendency for marketers to assume that all individuals desire upward social mobility and/or want to emulate behaviours of those above them. This is not often the case.

2) Class consciousness is quite low in Australia. Thus, direct or obvious class based appeals would not work with many individuals.
Chapter 16: Culture & Cross Cultural variations in CB.

**Culture** is a complex concept that includes knowledge, beliefs, law, morals, customs and other capabilities and habits acquired by individuals as members of society. **Aspects of culture require elaboration:** 1) it includes almost everything that influences an individual’s thought process and behaviours. Influencing if and when drives (such as hunger and sex) will be satisfied. 2) Culture is acquired and influences learnt behaviours thus affecting consumption patterns amongst consumers. 3) Culture supplies boundaries for appropriate actions in the form of norms. 4) the nature of cultural influences is that consumers are seldom are aware of their influence.

**Norms** are general expectations about behaviours that are deemed appropriate for all people in a social context. Norms are rules that specify or prohibit certain behaviours based on or derived from cultural values. **Values** are widely held beliefs about what is acceptable and/or desirable.
Conformism to norms is usually given explicit and obvious rewards only when a child is learning the culture (socialisation) of when an individual is learning a new culture (acclimation). In other situations, conformism is expected without reward.

Culture & Change: cultures change over time, however there may be great changes in short periods of time due to technological advances, resulting in conflicts between existing values and new developing values. Marketing managers need to understand both the existing cultural values and the emerging cultural values of the societies they serve. *The idea that cultural sensitivity is an important business skill is recognised, known as the ‘cultural quotient’.

Cultural Values: there are a multitude of values that vary across cultures & affect consumption. The cultural values that have the most influence on CB can be classified into one of three categories; 1) Other-oriented values- reflect a society’s view of the appropriate relationships between individuals and groups within that society. 2) Environment-oriented values- prescribe a society’s relationship to its economic, technical and physical environments. A manager would develop different marketing strategies for a society that stressed a problem solving/ performance oriented approach in contrast to a security and status oriented society. 3) Self-oriented Values- reflect the objectives & approaches to life that the individual member of society finds desirable.

*Whilst most of the values here are shown as dichotomous (saying have to be one or the other) a continuum exists between the extremes. eg- two societies can value a tradition but one may value it more than the other and therefore will lie closer to the ‘tradition’ end of the scale.

*In the case of multicultural societies such value categories may be blurred as some people experience, simultaneously both enculturation and acculturation. And thus values may represent both countries (origin and host).
The Australasian Culture:

Australasian values; it is necessary to identify underlying value shifts in order to deal effectively with current and future behaviours. Other oriented values- traditionally age was valued highly in almost all cultures (older people considered wiser and in need of greater respect) but this was not the case in Australia or NZ, had a value on youth. However, this trend is gradually reversing, because of their increasing numbers and disposable income older citizens have developed political & economic power and the middle aged now constitute a large segment of the population, distinct to those of the youth market.

Environment OV- Australians & NZ’s have traditionally valued cleanliness, performance and risk taking, but this is changing. Increased emphasis on security during the Depression and WW2, however risk taking is regaining some appreciation with entrepreneurs and smaller/self- employed forms all expected to generate desirable incomes. In regards to nature, Australians see it as something to be overcome or improved whilst NZ’s are more likely to believe in a direct connection with the forces of nature.

Self -Oriented values- hard work is highly valued. Shifts are evident in the traditionally Australasian culture (modelled on the British) in regards to postponing delighting the senses (eg through sex, drinking etc) with the liberation movement (1960s contributing to this change) and people today doing as they feel, also contributing to drink driving etc

Cross-cultural variations: marketers who operate outside their domestic markets should be careful to avoid ethnocentrism; a bias that results in individuals believing that their own country and its product’s are superior and generalising that everyone has the same values. *it is useful to examine the following questions before determining whether a good or service will be appropriate for sale outside the domestic market.
Other oriented v’s (Individual vs Collective):

Consumers form more individualistic countries can be expected to exhibit different consumption patterns, such individuals are more likely to buy customised products online than collectivist. Customer complaints are likely to be more intense among individualists who are more concerned about their rights rather than losing face in front of others. Weaker sense of individualism in countries such as Japan whilst Australians are more likely to conform to reference groups. Thus it would be inappropriate to motivate Japan based sales by using individual based sales.

Adult VS Child- to what extent do family activities focus on the needs of the children instead of those of the adults in the culture being targeted? What role do children play in family decisions? Johnson & Johnson ads have been effective because of the universal appeal of communication based on the mothers love for her newborn. In Asia children are doted upon more so than in Australia or NZ, not only the product of their parents but of their grandparents thus many products are also targeted toward grandparents.

Masculine VS Feminine- are rank, prestige and important social roles in the culture assigned primarily to men? Does the husband or wife make important family decisions or do both? Degree of masculine orientation varies from country to country. Clearly it would be inappropriate to show women executives in ads in conservative Muslim countries yet in others this it fine.

Youth VS Age- are prestige and important social roles assigned to younger or older members of society? Youth valued in Oz but in Asian countries age takes precedence.

Environment oriented values:

Cleanliness-

Performance VS Status- are opportunities, rewards, prestige based on an individual’s performance or on the status associated with his or her family? Do all people have an equal opportunity
economically, socially and politically at the start of life? A status oriented society more likely to prefer quality or established brand names and high priced items over functionally equivalent items with unknown brands. This is the case in many Asian countries which makes it difficult for new brands to gain market share. Varying levels of social inequality (power distance) in different cultures results in differing expectations of service staff.

** Tradition VS Change:** societies that place a high value on tradition tend to resist change – Asian. Contrast of progress is more accepted in Australia.

**Risk taking VS Security:** the society that does not admire risk taking is unlikely to develop enough entrepreneurs to achieve economic change and growth. New product introductions and channels are all affected by this value. Consumers in more collectivist countries have been found to engage in more impulse purchases and more satisfied with them when accompanied by someone. Individualist consumers will be satisfied no matter who they are with/by themselves.

**Self-oriented Values:**

Active vs passive approach - studies have identified substantial variations in the way women from different countries are socially active outside the home. eg- American women preferring parties while Norwegian spend majority of time in sports- thus requiring different advertising & marketing approaches.

Material vs non-material orientation: does material wealth bring more status than family ties, knowledge or other activities?

Hard work vs leisure: is work valued in itself or is it a means to an end? As well as being hard workers Australians value their leisure time. need to market according to value placed on work and leisure activities.

Humour vs serious approach – pg 540
Cultural Variations in nonverbal communications:

Whilst might understand and be able to pronounce a word the meanings assigned to a word vary with each culture. Also becoming evidently hard to translate brand names across all languages. Eg-a woman was promoting a soft drink called ‘Fresca’ in Mexico to discover in Mexican Fresca means lesbian. Each culture has non-v communication that is subjective- in terms of marketing, this involves time, space, friendship, agreements, symbols and etiquette.

Time- a culture's overall orientation towards time and the interpretation assigned to specific uses of time. For most Westerners time is perceived as a physical object; it can be scheduled, wasted, lost etc. This is known as a monochronic view of time. Also a strong orientation toward the future. Koreans and Indian’s tend to view time as being less discrete and less subject to scheduling. People and relationships take priority over schedules and activities occur at their own pace rather than predetermined by the individual. This view of time is known as ploychronic time. *Time perspectives would this influence personal selling and negotiation strategies and advertising themes. (good table representing this on pg 544).

Space- the use people make of space and the meanings they assign to their use of space constitute a second form of non-v communication. In Oz and the USA bigger is better, office spaces in corporations are therefore allocated according to rank rather than need. Another main aspect of space is personal space: the nearest others can come to us without us feeling uncomfortable. In Japan and Europe conversations are held further about (2+ metres) while in Latin America this is much less.

Friendship: the rights and obligations imposed by friendship are another non-verbal cultural variable. Australians, compared to other cultures, make friends quickly while others rely on deep lasting obligations and thus are developed slowly. The Chinese expect to build business on long term personal compatibility whilst the American’s often extend warmth to all friends, even
strangers. Friendship often replaces the legal or contractual system for ensuring that business and other obligations are honoured.

**Agreements:** Australasians rely extensively on highly efficient legal systems for ensuring that business obligations are honoured and for resolving disagreements. Other cultures do not separate business relationships from personal friendships and thus rely on local moral principles to guide business conduct. Australasians consider an agreement to be concluded with the signing of a contract, signifying the end of negotiations. However, to Greeks such a signing is merely the signal to begin serious negotiations that will continue until the project is completed. Also, to the Arabs, presenting such a document may seem insulting as their verbal agreement is seen as binding amongst them.

**Symbols:** signs or objects representing something. In Australia a pink outfit for a newborn typically implies that it is a girl, blue assume it is a boy. Whilst these assumptions are accurate for OZ & NZ cannot generalise it to the rest of the world. Also, failing to recognise some symbols can have serious consequences. Eg- an Adelaide supermarket tried establishing an Asian foods aisle only to discover that sales were poor due to the aisle number being 4 which is considered unlucky.

**Etiquette:** accepted ways of behaving in social situations. What may be considered rude and obnoxious in one culture may be perfectly acceptable in another, ie- Chinese VS Australians (spitting).

**Cross cultural MS:** are marketing activities that take into account the similarities and differences between cultures. Great debate: should all commercials be standardised (same one shown globally) or would a MS individualised for a given market result in a greater return on investment? Ford now follows a ‘pattern standardisation’ strategy whereby the overall strategy is designed from the outset so that it can be subject to extensive modifications to suit local conditions while maintaining sufficient common elements to minimise the drain on resources and time.
Considerations when approaching a foreign or ethnic market:

Ethnic markets are subcultural groups segmented on the basis of race. Marketers ability to grasp cross cultural variations is critical. 7 key considerations for each geographic market a firm is contemplating are;

1) Is the geographic area homogenous or heterogeneous with respect to culture? Are there distinct subcultures within the location?

2) What needs can this product fill in this culture?

3) Can enough of the group/s needing the product afford it?

4) What values are relevant to the purchase and use of this product?

5) What are the distribution, political and legal structures relating to this product?

6) In what ways can we communicate about this product? What languages can be used? Non-visual communication potentially affecting packaging and ads?

7) What are the ethical implications of marketing this product in this manner in this culture?
Chapter 2: Situational Influences

Marketers need to understand which situations affect the purchases of their goods and how they can best serve target-market buyers when these situations arise. A Situation is a set of factors outside of and removed from the individual consumer or the stimulus object to which the consumer is reacting. Situational Influences: the influences on purchase decisions of the physical surroundings, social surroundings, temporal perspective and task definition. *Marketers want to be able to predict how various situations and Marketing mix strategies will interact.

Types of Situations: the consumption process occurs within 4 categories of situations;

1) The Communication Situation; the situation in which consumers receive information about goods and services.

2) The Purchase Situation; can affect product selection. Eg- a mother shopping with a child is likely to be influenced by the product preferences of that child. The weather is also a huge influencing factor- it may be possible to use weather forecasts to determine spot advertising buys, sales etc. Marketers must understand how purchase situations influence consumers in order to develop marketing strategies that will increase the purchase of their products.

*Situation influences combine with individual characteristics to affect preferences and subsequent behaviour.

3) The Usage Situation; the situation in which the purchased good or service will be consumed.

4) The Disposal Situation; a situation in which the product is discarded before or after use. Some consumer see ease of disposal of a product as an important attribute (eg can be recycled easily).
Nature of Situational Influence;

Situational influence can be defined as all those factors particular to a time and place of observation which do not follow from a knowledge of personal and stimulus attributes and which have a systematic effect on current behaviour. In order to utilise situational influence in marketing strategy a marketer must understand 3 important aspects of this influence:

1- when a particular situation will influence CB
2- how strong the effect is likely to be
3- the way in which the situation will influence behaviour.

*To integrate the influence of situation into marketing strategy careful attention must be given to the degree of interaction between the situation and a given product and the set of target consumers. Eg- research shows that the type of red wine people buy is influenced by the situation they anticipate for its consumption.

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Situation

Consumer

Behaviour

Product
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Stimuli  Organism  Response

**Situation Classification:** classifying the situations relevant to CB in accordance with Belk, based on 5 types of objectively measured situations;

1- **Physical Surroundings:** include geographical and institutional location, sounds, lighting, weather etc or other material surrounding the stimulus object
2- **Social Surroundings**: provide additional depth to a description of a situation. Eg- presence of others, their characteristics, their roles and interactions

3- **Temporal Perspective**: specified in units ranging from time of day to season of the year. Time may also be measured relevant to some past or future event for the situational participant.

4- **Antecedent State**: are momentary moods (anxiety, excitement) or momentary conditions (cash in hand, tiredness) rather than long term individual traits.

5- **Task Definition**: includes an intent or requirement to select, shop for or obtain info. about a general or specific product.

**Physical Surroundings**: the material environment surrounding the consumer at the time of communication purchase of consumption. The sum of all physical features of a retail environment is referred to as the **store atmosphere**: the way the stores internal environment affects the shoppers mood and willingness to visit and linger. Atmosphere is referred to as **servicescape**: all the elements of the physical environment of service delivery. *Evidence indicates that consumers are more satisfied with services acquired in an organised-professional appearing environment than those acquired in a disorganised environment. The consumption purpose is categorised along a continuum from strictly utilitarian (like dry cleaning) to completely hedonic (like a holiday).

**Physical characteristics** and the feelings they evoke become more important as hedonic motives and time involved with the service increases. *While some places, such as Starbucks, place more emphasis on their physical environment- it has a greater influence on consumers- this doesn’t mean that somewhere such as a drycleaners should neglect the physical environment all together, evidence indicating that consumers are more likely to purchase from organised and nice appearing places rather than disorganised.*
**Music** influences consumer’s moods, thus influencing consumption behaviours. **Colour** also influences how the physical environment is perceived. Red is effective in attracting attention, therefore good for the outside of a store.

A physical situation can also be **negative**, **crowding** reduces the probability of purchase as an increased physical density of the store creates perceptions of confinement. These perceptions in turn cause shoppers to modify their shopping strategies in that they reduce the time spent shopping, buy fewer items and alter their use of in store info.

Marketers have limited control over the physical situation, but will consider any possible means of making the situation more enjoyable for the consumer. *Need to identify if whether physical surroundings affect sales and in what way and means of ensuring this results in positive sales.*

**Tauber, in an analysis of non-purchase motivations for shopping found physical activity and sensory stimulation to be two important motives.** Enclosed shopping centres offer clear advantages in providing a safe, comfortable area for strolls while the sights and sounds produced by a variety of stores provide a high degree of sensory stimulation. *Marketers should note that if there are physical aspects of the situation that can be influenced/ controlled this should be done in a manner that will make the physical situation compatible with the lifestyle of the target market.*

**Social Surroundings:**

Relates to the presence of other people who could affect the individual’s behaviour. **Social influence** is a very significant force acting on behaviour, since individuals tend to comply with group expectations, particularly when their behaviour is visible. Therefore, shopping which is a highly visible activity and the act of consuming goods in public are both subject to social influences. *Such social influence may have negative effects. Eg- the social factors that reinforce the behaviour of smokers both young and old.*
There are a number of occasions where marketing managers can influence the social aspects of a situation. Eg- the advertiser can encourage you to ‘ask a friend’ or may even put in place a promotion to encourage you to bring a friend along. Some firms, such as Avon, have been ingenious in structuring social situations that encourage sales.

**Temporal Perspectives: TPs**

TPs are situational characteristics that deal with the effect of time on consumer behaviour. The amount of time available for the purchase has a substantial impact on the consumer decision process. The less time available the shorter the info search will be, the less use of the available information. Also affects the type of store they shop in and a smaller number of product alternatives being considered.

**Task Definition**: the reason for engaging in the consumption behaviour, the task may reflect different buyer and user roles anticipated by the individual, the general task definition (gift giving) and specific task definition (the actual gift giving occasion) influence purchase behaviour.

**Antecedent States**: features of the individual that are not lasting characteristics. Rather they are momentary moods (transient feeling states that are generally not tied to a specific event or object). Moods both affect and are affected by the consumption process. Eg- a football game can affect mood and state of arousal. **Momentary conditions** differ somewhat from moods, whilst moods reflect states of mind, momentary conditions reflect states of being, such as being tired, being ill etc. Like moods, conditions must be momentary and not constantly with the individual in order to fit the definition.
Situational influences and marketing strategy:

Marketers simply need to be aware of situational characteristics and their influences. Remembering that most people do not randomly encounter situations but ‘create’ many of the situations they face. *After determining the influence of different situations on purchase behaviour for a product category a marketer must determine which products are most likely to be used when a particular situation arises. *One method to deal with this is to scale situations. Situations range from private consumption to consumption away from home where there is a concern of peoples reaction to you.

Chapter 3: Problem Recognition

Problem Recognition is the first stage in the consumer decision process it must occur before decision making can begin, it is the result of a discrepancy between a desired state and an actual state sufficient to arouse the decision process.

Purchase involvement is a continuum and it is also useful to consider habitual, limited and extended decision making as general descriptions of the types of processes that occur along various points of the continuum.

Habitual Decision Making: involves no decision as such. Occurs when there is a very slow involvement with the purchase and results in repeat purchasing behaviour. Habitual decisions can be divided into 2 distinct categories;

1- Brand loyal Decisions: decisions made by the consumer who displays a high degree of product involvement and emotional attachment to the brand

2- Repeat Purchase Decisions: a pattern of CB that involves the purchase of the same good or service over time with or without loyalty to that good or service.
**Limited Decision Making**: decision making that covers the middle ground between habitual decision making and extended decision making. In its simplest form (lowest level of purchase involvement), LDM is similar to habitual decision making. Eg- a consumer may select a product without seeking information beyond internal memory that it ‘tastes good’, and no other alternative may be considered. Eg- at a supermarket a consumer may notice a point-of-purchase (POP) display for Smith’s Crisps, they pick up 2 packets without seeking info beyond the internal memory that they ‘taste good’.

**Extended Decision Making**: is the response to a very high level of purchase involvement. An extensive internal and external info search is followed by a complex evaluation of multiple alternatives. After the purchase doubt about its correctness is likely and a thorough evaluation of the purchase will take place.

**Marketing strategy and types of consumer decisions:**

**The nature of problem recognition**: a discrepancy between an actual state and a desired state, without recognition of a problem there is no need for a consumer decision. At the heart of the problem-recognition process if the degree to which a desired condition is out of alignment with an actual condition.

**The desire to resolve recognised problems**: the level of a persons desire to resolve a particular problem depends on 2 factors;

1- the magnitude of the discrepancy between the desired and actual state
2- the relative importance of the problem.
Types of Consumer Problems: may be either active or inactive. An active problem is one the consumer is aware of or will become aware of. An inactive problem is one which the consumer is not aware of. Both require different marketing strategies; active problems only require the marketer to convince consumers that the marketers brand provides a superior solution. Consumers are already aware of the problem. The inactive problems require the marketer to convince consumers that they have a problem and that the marketers brand is a better solution to the problem.

Uncontrollable Determinants of Problem Recognition: The discrepancy (above) can be the result of a variety of factors that influence consumers’ desires or perceptions of the existing state.

Factors influencing the desired states:

1- culture/social class: provide broad boundaries for lifestyles and so delineate appropriate desired states.

2- reference groups exert a big influence on a consumer’s lifestyle and a change in reference groups is likely to alter that lifestyle.

3- household characteristics, such as the number and ages of children, determine many consumer desires. Eg- have a child so desires change from consumptions to benefit one’s self to benefitting the newborn, thus greatly altering consumption patterns.

4- financial status/ expectations; a salary increase or large tax return may cause the consumer to change desires and decide that an existing state is not satisfying.

5- motives/ emotions

6- the situation.
Factors influencing the actual state: there are many factors beyond the control of marketers that influence perceptions of the actual or existing state, these include:

a) past decisions

b) Product/brand performance: many products need to perform on 2 levels. **1- Instrumental performance** relates to the functional performance of the product. **2- Symbolic** p, also called expressive performance, relates to the symbolic performance of the product.

c) Individual development, may alter perceptions of ones actual state particularly in relation to physical attributes. Eg- weight problems, heart or hearing problems evident as consumer’s age. Same for mental development may lead to dissatisfaction with ones existing state.

d) emotions

e) availability of products.

Measuring problem recognition: most common approach for determining consumer’s problems is intuition. A manage can analyse a given product category and determine logically where improvements could be made. The difficulty with this approach is that the problem identified may be of low importance to most consumers, a way to overcome this is by first conducting a survey on the problems facing consumers. Another common technique is the use of focus groups. *Emotion research tries to identify the role emotions play in problem recognition, these forms of analysis include:

1) **Activity Analysis**: analysis that focuses on a particular activity such as preparing dinner or mowing the lawn, the survey or focus group attempts to determine what problems consumers face during the performance of the activity.

2) **Product Analysis**: examines the purchase and/or use of a particular product. Consumers may be asked about problems associated with using for example, their lawn mowers.
3) **Problem Analysis**: analysis that starts with a list of problems and then asks the respondent to indicate which activities, products or brands are associated with these problems.

4) **Human factors Research**: research that attempts to determine human capabilities in areas such as vision, strength, response time, flexibility and fatigue and the effects of things such as lighting and temperature on these capabilities.

5) **Emotion Research**: identifying the role emotions play in the decision process. One approach of emotion research is the use of FGs or face to face interviews that focus on the emotions associated with a certain product.

**Responding to Consumer Problems:**

Once a consumer problem is identified the marketer may structure the marketing mix to solve the problem, this can involve altering products, modifying channels of distribution etc.

**Activating Problem Recognition (PR): Generic VS Selective PR**

**Generic PR**: refers to the recognition of a discrepancy that a variety of brands within a product category can reduce. Generally a firm will try to influence generic PR when the problem is of low importance and in its early stages in the product life cycle. **Selective PR** refers to the recognition of a discrepancy that only one brand in the product category can solve.

1) **Activating PR**: to affect the consumer’s perceptions of their existing state the firm could compare its brands features with that of a competitors brand, highlighting the firms superiority on these features.

2) **Influencing the desired state:**

3) **Influencing perceptions of the existing state**: many personal care and social products take this approach, eg- ‘even your best friend won’t tell you’ is a message designed to generate a
concern about an existing state. Causes individuals to question whether their existing states coincide with their desired state (also the one advertised).

4) **Timing PR:** the more common strategy is to trigger PR before in advance of the actual problem.

5) **Suppressing PR:** some competitors, consumer organisations or government departments introduce info in the marketplace triggering PR that particular marketers would prefer to avoid. Eg- manufacturers of brands with substantial habitual or limited decision purchases don’t want their current customers to recognise problems with their brands. Quality control and distribution are important when this occurs.

**Chapter 4: Information Search**

Once a problem is recognised relevant info from long-term memory is used to determine whether a satisfactory solution is known, appropriate ways to compare solutions etc. This use of information from memory is referred to as **internal search.** If a resolution is not found through an internal search than the search process extends to external stimuli, this is **external search.**

As consumers move into more extended decision making the importance of an external information search increases. External information can include; opinions, attitudes, behaviour and feelings of friends, relatives, chat groups etc., professional information provided in brochures, books etc and direct experience with the product through inspection or trial.

Deliberate external search (as well as low-involvement learning) also occurs in the absence of problem recognition. **Ongoing search or exploratory search** is done both to acquire information for later use & as the process itself is pleasurable.
Type of Information Sought:

A consumer decision requires information on the following;

a) appropriate evaluative criteria for the solution of a problem
b) the existence of various alternative solutions
c) the performance level or characteristic of each alternative solution on each evaluative criterion.

Evaluative Criteria:

The features or desired characteristics of a product require to meet the consumer’s needs, the features a consumer believes a product should have such as suitable price, brand or ingredients. *If have limited experience with the required product may continue external searching to identify what characteristics a good product type should have.

Appropriate Alternatives:

During and after the search for an appropriate criteria you would probably seek appropriate alternatives (just in case). You will start with an internal search, then branching to external. The brands you select are known as the awareness set, a set of brands which a consumer is aware and is composed of 3 categories; 1) the evoked set: the brands you may decide to investigate make up this component- comprises those brands you may decide to investigate for a particular consumer problem. The evoked set will depend on the usage situation. 2) The Inept Set: those brands the consumer finds completely unworthy of further consideration when attempting to solve a consumption problem, the consumer actively dislikes the brands in this set. 3) Inert Set: those brands of which the consumer is aware but towards which he or she is indifferent.
Alternative Characteristics:

To choose among the brands in the evoked set the consumer compares them using the relevant evaluative criteria. This requires the consumer to gather info about each brand for each pertinent evaluative criterion.

*In summary, consumers engage in internal and external search for 1) appropriate evaluative criteria, 2) the existence of potential solutions and 3) the characteristics of potential solutions. Consumers acquire substantial information through low-involvement learning.

Sources of Information:

There are 5 primary sources of info available to consumers;

1) memories of past searchers, personal experience and low involvement learning
2) personal sources (friends, family)
3) independent sources (consumer groups)
4) marketing sources (sales personnel)
5) Experimental sources (product trial).

Consumers decide how many and which sources of info to use at both the macro (personal source) and micro (specific individual) level. Internal information is the primary source of info used by consumers but must keep in mind that all internal info in long term memory came from external sources. *Marketing originated messages are found to be of limited direct value for consumer decisions. However marketing activities influence all 5 sources, thus the characteristics of the product, its distribution and promotional messages provide the underlying or basic info available in the market. A substantial amount of marketing activity is designed to influence info consumers receive from non-marketing sources (friends/family).
Information Search on the Internet:

Have greater control over the information search stage of their decision making process. As more and more info becomes available, the cost of obtaining info should decrease and quality should increase. Consumers will gain ‘information power’ from their ability to compare goods and services and chat to other consumers regarding products and suppliers. Electronic shopping agents (shopping bots- software tools that help users to search the internet for product items) are also contributing to this information power.

Marketing strategy and information search on the internet:

One of the first questions companies should ask if ‘should we have a website’. Most consumers expect a company to have a website, enabling them to buy online is an important marketing decision. Companies are using their websites as a way to build ongoing relationships with their customers no matter where they are located or how often they buy from the company- can maintain this relationship more cost effectively. *Marketers need to understand the search habits that consumers adopt in collecting info to help in their decision making. The consumers experience and competence in internet searching will also affect the search activities and outcomes.

Amount of external information search:

Most purchases are the result of habitual or limited decision making and therefore involve either little or no external search (particularly true for low priced convenience goods). It is assumed that large amounts of external searching are done before purchasing large items (cars, appliances).

Different measures of external info search include;

1) number of stores visited
2) number of alternatives considered
3) number of personal sources used (info suggests that people rely on info more from personal sources)

4) combination measures.

**Consumers can be classified, in terms of their total external information search, into 3 categories:** 1) Non-searchers; consumers who do not engage in info search before purchasing, 2) limited info searchers; undertake limited info search prior to purchasing and 3) extended info searchers; undertake extensive information search’s. *Search level is dependent on the importance of the item to be purchased. Furthermore, the acquisition of external info is not free and thus may restrict consumers in obtaining more info. Also the benefits the consumer believes they will obtain from doing an info search is also a determining factor. (May obtain tangible – save money- or intangible- reduced risk and greater confidence- benefits).*

**Market Characteristics:** include the number of alternatives, price range and store distribution and info availability. It is the consumers perceptions of market characteristics that influence shopping behaviour not the actual characteristics.

**Number of alternatives:** the greater the number of alternatives to resolve a problem the more external search there is likely to be. However, if there are too many the consumer may experience information overload.

**Price range:** the perceived range of prices amongst equivalent brands is a big factor stimulating external search.

**Store distribution:** since store visits take time, energy and money, a close proximity of stores will increase external search.

**Advertising:** a frequently used source of info for consumers. Consumers more likely to believe advertising if it comes from reputable sources (newspapers). Other potential sources of info the
consumers use are point-of-purchase displays, sales personnel and other consumers (rely heavily on other consumers with experience).

**Product characteristics**: price level and product differentiation are product characteristics that tend to influence external search (and are interdependent). The consumer needs to be able to distinguish between brands, since more expensive brands tend to be more differentiated than the cheaper ones and the consumer needs to justify spending more money on the expensive brand. *it is assumed that the higher price level of a product the more external info search will be carried out. Also consumers are more likely to search for info for positive products (cars rather than groceries/pest control).

**Consumer characteristics**: CC affect perceptions of expected benefits and search costs and therefore affect the consumers need to carry out a particular level of external info search.

**Learning and experience**: a satisfying experience with a brand is a positive reinforcing process, increasing the probability of a repeat purchase and decreases the likelihood of an external search of other brands. Evidence that some familiarity with a product class is necessary for external search to begin. Consumers facing a completely new product category may feel overwhelmed by all the new info.

**Shopping Orientations**: the particular approaches or patterns of external info search and outlet selection by a consumer.

**Age & Stage in the household life cycle**: the age of the shopper is inversely related to info search. External search appears to decrease as the age of the shopper increases, explained in part by increased learning and product familiarity, individuals moving into new stages have a greater need for external info search than established households.
**Perceived risk**: the greater the perceived risk from a purchase, the greater the external info search will be.

**Marketing strategies based on info-search patterns**: need to take into account the nature of the info search engaged in, primarily the 2 dimensions of; 1) the type of decision making that influence the level of search and 2) the nature of the evoked set that influences the direction of the search.

**Maintenance strategy**: a strategy employed by marketers to maintain current purchase behaviour in a situation where the band is purchased habitually by the target market.

**Disrupt strategy**: employed by marketers when the brand they’re promoting is not part of the evoked set and the target market engages in habitual decision making, the first task of this strategy is to disrupt the existing decision making pattern. Eg- through free samples, cash-back rebates and tie-in sales.

**Capture strategy**: employed when the brand is in the target market’s evoked set and consumers engage in limited decision making, marketers need to provide info at the point of purchase (providing info on price and practicality of a product at the point of purchase).

**Intercept strategy**: when the brand they are promoting is not part of the evoked set of the target market and the target market is engaged in limited decision making only. The objective is to intercept the consumer during the search for info on the brands in the evoked set. The emphasis is on using local media with co-operative advertising and point of purchase info with displays, package design etc.

**Preference Strategy**: employed when the target market is using extended decision making, to cause the target market to select a brand already in the evoked set the marketer needs to structure an info campaign that will result I the brand being preferred by members of the target market. The first step is a strong position on those attributes important to the target market, providing info on
the appropriate sources and may require sales personnel with extra motivation to recommend this product.

**Acceptance Strategy:** employed by marketers when the brand they are promoting is not part of the evoked set and the target market engages in extended decision making, the marketer must attract the target markets attention or otherwise motivate to learn about the brand. *Long term advertising design to enhance low-involvement learning is a useful technique.*

**Chapter 5: Evaluating and selecting alternatives;**

For the everyday products we buy several evaluative criteria (the features or desired characteristics of a product require to meet the consumers needs, the features a consumer believes a product should have). Such as price, brand or ingredients etc.

**Evaluative Criteria:**

Each individual approaches a purchase with a different criteria, may place different emphasis on different product attributes. Equally important is the way a consumer feels about a brand (feelings or emotions surrounding a brand are difficult for consumers to articulate and difficult for managers to measure. Number of variables on the criteria is dependent on the individual consumer, the situation (if don’t have much searching time the criteria list may be smaller) and the product they are purchasing. *If an advertising campaign for a companies product convinces the target market that a particular evaluative criteria is both relevant and important, this may enable the company to gain a substantial advantage over competitors.*
Measurement of Evaluative Criteria:

Before a marketing manager can develop a strategy for affecting consumer decisions they must determine;

a) **Which evaluative criteria are used by the consumer**: can identify through direct questioning however this may not always work and so indirect methods will be needed. Include: **projective techniques**- involve exposing subjects to ambiguous stimuli & allowing them to respond in any way, with the idea that subconscious thoughts will be exposed that consumers would otherwise be unwilling to reveal. Another method is **perceptual mapping**: whereby consumers judge the similarity of alternative brands without specifying evaluative criteria, these judgements are processed using a computer to form a perceptual map of the brands. The consumer ranks the similarity between all pairs of alternatives and a perceptual configuration is derived in which the consumer’s evaluative criteria are the dimensions of the configuration (pg 133). With this info we can determine how; different brands are position according to evaluative criteria, the position of brands changes in response to marketing efforts and to position new products using evaluative criteria.

b) **How the consumer perceives alternative products in terms of each criterion**: methods available for measuring consumer’s judgements of brand performance on specific attributes include; **rank order scales**: consumer ranks a set of brands, ads or features in terms of overall preference, taste or importance. **Semantic differential scales**: requires consumer’s to rate an item on a number on a number of scales bounded at each end by one of 2 bipolar adjectives (eg-fast vs slow or expensive vs inexpensive at either ends such statements are separated by 5-7 intervals consumers indicate along these variables their rating). And is the most widely used. **Likert Scales**: consumer’s indicate a degree of agreement or disagreement with each of a series of statements related to the attitude object.
c) **The importance of each criterion**: the importance assigned to evaluative criteria can be measured by either direct or indirect methods. Most common direct method if constant-sum scales; requires the consumer to allocate 100 points to different attributes on their criteria but must equal 100 in the end. Most popular indirect method is conjoint analysis; provides data on the structure of consumer’s preferences for product features and their willingness to trade one feature for more of another. *Provides info on the importance each consumer attaches to various levels of each potential product feature. The consumer is presented with a set of products or product descriptions in which the potential evaluative criteria vary.

d) **Individual judgement and evaluative criteria**: an attribute such as price, used to estimate the level of a different attribute, such as quality, is known as a surrogate indicator. Marketers must be aware of the influence of surrogate indicators. *The mental ‘rule of thumb’ that consumer’s use to apply a surrogate indicator to a particular purchase decision are known as heuristics.

e) **Accuracy of individual judgements**: the ability of an individual to distinguish between similar stimuli is called sensory discrimination. The minimum amount that one brand can differ from another with the difference still being noticed is referred to as the just noticeable difference.

**Use of Surrogate Indicators:**

Consumers’ reliance on an attribute as a surrogate indicator of another attribute is a function of its predictive value and confidence value. Predictive value refers to the consumer’s perception that one attribute is an accurate predictor for another. Confidence value refers to the consumers ability to distinguish between brands on the surrogate indicator. Thus a consumer may believe that the ingredients accurately reflect the nutritional value of foods but may not use them as an indicators due to an inability to make complex between brand comparisons. *Consumer’s may also use surrogate indicators when it is impossible for them to assess some claims made about the product.
Price:

Price has been found to particularly influence the perceived quality of durable goods and to a lesser extent, non-durable goods. The influence of price declines as visible product differences, prior product use and additional product info increase. Price has also been shown to act as a surrogate indicator when consumers’ feel their inability to judge the product is inadequate and their degree of involvement is limited.

Brand:

Brand name is often used as a surrogate indicator for quality, also important when it is the only source of info available to the consumer.

The role of evaluative criteria in MS:

A blind test is one in which the consumer is not aware of the products brand name. Such tests enable the marketer to evaluate the functional characteristics of the product and to determine whether a just-noticeable difference over a particular competitor has been obtained.

Decision Rules; a rule that describes how consumer’s select one alternative from those considered; consumers frequently use 5 rules, either singly or in combination to make their decisions.

1) Conjunctive decision rule establishes the minimum required performance standards for each evaluative criterion (variable) and selects all brands that surpass these minimum standards.

2) Disjunctive DR: establishes a minimum level of performance for each important attribute (often a fairly high level). All brands that surpass the performance level for any key attribute are considered acceptable.

3) Lexicographic DR: requires the consumer to rank the criteria in order of importance, the consumer then selects the brand that performs best on the most important attribute.
4) **Elimination by aspects DR**: requires the consumer to rank the evaluative criteria in terms of their importance and establish a cut-off point for each criterion, all brands are first considered on the most important criterion.

5) **Compensator DR**: the four previous rules are **non-compensatory DR** since very good performance on one evaluative criterion cannot compensate for poor performance on another. The compensatory DR states that the brand that rates the highest on the sum of the consumers’ judgement of the relevant evaluative criteria will be chosen.

**Which decision rules do consumers’ use?**

**Low involvement purchases** usually involve simple decision rules (conjunctive, disjunctive, or elimination by aspects) since consumers’ will try to minimise the mental ‘cost’ of such decisions.

**High involvement decisions** may involve not only more complex rules (compensatory) but also stages of decision making with different attributes being evaluated by different rules at each stage.

**Affective Choices**: are decisions based primarily on feelings.

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**Chapter 6: Outlet Selection & Product purchase**

**Outlet choice vs product choice**: Outlet selection is important to managers of retail firms. There are 3 basic sequences a consumer can follow when making a purchase decision; 1) brand first, retail outlet second, 2) retail outlet first, brand second, 3) brand and retail outlet simultaneously. It is suggested that brands are selected first, but for many individuals & product categories, stores rather than brands form the evoked set. A third strategy is for the consumer to compare the brands in their evoked set at the stores in that evoked set. The decision would involve a simultaneous evaluation of both store & product attributes. *The appropriate marketing strategies for retailers & manufacturers differ depending on the decision sequence used by the target market. A **brand-first decision** sequence would suggest brand image & feature advertising, Yellow Pages listings by brand &
possibly a limited distribution strategy. An **outlet first decision** sequence would tend to produce a focus on point-of-purchase (POP) materials, distribution through key outlets and programs to encourage good shelf space & support from sales personnel.

**The Retail Scene:** a retail outlet refers to any source of goods or services for consumers. A substantial amount of retail trade occurs in other non-storage settings such as garage sales, weekend markets etc. In Australia, many of the major department, grocery and variety stores have developed an online presence (but most sales still come from physical outlets). As more consumers are moving online retailers are focusing on innovative ways to lure them back to their physical stores, so traditional store based retailing is also improving.

**Internet retailing:** It is important for retailers to know not only how many people are using the internet for shopping but also how much they are spending, the types of goods their buying and the frequency of these purchases. Even though convenience remains a prime motivator for online shopping the role of social interaction is seen as an obstacle, retailers need to think about how they can replicate social interaction.

**Attributes affecting retail outlet selection:**

1) **Retail format:** Retail formats tend to reflect different types of shopping behaviours consumers undertake at various times. Eg- stores are categorised as convenience or speciality stores depending on whether consumers are expected to seek any suitable alternative for a product (low involvement) or an optimal solution for a more complex purchase (high involvement).

2) **Store Image:** a given consumer or target markets perception of all the attributes associated with a retail outlet is referred to as store image or outlet image. Dimensions of store image include; merchandise, service, physical facilities, promotion, post-transaction satisfaction. *Recent research suggests that consumer’s impressions of the usefulness of a site are influenced by its **hedonic attributes** (a product attribute that is directly related with the experience of pleasure).
Marketers make extensive use of image data when formulating retail strategies. Given that differing groups of consumers desire different things from various retail outlets a focused, managed image is essential for most retailers. In the past most department stores tried to appeal to many different segments but as a result suffered losses to specialised competitors. Now have attempted to focus on narrow target markets.

Other retail outlets concentrate on one or more attributes that are important either to a segment or consumers or to most consumers in certain situations. Eg- convenience stores have followed the situational approach, providing consumers what they want when they want it, focusing on providing convenience in situations.

Other retail outlets focus on price: discount stores such as The Warehouse have found a ready market in Australasia. Hardware chains such as Bunnings has also adopted the warehouse retail approach, in addition to providing low prices, extended hours, parking, self-service. The ability to portray a consistent, integrated image is a significant advantage for shopping centres as this positioning can help differentiate between centres and attract the appropriate consumer segments.

Retail Advertising: retailers use advertising to communicate their attributes to consumers, a primary consideration is which media to use to most effectively reach the target segments. Of particular importance is the role of price advertising; ads based on price alone. Customers who have come to purchase an advertised item and then buy additional items are referred to as spill-over sales. Retailers considering the benefits of price or other promotions must account for the overall effects on stores sales and profits, not just those of the advertised item.
Price Advertising Decisions:

Retailers face 3 decisions when they consider using price advertising:

1) **How large a price discount should be used?** The discount given is dependent on the nature of the item being promoted. For everyday items they are seen as equivalent but for perishable items they are seen as better value.

2) **Should comparison or reference prices be used?** Showing a reference price increases the perceived savings significantly. But the strength of the perception varies with the manner in which the reference or comparison price is presented. The best approach seems to be to present the sale price, the regular price and the $ amount saved.

3) **What verbal statements should accompany the price info?**

**Outlet location & Size:** Consumers will generally select the closest store (as important as pricing) and unless a consumer is interested in fast service or convenience, larger outlets are preferred.

Calculating the level of store attraction, based on store size and distance, can be calculated through the retail attraction model (RAM). *Consumers often combine shopping trips with other purposes*, therefore retail patronage is in part a function of an outlets location in relation to other outlets and consumers travel patterns. Combining outlets or adding departments can produce value for consumers and increased revenue for the firm.

**Consumer characteristics & outlet choice:**

2 consumer characteristics particularly relevant to store choice are **shopping orientation & perceived risk:**

1) Shopping orientation: refers to the particular approaches or patterns of external info search & outlet selection formed by customers. Retailers need to understand the motives driving consumers. Eg- older consumers may be more interested in the social aspect of a shopping trip as a result of their shrinking social networks. *Shopping orientations are closely linked to ones...*
lifestyle & are subject to similar influences. Retailers can segment the market with regard to customers shopping characteristics & habits, enabling them to target their goods and promotional activities at these consumers more effectively. Some researchers have argued that shopping orientation is determined by time poverty, shopping confidence & enjoyment as well as social needs.

5 distinct shopping orientations for Australian grocery shoppers have been identified that offer retailers opportunities to develop marketing strategies to appeal to these different segments;

a) Traditionalists- represent the majority of the pop. Include middle-class housewives with children, like to see the products they buy and enjoy social interaction of traditional shopping.

b) Passive shoppers- are excited by technology but loathe grocery shopping and favour smaller supermarkets, that they may pass on the way home. These consumers are usually brand loyal and enjoy shopping online.

c) Value seekers- younger and more involved shoppers. Are more excited by technology, digital TVs or mobiles which fit more directly into their current lifestyle. Interested in but somewhat sceptical about online shopping.

d) Modern Responsibilities- more frequent paid TV subscribers- lots of technology. Tend to work full time and spend a lot on groceries and so prefer e-grocers (online).

e) Time Starved- high socioeconomic group of shoppers who never have enough time in their day. Spend a lot on groceries but dislike the traditional experience. Due to high internet access prefer e-grocers.

2) Perceived Risk: Certain products may represent high levels of financial risk (perceived risk to an individual’s financial status as a result of purchasing a product). Products closely related to a consumers public image present high levels of social risk. Like product categories retail outlets
are perceived as having varying degrees of risk. traditional outlets are perceived as low risk where as more innovative outlets (internet) are perceived as higher in risk. Such findings lead to a number of insights into retailing strategy, including:

a) non-traditional outlets need to minimise the perceived risk of shopping

b) online firms can help reduce perceived risk by stressing the credit card encryption for transaction security, free shipment and return policy.

c) Traditional outlets have a major advantage with high perceived risk product lines and thus these lines should be their primary strategy focus & should be promoted.

In-store influences that alter brand choice: influences occurring within the store induce additional info processing and affect the final purchase decision. The fact the consumers often purchase brands different from those planned has led to an interest in unplanned purchases (purchases the customer did not intend to buy). * Far more useful marketing strategies will result if we consider the in-store purchase decision as the result of additional info processing within the store. This approach allows the marketer to use knowledge of the target market, its motives and the perception process to increase sales of a specific item. Studies of purchasing decisions in supermarkets use the following category definitions:

a) the specifically planned decision

b) the generally planned decision

c) the substitute decision

d) the unplanned decision

e) the in-store decision.

*Unplanned purchases can be further divided into 2 categories; a) reminder purchases- purchases that are made as a result of the consumer seeing a product which acts as a reminder that they require it, and b) impulse purchases- purchases made in a store that differ from those the consumer planned to make before entering the store.
POP Displays: are common in the retailing of many products and there effect is measurable. POP displays are a device used by marketers & retailers at the point of sale to inform customers or encourage them to buy, may include posters, shelf wobblers etc. Companies are using more elaborate and interactive POP displays to attract consumers attention in store. In addition, supermarkets are using trolleys as advertising to reach consumers right at the final point of purchase.

Price Reductions & Promotional Deals: in-store price reductions affect brand decisions. The general pattern is a sharp increase in sales when the price is first reduced, followed by a return to near normal sales over time or after the price reduction ends. Sale increases in response to price reduction stem from 4 sources;
1) Current brand users may buy ahead of their anticipated needs (stockpiling)
2) Users of competing brands may switch
3) non-product category buyers may buy the brand because it now has superior value
4) Consumers who do not usually shop at the store may come to the store to buy the brand.

**Store Layout:**

The physical layout and location of items in a store heavily influences consumer purchases. Tend to spread things out and put the good stuff at the back, prompting the consumer to walk through the store and potentially purchase additional items.

**Store Atmospherics:**

The way the stores internal environment affects the shoppers mood and willingness to visit and linger. **Atmospherics** is the process managers use to manipulate the physical retail environment to create specific mood responses in shoppers. **Service-scape** is all of the elements of the physical environment of service delivery (that can be altered during atmospherics)
**Stockouts:** a stockout occurs when the store is temporarily out of a particular brand or product and may affect consumer purchase decisions. **Sales Personnel** can also have a great influence on consumer purchases. Effectiveness of the sales personnel is determined by; a) their knowledge, skill and authority, b) the nature of the customers buying task, c) the customer-salesperson relationship. *Therefore, research is required for each target market and product category in order to determine the optimal personal selling strategy.

**Purchase:** Credit plays a major role in consumers purchases. Businesses need to simplify the purchasing situation as much as possible, this may involve managing the time spent in the line at the checkout or computerised credit checks to minimise credit authorisation time.

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**Chapter 7: Post purchase processes, customer satisfaction and consumer loyalty.**

**Post-purchase processes,** those processes that follow the purchase, including post purchase evaluation, product use or non-use and disposal, produce satisfaction and loyalty (consumer has an emotional attachment to the brand and is committed to its ongoing purchase), which are the aim of many marketing strategies.

**Post p Dissonance:** a common reaction to making a difficult or permanent decision in which doubt or anxiety about the correctness of ones decision after a purchase may result. *The probability that a consumer will experience PP dissonance and the degree of it is a function of 4 variables;*

1) the degree of commitment or irreversibility of the decision
2) the importance of the decision to the consumer
3) the difficulty of choosing among the alternatives
4) the individuals tendency to experience anxiety.
Habitual decisions or those requiring limited decision making will not produce PP dissonance since the consumer will not consider any attractive features in an unchosen brand that do not already exist in the chosen brand.

Since dissonance is unpleasant consumers try to reduce it buy using one or more of the following approaches:

1) increase the desirability of the brand purchased
2) decrease the desirability of the rejected alternatives
3) decrease the importance of the purchase decision
4) reverse the decision.

The consumers search for info after the purchase means that advertising and follow-up sales efforts can play an important role (to reassure the consumer).

**Product Use:** observing consumers as they use products can be an important source of new product idea. **Use innovativeness** refers to consumers using the product in a new way. Eg- baking soda used as carpet deodoriser. Many firms try to get relevant info on product usage via market research using questionnaires or FGs.

**Multiple uses, multiple products:** if the product can fulfil several purposes than this becomes a competitive advantage. Retailers can also take advantage of the fact that the use of one product may require or suggest the use of other products. Eg- cameras have a range of accessories. *The use of the first product is made easier or more enjoyable with the purchase of a related product.

**Packaging:** understanding how packages are used can also lead to the design of more effective packaging. Packing can be an important value-creating aspect of a product. Eg many cleaning products are packaged to make doing chores easier.

**Defective Products:** Laws have made firms responsible for harm cause by product failure not only when the product is used as specified by the manufacturer but for any reasonably foreseeable use of
the product. **Product recalls**; where an unsafe product is recalled by its manufacturer usually with a full refund or exchange. *Thus all possible users of a product by a company must be determined.

**Disposal**: the final stage of product usage, when the consumer seeks to return or otherwise trade-in or destroy the old product. *A product no longer fulfils the desired functions required by the consumer. There are 5 main disposal options available for a product; 1) sharing 2) exchanging, 3) donating, 4) recycling or 5) ridding. The method chosen depends on the individual’s characteristics and external factors such as community attitudes and the availability of local infrastructure to support acts such as recycling. *Little known about the relationship between a particular disposal method and the demographic or psychological characteristics of the individuals who select them.

**Product disposal and Marketing Strategy:**

There are 4 main ways in which disposal decisions can affect a firms marketing strategy.

1) Disposal has to occur before the acquisition of a replacement because of limitations of physical space or money. Therefore, it is to the manufacturers’ or retailer’s advantage to help consumers in the disposal process, **trade-in offers** can be initiated.

2) Frequent decisions by consumers to sell, trade or give away sued products may result in a large ‘used product market’ which can reduce the market for new products. Consumer-to-consumer sales occur when one consumer sells a product directly to another without an intermediary. Eg-garage sales. A manufacturer may decide to enter such a market by buying used products and repairing them for the re-built market. Eg- cars

3) Australia is not a ‘throw away’ society, concerned with waste and money

4) Environmentally sound disposal decisions benefit society as a whole and thus the firms that comprise it. Managers and employees live in the same environment as their customers, hence their lifestyle and wellbeing is also dependent on disposal decisions. It is in everyone’s best interests to develop products/packages that encourage sustainable disposal decisions.
Purchase Evaluation:

**Evaluation Process**- Whether consumers’ select that particular item because of its presumed superior functions or for other reasons, there is an **expectation** (set of outcomes expected by the consumer before entering into an exchange) that the item will offer a certain level of performance, expectations ranging from quite low to high. Expectations influence **perceived performance** (the way a good delivers benefits as perceived by the consumer). **Satisfaction** (when perceptions of product performance are matched or above the minimum desired level of performance) with the purchase is primarily a function of the initial performance expectations and the perceived performance relative to those expectations. *A store or brand whose performance confirms a low-performance expectation will generally result in neither satisfaction or dissatisfaction rather resulting in **non-satisfaction** (feeling experienced when performance meets expectations of a low standard), as such consumers are not likely to engage in complaints.*

If the discrepancy between performance and expectations is large or initial expectations were low the consumer may restart the entire decision process. The item causing problem recognition will most likely be placed in the inept set and no longer considered. *When perceptions of product performance match expectations that are at or above the minimum desired performance level, satisfaction is generally achieved. *Product performance that exceeds expectations may result in brand or item loyalty. The need to satisfy consumers has important implications in terms of positioning the level of promotional claims. Since dissatisfaction is in part a function of the disparity between expectations and perceived performance, **unrealistic consumer expectations created by excessive promotional exaggeration can contribute to consumer dissatisfaction.**
Dimensions of Performance: perceived problems by consumers that cause them to switch include;

1) Core service failure
2) Service encounter failures
3) Pricing
4) Inconvenience
5) Response to service failures
6) Attraction to competitors or ethical problems.

*For many products there are 2 dimensions of performance; 1) instrumental performance- the physical or functional performance of the product (vital for positive evaluation) and 2) symbolic performance- the symbolic, expressive, image enhancement performance of the product. Eg- if a car does not reflect the desired self-concept its symbolic performance is inadequate. Eg- styling of a coat to represent the performance opposed to its functional purpose of warmth. *In addition to symbolic and instrumental performance, some products also provide affective performance: the emotional response that owning or using the product provides. This may rise from the first 2 dimensions or from the product itself & may be the primary benefit sought from the product choice, eg- a book/movie.

Dissatisfaction Responses:

Actions by a consumer in response to dissatisfaction can be private in nature, warning friends, or consumers may take direct action such as complaining or requesting a refund or exchange. Consumers may take public action such as complaining to a consumer association or seeking redress through the legal system, marketers should seek to minimise dissatisfaction and resolve it when it occurs to avoid it going public.
Four types of response styles have been identified with dissatisfaction:

1) **Passives** - seldom take action, don’t perceive social benefits from complaining and their private norms don’t support it.

2) **Voices** - take direct action such as complaining to the firm, believe such action provides social benefits.

3) **Irates** - take above average levels of private and direct action but low levels of public action.

4) **Activists** - likely to engage in private, direct and public action. Younger than average and believe strongly in social benefits and their personal norms support this.

**Marketing Strategy & Dissatisfied Consumers:**

Since dissatisfied consumers tend to express their dissatisfaction to their friends, dissatisfaction may cause companies to lose future sales to the unhappy consumer as well as current sales to the unhappy consumers friends. Whilst preventing this in the first place is ideal, also evident that complaint handling greatly influences consumers perceptions of a brand, easy communication of dissatisfaction to the firm itself and prompt handling in accordance with the consumers wants is ideal. *Complaints about products often go to retailers and no the manufacturer (thus little is done about the issue). Many firms attempt to overcome this by establishing consumer hotlines and company websites for complaints. *However, further failure to deal with the issue will result in increased consumer dissatisfaction.

**Customer Satisfaction, repeat purchase & loyalty:**

**Repeat purchase behaviour (RPB)** is often referred to as brand loyalty. Brand loyalty is defined as commitment to a brand by a consumer as they believe it best meets overall needs and because an emotional attachment (liking) has been formed.
**Differences between brand loyalty and RPB:** RPB may be the result of *market dominance* by the firm making its product the only one available and thus depriving the consumer of the opportunity to choose or it may be the result of *repeated promotional efforts* that entice the consumer to buy the same brand. If market dominance does not exist or promotional efforts have not been made the consumer is happy to switch brands. *In contrast, brand-loyal consumers* are committed to the product/brand and can be trusted to continue to buy the brand despite promotional efforts or market dominance, are thus extremely valuable to a company.

*The make-up of a market share generally looks like figure 7.5 (pg 205).*

**RPBm loyalty & Marketing Strategy:** in markets where there are many alternative brands, greater price activity brand loyalty tends to decrease. *Studies suggest that when satisfied consumers switch brands to take advantage of a promotional deal on a competing brand they are likely to return to their original brand for future purchases. Non-loyal consumers switch for frequently without return. In order to ensure that the company builds loyalty with its consumers marketing efforts are often best focused on current consumers= **relationship marketing.**

**Relationship Marketing:** has 5 key elements

1) developing a core service or good around which to build a customer relationship
2) customising the relationship to the individual consumer
3) augmenting the core service with extra benefits
4) pricing in a manner that encourages loyalty
5) marketing to employees so they perform well for consumers. *(pg 208) more details.*