

# 6

## Why People Buy: Consumer Behaviour

When you have completed your study of this chapter, you should be able to

### CHAPTER OBJECTIVES

1. Explain why understanding consumer behaviour is important to organizations.
2. Explain the prepurchase, purchase, and postpurchase activities consumers engage in when making decisions.
3. Describe how internal factors influence consumers' decision-making processes.
4. Describe how situational factors at the time and place of purchase may influence consumer behaviour.
5. Describe how consumers' relationships with other people influence their decision-making processes.



# Real People, Real Decisions

## Meet Robert Barnard A Decision Maker at d~Code



**Robert Barnard is one of the founders of d~code, a company that researches the needs, wants, and behaviours of the Nexus generation Canadians: 18 to 34 year olds.** The Nexus generation accounts for approximately one-third of the Canadian adult population, making it an attractive target segment for many companies. The insights that Barnard and other members of the d~Code team can provide about the behaviour of this consumer segment are, therefore, in great demand by organizations who consider Nexus consumers to be one of their target markets.

Robert Barnard began his entrepreneurial career early. At the age of 19, he created a clothing company and, at the same time, formed Generation 2000, an innovative national youth organization, which encouraged young Canadians to get involved in the development of Canada. In 1994,

Barnard and others formed d~Code to provide strategies and ideas to organizations seeking to connect with the Nexus Generation. d~Code is the only company in Canada that focuses exclusively on understanding the Nexus Generation.

Barnard has a BA in Geography from the University of Western Ontario and, in addition to his work at d~Code, has served on several not-for-profit boards of directors. He was named as one of the “100 Canadians to Watch For” by *Maclean's* magazine in 1993 and as one of Canada’s “Top 40 Under 40” in 1997.

Sources are R. Barnard, D. Cosgrave, and J. Welsh, *Chips & pop: Decoding the Nexus generation*, Toronto: Malcolm Lester Books, 1998; personal interview with Robert Barnard.



d~Code  
www.d-code.com

## Decisions, Decisions

New products, clever packaging, and creative advertising surround us, clamouring for our attention—and our money. But consumers don’t all respond in the same way to marketing activities. Each consumer is a unique person, with unique reasons for choosing one product over another. Recall that the focus of the marketing concept is to satisfy consumers’ wants and needs. These wants and needs can be satisfied only to the extent that marketers understand why and how people buy products. Robert Barnard helps Canadian marketers understand Nexus consumers by answering such questions as: what are the attitudes and lifestyles of Nexus consumers, why do they prefer certain products, which ads do they respond to, and how do they purchase products? **Consumer behaviour** is the process individuals or groups go through to select, purchase, and use goods, services, ideas, or experiences. Marketers recognize that consumer behaviour is an ongoing process—it is more than what happens at the moment a consumer hands over money and, in turn, receives a good or service.

Although it seems as if some purchases are made spontaneously (and we may regret our rashness later), in reality, we make these buying decisions only after we have undergone a series of steps—problem recognition, information search, evaluation of alternatives, product choice, and postpurchase evaluation—summarized in Figure 6.1.

Traditionally, researchers have tried to understand how consumers make decisions by assuming that people carefully collect information about competing products, determine which products possess the characteristics or product attributes important to their needs, weigh the pluses and minuses of each alternative, and arrive at a satisfactory decision. But how accurate is this picture of the decision-making process?

Although it does seem that people undergo these steps when making an important purchase, is it realistic to assume that they do this for everything they buy? Researchers now realize that consumers actually possess a set of decision approaches, ranging from painstaking analysis to pure whim, depending on the importance of what is being bought and how much effort the person is willing to put into the decision.<sup>1</sup> Researchers have found it convenient to think in terms of an “effort” continuum, which is anchored on one end by *habit-*

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**consumer behaviour** The process individuals or groups go through to select, purchase, and use goods, services, ideas, or experiences to satisfy their needs and desires.

*ual decision making* (such as deciding to purchase a can of pop) and at the other end by *extended problem solving* (such as deciding to purchase a computer). Many decisions fall somewhere in the middle and are characterized by *limited problem solving*, which means that consumers do work to make a decision, but most likely rely on simple rules of thumb instead of learning about and considering all the ins and outs of every product alternative. As the ad for Sympatico.ca in Exhibit 6.1 implies, some Internet marketers believe that the Internet can reduce the effort needed to make product decisions by offering so many products and services in one place.

*Involvement* determines the extent of effort a person puts into deciding what to buy. **Involvement** is the importance of the perceived consequences of the purchase to the person. As a rule, we are more involved in the decision-making process for products that we perceive as risky in some way (regardless of whether they really are). **Perceived risk** may be present if the product is expensive, complex, and hard to understand, or if the purchase of the wrong product could result in embarrassment or social rejection. For instance, some people perceive clothing purchases as risky because they feel a wrong choice could lead to negative social consequences. Perceived risk can also be a factor in the buying process itself for certain products. A study of condom buying among Canadian university students, for example, found that 66% of men and 60% of women report that they are embarrassed when buying condoms and, therefore, do not buy them at all. As one researcher put it, “Approaching the cashier is the moment of truth. There is also the worry that a ‘price check on a 12-pack of Durex condoms’ will be announced to the entire store.”<sup>2</sup>

When perceived risk is low, as in buying a pack of gum, the consumer feels *low involvement* in the decision-making process—the consumer is not overly concerned about which option he or she chooses because it is not especially important or risky. In low-involvement situations, the consumer’s decision is often a response to environmental cues, such as deciding to try a new type of chewing gum because it is prominently displayed at a store checkout counter. Under these circumstances, managers must concentrate on how products are displayed at the time of purchase to influence the decision maker. For example, a chewing gum marketer may decide to spend more money to be sure its gum stands out at a checkout display or to change the colour of the gum wrapper to a bright pink to be sure it gets noticed among the other gums.

For *high-involvement* purchases, such as a house, car, computer, or interview suit, the consumer is more likely to carefully process all of the available information and to have thought about the decision well before buying the item. The consequences of the purchase are important and risky, especially because a bad decision can result in significant financial losses, aggravation, decreased performance, or embarrassment. So for high-involvement products, managers must start to reduce perceived risk by educating the consumer about why their product is the best choice well in advance of the time that the consumer is ready to make a decision. To understand what goes on during each of the steps in the decision-making process, in the next section, we’ll follow the fortunes of one consumer, a student named Emma, who is in the market for a new notebook computer. This is a highly involving purchase decision for her because of the cost of the product and because the performance of

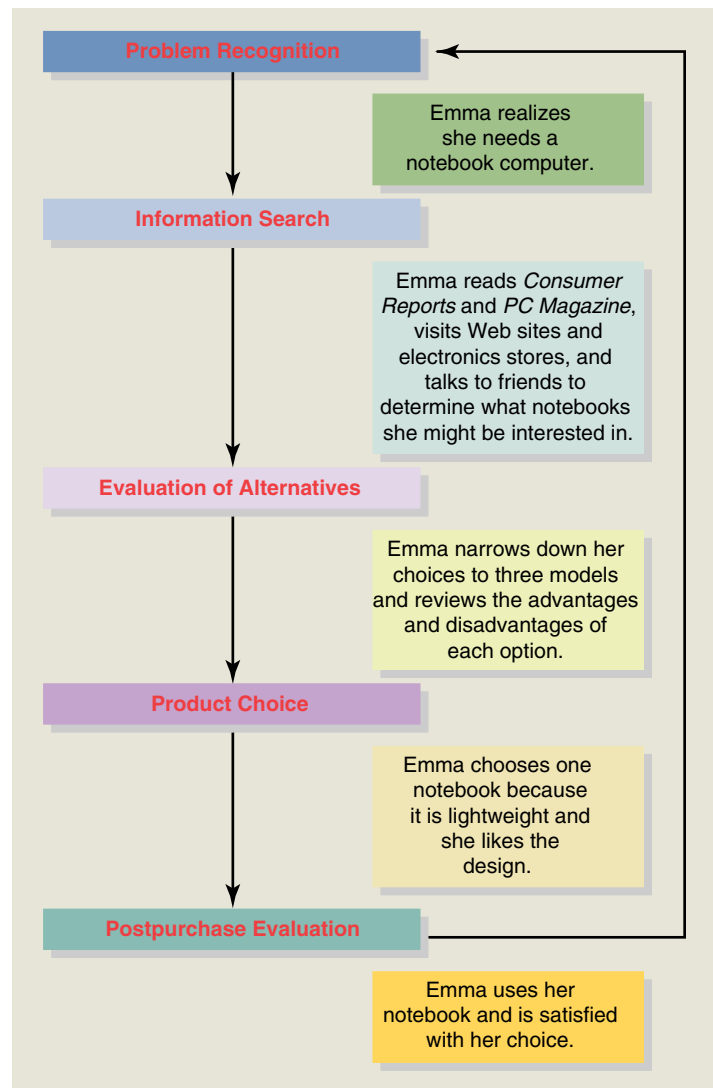


Figure 6.1 The Consumer Decision-Making Process

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**involvement** The relative importance of perceived consequences of the purchase to a consumer.

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**perceived risk** The belief that use of a product has potentially negative consequences, either financial, physical, or social.



### Exhibit 6.1

Some companies believe that buying online simplifies consumer decision making.

the computer will have an important impact on her own performance in courses and, perhaps, in future jobs.

## Problem Recognition

**Problem recognition** occurs whenever the consumer sees a significant difference between their current state of affairs and some desired or ideal state. The consumer needs to solve a *problem*, which may be small or large, simple or complex. A student like Emma, who needs to have a computer for writing papers, doing research on the Internet, and sending e-mail, has a problem. Although she can use the computers provided on campus, she realizes that often when she needs a computer the most, such as at the end of term, so does every other student. Emma also wants her computer to be portable so that she can use it to take notes in classes and take it to the library while she researches her assignments. Thinking about the future, Emma realizes that, in her job, she will probably have a lot of work to do after hours. Having a notebook computer will allow her to do the work in the comfort of her own apartment.

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**problem recognition** The process that occurs whenever the consumer sees a significant difference between his or her current state of affairs and some desired or ideal state. This recognition initiates the decision-making process.

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**information search** The process whereby a consumer searches for appropriate information needed to make a reasonable decision.

a notebook computer will allow her to do the work in the comfort of her own apartment.

## Information Search

Once Emma recognizes her computer problem, she needs adequate information to resolve it. During the **information search** part of the decision-making process, the consumer checks their memory and surveys the environment to identify what options exist to solve the problem. The ad shown in Exhibit 6.2 reminds us that some information sources, such as advertisements or the Yellow Pages, often provide valuable guidance during this step. Emma might rely on ads she has seen for notebook computers, recommendations from friends, and additional research she might do by reading *Consumer Reports* and *PC Magazine*, or by signing onto Web sites for companies, such as Dell Computers Canada ([www.dell.ca](http://www.dell.ca)) and Apple Canada ([www.apple.com/ca](http://www.apple.com/ca)). She also might visit some electronics stores, like the Future Shop, where she can discuss her purchase with salespeople and try out some computers.

## Evaluation of Alternatives

Once the alternatives have been identified, the consumer must decide which are preferable. There are two components to this stage of the decision-making process. First, a consumer, armed with information, identifies the set of products they are interested in. Then they narrow down their choices by deciding which of all the possibilities are feasible and comparing the advantages and disadvantages of each remaining option. Emma might want a top-of-the-line notebook, like a Dell Inspiron, but realizes that her student budget doesn't allow for such a purchase. As she looks around, she decides that the notebooks she likes in her price range are the Apple iBook, the Compaq Presario, and the Gateway Solo. She has narrowed down her options by considering only affordable notebooks.

Now, Emma has to choose. It's time for her to look more systematically at each of the three possibilities and identify the important characteristics, or **evaluative criteria**, she will

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**evaluative criteria** The dimensions that consumers use to compare competing product alternatives.

**Exhibit 6.2**

Sources such as the Yellow Pages may be used by consumers during their information search.



use to decide among them. These may be the power of the computer, its weight, the size of the monitor, the battery life, the warranty offered, or even the computer's design or colour options. Keep in mind that marketers often play a role in educating consumers about *which* product characteristics should be used as evaluative criteria—usually, they emphasize the dimensions in which their product excels. For example, ads for the Apple iBook focus on its light weight and ease of use, whereas ads for the Compaq Presario may focus on price, because it is one of the least expensive notebook computers available.

## Product Choice

Deciding on one product and acting on this choice is the next step in the decision-making process. Emma has spent several weeks thinking about the alternatives, and she's finally ready to take the plunge and buy! After agonizing over her choice, she decides that, even though the Gateway Solo was rated the best by *Consumer Reports*, the Apple iBook has the features she is looking for. She feels it offers similar technical features to the other options, but has the best design. The recent advertising slogan she has seen for Apple, "Think different," appeals to her sense of individuality, and the iBook is the lightest of all the options and will easily fit in her backpack. She signs onto the Apple Canada Web site and buys her notebook computer. A few days later the computer arrives at her door.

Choices often are complicated because it's hard to juggle all of the different product characteristics. One notebook computer may offer better memory, another is \$500 cheaper, whereas another is lighter in weight. How do consumers make sense of all these characteristics and arrive at a decision?

Consumers often rely on decision guidelines when weighing the claims made by different companies. These **heuristics**, or rules, help simplify the process. One such heuristic is "price = quality," so many people willingly buy the more expensive brand because they assume that if it costs more, it *must* be better.

Perhaps the most common heuristic is **brand loyalty**, which assumes that people buy from the same company over and over because they believe that the company makes superior products. Consumers feel that it's not worth the effort to consider competing options. The creation of brand loyalty is a prized goal for marketers. People form preferences for a favourite brand and then may literally never change their minds in the course of a lifetime, making it extremely difficult for rivals to persuade them to switch.

## Postpurchase Evaluation

In the last stage of decision making, the consumer evaluates the quality of the decision made. After mulling over the alternatives and picking one, they evaluate just how good a choice it was. Everyone has experienced regret after making a purchase, and (hopefully) we have all been pleased with something we've bought. The evaluation of the product results in a level of **consumer satisfaction/dissatisfaction**, which is determined by the overall feel-

\* \* \*  
**heuristics** A mental rule of thumb that leads to a speedy decision by simplifying the process.

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**brand loyalty** A pattern of repeat product purchases, accompanied by an underlying positive attitude toward the brand, which is based on the belief that the brand makes products superior to its competition.

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**consumer satisfaction/dissatisfaction** The overall feelings or attitude a person has about a product after purchasing it.

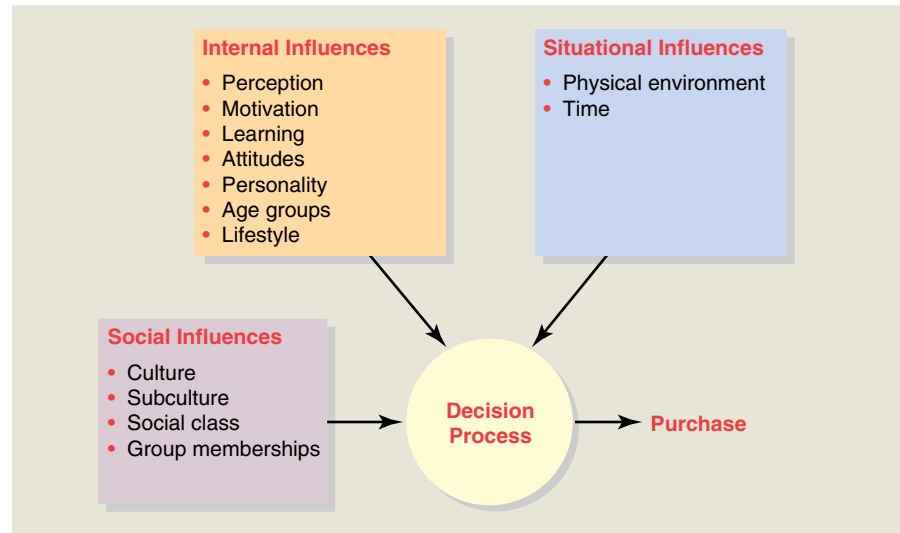


Figure 6.2 Influences on Consumer Decision Making

ings, or attitude, a person has about a product after purchasing it. In this case, fortunately, Emma’s feelings couldn’t be better. Her computer is reliable and easy to use, and its light weight means that she can easily carry it to her classes.

Just how do consumers decide if they are satisfied with their purchases? One answer would be, “That’s easy. The product is either wonderful, or it isn’t.” However, it’s a little more complicated than that. When consumers buy a product, they have some *expectations* of product quality. How well a product or service meets or exceeds these expectations determines customer satisfaction. In other words, consumers assess product quality by comparing what they have bought to a *performance standard* created by a mixture of information from marketing communications, informal information sources such as friends and family, and their own experience with the product category.

So, even though Emma’s new iBook is not as powerful as some of the other options she considered, she’s happy with her purchase because it meets or exceeds her own expectations. Emma has completed the consumer decision-making process by recognizing a problem, conducting an information search to resolve it, identifying the feasible alternatives, making a product choice, and then evaluating the quality of her decision.

As well as understanding the mechanics of the consumer decision-making process, marketers try to ascertain what influences in consumers’ lives affect this process. There are three main categories: internal, situational, and social influences. In Emma’s case, for example, the evaluative criteria she used to compare notebook computers and her feelings about each computer may have been influenced by such internal factors as her desire to be unique and how the iBook suited that, such situational factors as her satisfaction with the information and service provided on the Apple Canada Web site, and such social influences as her prediction that her friends would be impressed when they saw her taking notes in class on a new notebook computer. Figure 6.2 shows the influences in the decision-making process and emphasizes that all of these factors work together to affect the ultimate choice each person makes. Let’s consider how each of these three types of influence work, starting with internal factors.

## Internal Influences on Consumer Decisions

In certain advertisements for Gillette razor blades, a “macho” man is shown in a rugged, outdoor setting. This imagery is bound to appeal to male consumers, right? Not necessarily. When rival company Schick studied how men were reacting to Gillette’s ads, it found that these images called up an unpleasant association men had learned to make with this kind of harsh environment. They felt like “lone wolves” rather than people who like to be

touched.<sup>3</sup> Because many men today like to be a bit more “touchy-feely” than the rough, tough “macho” masculine type depicted in the Gillette ad, this wasn’t the feeling they wanted to have after shaving. Based on this research, Schick devised an ad for its razors showing a woman gently stroking a man’s face—a very different approach from Gillette’s ad. Let’s see how internal factors relating to the way people absorb and interpret this kind of information influence the decision-making process.

## Perception

**Perception** is the process by which people select, organize, and interpret information from the outside world. We receive information in the form of *sensations*, the immediate response of our sensory receptors—eyes, ears, nose, mouth, and fingers—to such basic stimuli as light, colour, and sound. Our impressions about products often are based on their physical qualities. We try to make sense of the sensations we receive by interpreting them in light of our past experiences. For example, Emma chose the Apple notebook computer partly because of its distinctive design, which she associates with style and individuality.

The perception process has important implications for marketers because, as consumers absorb and make sense of the vast quantities of information competing for their attention, it is likely that they won’t notice any one marketing message. And, if they do notice it, there’s no guarantee that the meaning they give it will be quite the same one the marketer intended. The issues that marketers need to understand during this process include exposure, perceptual selection, and interpretation.

- *Exposure:* The stimulus must be within range of people’s sensory receptors to be noticed. For example, the lettering on a billboard must be big enough for a passing motorist to read easily, or the message will be lost. As Exhibit 6.3 shows, many people believe (falsely) that even messages they can’t see will persuade them to buy advertised

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**perception** The process by which people select, organize, and interpret information from the outside world.



### Exhibit 6.3

Many people believe in subliminal advertising, even when the images are clearly visible.

products. Although claims about subliminal advertising involving messages hidden in ice cubes among other places have been surfacing since the 1950s, little evidence supports their existence or claims that this technique would work even if it were used. The British ad shown here reflects this belief, although in this case the characters are clearly visible.

- *Perceptual Selection*: Consumers choose to pay attention to some stimuli but not to others. Consumers are more likely to be aware of messages that speak to their current needs. A newspaper ad for a fast-food restaurant that would go unnoticed after lunch may grab your attention if you sneak a glance at the paper during a class that ends at lunchtime.
- *Interpretation*: Meaning is assigned to the stimulus. This meaning is influenced by prior associations the person has learned. The Benetton ad shown in Exhibit 6.4 is a great example of how these assumptions alter our interpretations. Although the ad shows two men handcuffed to each other, some people assumed that the black man was cuffed to the white man, and the company was the target of many complaints about racism after the ad appeared.



Benetton  
www.benetton.com

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**motivation** An internal state that drives us to satisfy needs by activating goal-oriented behaviour.

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**hierarchy of needs** An approach that categorizes motives according to five levels of importance, the more basic needs being on the bottom of the hierarchy and the higher needs at the top.

## Motivation

**Motivation** is an internal state that drives us to satisfy needs. Once we activate a need, a state of tension exists that *drives* the consumer toward some *goal* that will reduce this tension by eliminating the need.

For example, Emma began to experience a gap between her present state—having to rely on the computers on campus—and a desired state—having a computer that allows her to work at home and on campus. The need for a new notebook computer is activated, which motivates Emma to test and learn about different models, to talk with friends about their experiences with notebook computers, and finally to buy a new notebook computer.

Psychologist Abraham Maslow developed an influential approach to motivation.<sup>4</sup> Maslow formulated a **hierarchy of needs**, which categorizes motives according to five levels of importance, the more basic needs being on the bottom of the hierarchy and the higher needs at the top. The hierarchy suggests that before a person can meet needs in a given level, they must first at least partially meet the needs in the levels below. As illustrated in Figure 6.3, this approach shows individuals starting at the lowest level with basic needs for food, cloth-



### Exhibit 6.4

People's prior assumptions coloured their interpretations of this controversial ad.

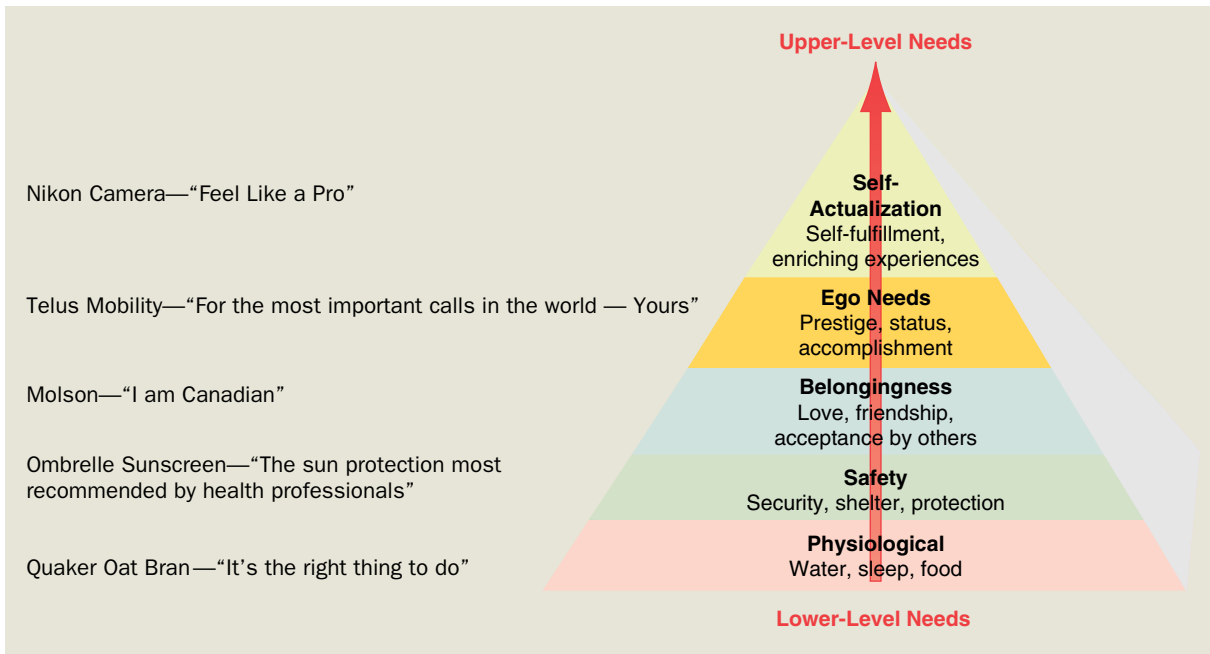


Figure 6.3 Maslow's Hierarchy of Needs and Related Advertising Slogans

ing, and shelter and then progressing to higher levels to satisfy more complex needs, such as the need to be accepted by others or to feel good about themselves. Ultimately, people can reach the highest-level needs, and they will be motivated to attain such goals as spiritual fulfillment. As the figure shows, if marketers understand the particular level of needs that is relevant to consumers in their target market, they can tailor their products and messages to point out how these needs can be satisfied.

## Learning

**Learning** is a change in behaviour after gaining information or experience. Learning about products can occur deliberately, as when we set out to gather information about different CD players before buying one brand. We also learn even when we are not trying. Consumers recognize many brand names and can hum many product jingles, for example, even for products they themselves do not use. Psychologists who study learning have advanced several theories to explain the learning process, and because a major goal for marketers is to "teach" consumers to prefer their products, these perspectives are important. In this section, we'll briefly review the most important perspectives on how people learn.

### BEHAVIOURAL LEARNING

**Behavioural learning theories** assume that learning takes place as the result of connections that form between events perceived by the individual. In one type of behavioural learning, **classical conditioning**, a person perceives two stimuli at about the same time. After a while, the person transfers his or her response from one stimulus to the other. For example, an ad shows a product and a breathtakingly beautiful scene, so that (the marketer hopes) you will transfer the positive feelings you get from looking at the scene to the advertised product. Another common form of behavioural learning is called **operant conditioning**, which occurs when people learn that their actions result in rewards or punishments. This feedback influences how they will respond in similar situations in the future. Just as a rat in a maze learns the route to a piece of cheese, consumers who receive a reward, such as a prize in the bottom of a box of cereal, will be more likely to buy that brand again. That feedback acts as a *reinforcement* for the behaviour.

The learned associations in classical and operant conditioning also have a tendency to transfer to other similar stimuli in a process called **stimulus generalization**. This means that

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**learning** A relatively permanent change in behaviour caused by acquired information or experience.

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**behavioural learning theories** Theories of learning that focus on how consumer behaviour is changed by external events or stimuli.

\* \* \*

**classical conditioning** Learning that occurs when a stimulus eliciting a response is paired with another stimulus that initially does not elicit a response on its own but will cause a similar response over time because of its association with the first stimulus.

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**operant conditioning** Learning that occurs as the result of rewards or punishments.

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**stimulus generalization** Behaviour caused by a reaction to one stimulus that occurs in the presence of other similar stimuli.



### Exhibit 6.5

Observational learning can be encouraged by using celebrity endorsers.

the good or bad feelings associated with a product will “rub off” on other products that resemble it. For example, some marketers create *product line extensions*, in which new products share the name of an established brand so that people’s good feelings about the current product will transfer to the new one. Dole, which is associated with fruit, was able to introduce refrigerated juices and juice bars; Sun Maid branched out from raisins to raisin bread.

### COGNITIVE LEARNING

In contrast to behavioural theories of learning, **cognitive learning theory** views people as problem solvers, who do more than passively react to associations between stimuli. Supporters of this viewpoint stress the role of creativity and insight during the learning process. One type of cognitive learning theory is *observational learning*, which occurs when people watch the actions of others and note what happens to them as a result. They store these observations in memory and, at some later point, use the information to guide their own behaviour, especially when they admire or

identify with these people in some way. Many promotional strategies, such as the ad featuring Wayne Gretzky in Exhibit 6.5, centre around endorsements by athletes, movie stars, and music idols whose fans have observed their successes.

## Attitudes

An **attitude** is a lasting evaluation of a person, object, or issue.<sup>5</sup> Consumers have attitudes toward very product-specific behaviours, such as using Crest toothpaste rather than Colgate, as well as toward more general consumption-related behaviours, such as how often to brush one’s teeth.

A person’s attitude has three components: affect, cognition, and behaviour. In a marketing context, *affect* is the overall feeling a person has about a product. *Cognition* is the beliefs and knowledge the person has about the product. *Behaviour* is what happens when the person takes action by buying or using the product.

Depending on the nature of the product, one of these three components—feeling, knowing, or doing—will be the dominant influence in creating an attitude toward a product. Affect is usually dominant for expressive products, which we use to say something about ourselves, such as perfume, in which the way the product makes us feel determines our attitude toward it. Cognition may be more important for complex products, such as computers, which require us to process technical information. Behaviour often determines attitudes for commonly purchased, low-involvement items, such as chewing gum, for which we often form an attitude based simply on how the product tastes or performs.

## Personality

**Personality** is the set of unique psychological characteristics that consistently influences the way a person responds to situations in the environment. One adventure-seeking consumer

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**cognitive learning theory** A theory of learning that stresses the importance of internal mental processes and that views people as problem solvers, who actively use information from the world around them to master their environment.

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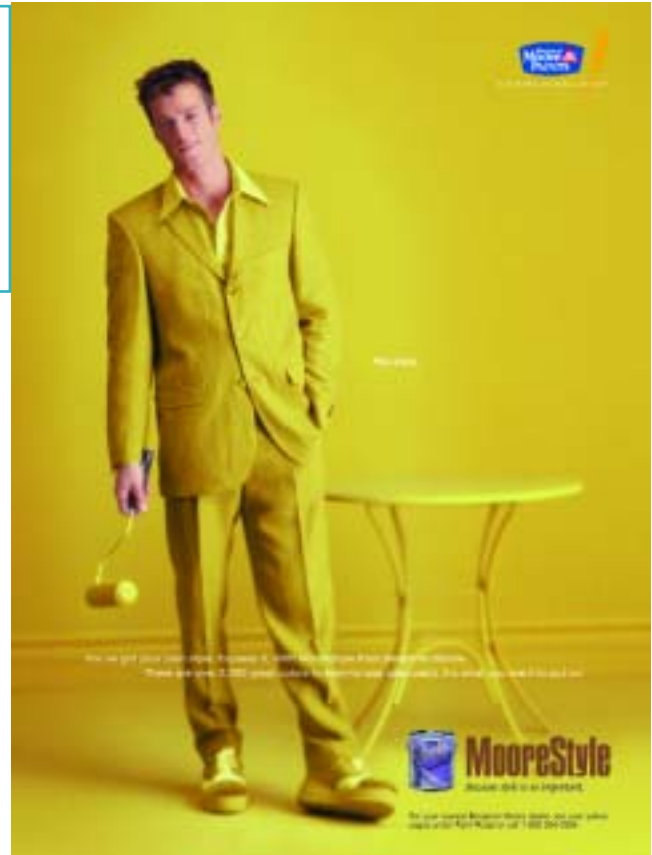
**attitude** A learned predisposition to respond favourably or unfavourably to stimuli based on relatively enduring evaluations of people, objects, and issues.

\* \* \*

**personality** The psychological characteristics that consistently influence the way a person responds to situations in the environment.

**Exhibit 6.6**

**Personality and style can influence product choice.**



may always be on the lookout for new experiences and cutting-edge products, whereas another is happiest in familiar surroundings, using the same brands over and over. To appeal to thrill seekers who like to break the rules, Isuzu positioned its Rodeo sport-utility vehicle as a car that lets a driver break the rules. Advertising was created to support this idea by showing kids jumping in mud puddles, running with scissors, and colouring out of the lines.<sup>6</sup> For marketers, identifying differences in personality contribute value to crafting marketing strategies. Some specific characteristics, called personality traits, relevant to marketing strategies include innovativeness, self-confidence, and sociability.

- **Innovativeness:** The degree to which a person likes to try new things. Cutting-edge products, such as radical new hairstyles and fashions, might appeal to an innovative woman.
- **Self-confidence:** The degree to which a person has a positive evaluation of his or her abilities, including the ability to make good product decisions. People who don't have much self-confidence are good candidates for such services as those of image consultants, who assist in making the right choices.
- **Sociability:** The degree to which a person enjoys social interaction. A sociable person might, for example, respond to entertainment-related products that claim to bring people together or make parties more fun.<sup>7</sup>

The notion that consumers buy products that are extensions of their personality traits makes sense. Marketers try to create *brand personalities* to appeal to different types of consumers. The ad for Benjamin Moore paints in Exhibit 6.6, for example, positions their brand of paint as a way of expressing personality and style.

How we feel about our own personalities strongly influences our purchasing decisions. We may buy a certain type of clothing or drink a particular brand of beer because we think it makes a statement about who we are. A person's **self-concept** is his or her attitude toward the self. The self-concept is composed of a mixture of beliefs about one's abilities, observations of one's own behaviour, and feelings (usually both positive and negative) about one's personal attributes, such as body type or facial features. The extent to which a person's self-concept is positive or negative can influence the products he or she buys.

In developing a new line of snack cakes, Sara Lee found that consumers who had a negative self-concept preferred portioned snack items because they felt they lacked the self-control to regulate how much they ate.<sup>8</sup> On the more positive side, *self-esteem advertising* attempts to stimulate positive feelings about the self.<sup>9</sup> This technique is used in ads for Kellogg's Special K cereal, such as the one shown in Exhibit 6.7, which attempt to counter negative self-esteem by encouraging their female consumers to "look good on your own terms."

## Age Groups

d~Code is a company that recognizes the value of understanding the characteristics and behaviours of consumers in different age groups. A person's age is an important determinant

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**self-concept** An individual's self-image that is composed of a mixture of beliefs, observations, and feelings about personal attributes.



### Exhibit 6.7

Self-esteem advertising encourages consumers to have a positive self-concept.

of his or her needs and wants. Many of us feel we have more in common with those of our own age, because we share a common set of experiences and memories about cultural events, whether these involve World War II or Edgeland. Indeed, marketers of products from cookies to cars are banking on *nostalgia* to draw in customers, as people are attracted to products and services that remind them of past experiences. Winnipeg-based K-Tel International has successfully introduced several products that appeal to consumer nostalgia. Their online music store ([www.ktel.com](http://www.ktel.com)) offers such '70s music classics as



## Real People, Real Decisions

### Decision Time at d~Code

During their first year of operation, Robert Barnard and the team at d~Code defined their business as helping organizations to better understand, attract, and retain Nexus generation consumers. Using focus groups, interviews, and consumer panels, the team at d~Code researched the Nexus generation to determine the significant influences on their behaviour as consumers. This research revealed some important distinguishing characteristics of Nexus buying behaviour. For example, these consumers are experimental and describe themselves as being less brand loyal than other people. However, they do seem to develop loyalty to brands that can offer a strong identity that is consistent with Nexus values. Volkswagen's "Drivers Wanted" and Molson's "I am Canadian" advertising campaigns are two campaigns that appeal to Nexus consumers, because they provide a core brand identity, while still leaving room for individualism and diversity, two important Nexus values.

Nexus consumers have grown up with media and are, therefore, expert at gathering information about consumer goods. They view buying as fun, but only when it is done on their own terms. In retail environments, for instance, they are confident with their abilities as shoppers and would rather be left alone to make purchase decisions, not followed around by salespeople. Their confidence also leads them to want a two-way relationship, or dialogue, with companies that they buy from. They believe "you

shouldn't trust anyone trying to sell you something," so Nexus consumers are wary of flashy marketing campaigns and prefer authenticity in products, such as that displayed by the slogan used in Sleeman beer ads: "We brew good beer—we hope you like it."

The research that d~Code conducted also identified lifestyle elements that distinguish Nexus consumers from other segments of the population. For example, Nexus consumers are more interested in leisure activities, such as movies and amusement parks, compared to other Canadians. People in the Nexus generation have embraced extreme sports, including skateboarding, rock climbing, and snowboarding, and they are also the most well-travelled young generation to date.

The expertise and insight into the Nexus consumer that the d~Code team developed during their first year of operation, meant that they were well positioned for consulting with organizations who wanted to appeal to this generation of consumers. As experts in the buying behaviour of a particular market segment, they could provide insight into marketing issues, ranging from new product development to advertising strategy and the design of retail environments. But despite their success with some clients, during the first year of operation the company went two months without a contract. Although many small businesses face similar situations in their initial years of operation, Barnard was getting worried about the long-term viability of the firm.

K.C. and the Sunshine Band and ABBA. Because of numerous calls from nostalgic consumers, the company also recently re-introduced one of their most successful products from the 1970s: the Patty Stacker, a plastic tube that helps consumers make perfect hamburger patties.<sup>10</sup> Many marketing strategies appeal to a specific age group, such as children, Nexus consumers, the middle-aged, or the elderly. As we age, our needs change. The young adult, who spends a lot of time in bars, clothing stores, or perhaps backpacking across Europe, grows into the newlywed, who must focus on setting up house—and perhaps anticipating the time when a baby’s diapers and toys will fill it up.

And so the process goes, until a person reaches old age, at which time his or her priorities may shift from saving for the kids’ education to buying a retirement home. Therefore, our purchase preferences depend on our current position in the **family life cycle**—the stages through which family members pass as they grow older. It’s important to note that dramatic cultural changes affecting people’s living arrangements have forced marketers to change their concept of the traditional family life cycle. This updated view tries to take into account such alternative situations as single-parent families, childless couples, and homosexual relationships, and to consider the unique needs of each living situation when developing new products and communicating with these consumers. For example, Xtra! publishes magazines and newspapers targeting Canada’s gay and lesbian consumers. As the ad in Exhibit 6.8 shows, Xtra! also sponsors an annual gay and lesbian

\* \* \*

**family life cycle** A means of characterizing consumers based on the different family stages they pass through as they grow older.



At the end of those two months without work, Barnard was approached by a large, multinational packaged goods company that was interested in a project with d~Code. This company thought that d~Code should just focus on consumer packaged goods, thereby developing expertise not only on Nexus consumers, but on a particular industry. Since the company giving this advice was the largest client d~Code had ever dealt with, and the project in mind would have been the largest one for d~Code to date, the advice was intriguing.

But Barnard also saw other options for d~Code. His continuing interest in public affairs meant that he was interested in applying his knowledge of Nexus consumers to government and not-for-profit marketing issues, which would allow d~Code to be involved in developing programs to help society, not just individual companies. He was also convinced that the knowledge of the Nexus generation could be used effectively to better understand Nexus employees, as well as consumers.

Barnard saw three main options for the future of d~Code:

**Option 1.** Continue to operate as they had during their first year. Continue researching the buyer behaviour of the Nexus consumer to provide marketing advice to a variety of clients. During the first year of operation, Barnard had been eager to accept any business that became available, whether it was with a consumer goods firm or a firm that did business-to-business marketing. By continuing to look

for business across a wide range of organizations, this option would allow the organization to get a broad base of experience, which could then lead to the development of a more defined positioning later on.

**Option 2.** Take a broader approach to the knowledge base that d~Code has about the buyer behaviour of the Nexus generation. This option would keep the company focused on the Nexus segment of the population, but would broaden the applications of this knowledge to include different functional areas in business (such as human resources strategy). Additionally, d~Code would apply this knowledge to a diverse group of clients including private sector, government, and not-for-profit organizations.

**Option 3.** Reposition d~Code to become specialists in how a particular industry, consumer packaged goods, can connect with Nexus consumers. This more-focused strategy would allow d~Code to concentrate resources and, given the interest shown by the one firm that approached them, this could be the most profitable option in the short run. Given the number of consumer packaged goods companies in Canada producing a range of goods from food products to cosmetics, this strategy also had a lot of potential in the long run.

Now, join the d~Code decision team. Which option would you recommend, and why?



**joint bank account, shared assets**  
and every episode of "Ellen" on tape

With an average household income of approximately \$71,000 – nearly 50% higher than the national average – it's no wonder that XTRA's gay and lesbian readers are one of Canada's most desirable demographics. They're also more accessible than ever before thanks to XTRA's Gay Life & Style Show, Canada's first consumer show for the gay and lesbian community.

XTRA's Gay Life & Style Show features the latest in travel, wealth management, fitness, home décor, entertainment, multimedia and more. It's the perfect opportunity for smart companies to tap into the lucrative gay and lesbian market.

**Call now for more information.**  
Contact: Richard Swager: 416 229 2060  
xtra@gaylifestyle.com

**XTRA's Gay Life & Style Show**  
November 10 -12th, 2000  
Metro Toronto Convention Centre  
Canada's first gay & lesbian consumer show.

**Exhibit 6.8**

Xtra! helps Canadian marketers better understand the needs and characteristics of gay and lesbian consumers.

consumer show, which helps companies better understand the consumer behaviour of gay and lesbian consumers.

## Lifestyles

\* \* \*

**lifestyle** The pattern of living that determines how people choose to spend their time, money, and energy and that reflects their values, tastes, and preferences.

\* \* \*

**psychographics** Information about the activities, interests, and opinions of consumers that is used to construct market segments.

A **lifestyle** is a pattern of tastes as expressed in a person's preferences for activities such as sports, interests such as music, and opinions on politics and religion. *Lifestyle marketing* is a strategy that recognizes that people can be grouped into common market segments based on similarities in lifestyle preferences.<sup>11</sup> Consumers often choose products, services, and activities that are associated with a certain lifestyle. As the d-Code researchers found out, there are some unique lifestyles that characterize Nexus consumers and lead to product preferences.

**Psychographics**, which groups consumers according to similarities in their activities, interests, and opinions (known as AIOs), is often used by marketers as a way of making demographic information, such as age and income, more meaningful. As d-Code found in researching Nexus consumers, AIOs are based on preferences for such things as vacation destinations, club memberships, hobbies, political and social attitudes, and tastes in food and fashion. As d-Code did with Nexus consumers, marketers use psychographics to create profiles of customers who resemble each other in terms of their activities and patterns of product usage.<sup>12</sup> For example, marketers at the beginning of the walking-shoe craze assumed that all purchasers were just burned-out joggers. Subsequent psychographic research that examined the activities, interests, and opinions of these walkers showed that there were actually several psychographic segments within the larger group of walkers, who engaged in the activity for very different reasons, including walking for fun, walking to save money, and walking for exercise. This research resulted in the creation of walking shoes aimed at different segments, from Footjoy JoyWalkers to Nike Healthwalkers.

## Situational Influences on Consumer Decisions

We've seen that such internal factors as how people perceive marketing messages, their motivation to acquire products, and their unique personalities influence the decisions they will make. In addition, when and where consumers shop influences their purchase choices. Important cues include people's physical surroundings, as well as the amount and type of other consumers also present in that situation. Dimensions of the physical environment, such as decor, smells, the "feel" of natural fabrics like wool versus synthetic ones like polyester, and even temperature, can significantly influence consumption. One study found that pumping certain odours into a casino actually increased the amount of money patrons fed into slot machines.<sup>13</sup>

## The Physical Environment

It's no secret that people's moods and behaviours are strongly influenced by their physical surroundings. Despite all their efforts to pre-sell consumers through advertising, marketers know that the store environment influences many purchases. For example, consumers decide on about two of every three supermarket product purchases in the aisles. Therefore, the messages they receive at the time and their feelings about being in the store are important influences on their decisions.<sup>14</sup>

Two dimensions, *arousal* and *pleasure*, determine if a shopper will react positively or negatively to a store environment. In other words, the person's surroundings can be either dull or exciting (arousing), and either pleasant or not. Just because the environment is arousing doesn't necessarily mean it will be pleasant—we've all been in crowded, hot stores that are anything but. Maintaining an upbeat feeling in a pleasant context is one factor behind the success of theme parks such as Disney World, which try to provide consistent doses of carefully calculated stimulation to patrons.<sup>15</sup>

The importance of these surroundings explains why many retailers are combining two favourite consumer activities, shopping and eating, into elaborate *themed environments*. Eating out is an important form of out-of-home entertainment for many consumers, and innovative firms are scrambling to offer customers a chance to eat, buy, and be entertained all at once. The West Edmonton Mall, the largest shopping and entertainment complex in the world, provides its customers with a themed environment including over 800 stores, 110 restaurants, 26 movie theatres, a casino, and a large indoor amusement park. A lot of the appeal of these themed environments is that there are plenty of interesting things to look at while eating a meal or shopping. In addition to visual stimuli, other sensory cues can influence consumers—one reason why the Rainforest Cafes in Vancouver and Toronto offer simulated thunder and lightning storms in addition to rainforest scenery in their restaurants. Research supports the assertion that sounds and music can affect eating behaviour—one study found that diners who listened to loud, fast music ate more and faster than those who listened to classical music.<sup>16</sup>

Indeed, a growing recognition of the important role played by a store or restaurant's audio environment has created a new market niche, as some companies now are selling musical collections tailored to different activities. These include RCA Victor's "Classical Music for Home Improvements" and Sony Classics' "Cyber Classics," which are billed as music specifically for computer hackers to listen to while programming. Sony's "Extreme Classics," packaged just for bungee jumpers, is claimed to be the "loudest and most dangerous music ever written."<sup>17</sup>

*In-store displays*, such as the one in Exhibit 6.9, are a commonly used device to attract attention in the store environment. Although most displays consist of simple racks that dispense the product or related coupons, some include elaborate performances and scenery.<sup>18</sup> For example:

- *Quebec Frozen Food Association*: A cardboard display showing a man peering around the corner plays the following message when a consumer is in front of it: "Psst! Yes, you. You've got to taste our frozen foods. They're so good. They're so fresh. And they're really practical."<sup>19</sup>
- *Timex*: A still-ticking watch sits in the bottom of a filled aquarium.
- *Kellogg's Corn Flakes*: A button with a picture of Cornelius the Rooster is placed within the reach of children near the corn flakes. When a child presses the button, they hear the rooster cock-a-doodle-do.

Advertisers also are being more aggressive about hitting consumers with their messages, wherever they may be. *Place-based media* is a growing specialized medium that targets consumers in places such as airports, doctors' offices, campuses, or health clubs. Montreal-based Zoom Media targets the 18–34 age group with washroom ads, including ones that "speak" a taped message when someone stands in front of the ad.<sup>20</sup>

## Time

Another important situational factor is how much time one has to make a decision. Time is one of consumers' most limited resources. We talk about "making time" or "spending time,"



West Edmonton Mall  
www.westedmall.com

**Exhibit 6.9**

**Dramatic point-of-purchase displays often influence people's buying decisions once in the store.**



CDPlus  
www.cdplus.com

and we are frequently reminded that “time is money.” Many consumers believe they are more pressed for time than ever before.<sup>21</sup> This sense of time poverty makes consumers responsive to marketing innovations that allow them to save time, including such services as one-hour photo processing, bagged salads and other prepared foods in supermarkets, and ordering products on the Internet.<sup>22</sup> CDPlus is a Canadian company that sells music over the Internet. The company has been successful because consumers can log on to the CDPlus Web page, browse through thousands of titles, listen to selections from many of them, and order and pay for them—all without setting foot inside a store. This saves the customer time, and the “store” is always open. Emma, our decision maker buying a notebook computer, appreciated the fact that she was able to save time by searching the Internet for product information and actually buying her computer online.

## Social Influences on Consumer Decisions

Our discussion of consumers so far has focused on factors that influence us as individuals, such as the way we learn about products. Although we are all individuals, we are also members of many groups that, whether we realize it or not, influence our buying decisions. Families, friends, and classmates often influence our decisions, as do larger groups with which we identify, such as ethnic groups and political parties. Now let's consider how social influences such as culture, social class, and influential friends and acquaintances affect the consumer decision-making process.

### Culture

\* \* \*

**culture** The values, beliefs, customs, and tastes that a group of people value.

**Culture** is a society's personality. It is the values, beliefs, customs, and tastes, as well as the products and services produced or valued by a group of people. As we saw in Chapter 4, cultural values are deeply held beliefs about right and wrong ways to live.<sup>23</sup> Canadian values include freedom and autonomy, mixed with a strong sense of community that is expressed through social institutions, such as our medical system.<sup>24</sup> Canadians also value education, and the bilingual and multicultural nature of Canada has made Canadians respectful of differences between people.

A consumer's culture influences his or her buying decisions, and a renewed sense of nationalism has led many marketers to recognize the value of identifying their products specif-

ically with Canada and Canadian cultural symbols.<sup>25</sup> For example, when Zellers introduced Martha Stewart products in Canada for the first time, ads showed Martha with a Mountie saying, “I think I’m going to like Canada.” Post used a Canadian flag with a Shreddie in the middle instead of a maple leaf when the company introduced Maple Crunch Shreddies, and Molson used a moose in its ads to introduce Miller Lite beer to the Canadian market.<sup>26</sup> Another Molson product, Canadian, not only builds on national pride with its brand name, but also has consistently been promoted with culturally based, patriotic ads—such as the “I am Canadian” campaign that featured a young man ranting about how being Canadian is different than being American. The ad for Canoe.ca in Exhibit 6.10 also tries to appeal to the Canadian identity.

As the Canoe.ca ad shows, identifying and understanding differences between Canadian and American consumers is often an important issue for Canadian marketers, especially those working in US-owned companies. US management may favour using a US marketing strategy in Canada, assuming that cultural differences are small and that Canadian consumers will respond the same way that American consumers do. In many ways, Canadian and American consumers are similar. However, as Lever Pond’s found out in marketing its Degree deodorant product, Canadian consumers can be sometimes be quite different from their US counterparts—their successful, humorous US advertising campaign was not seen as funny by Canadian consumers. Apparently Canadians react better than Americans to a self-deprecating and low-key humour approach, so Lever Pond’s used this style of humour in new ads designed specifically for the Canadian marketplace. The “Stress” campaign that they eventually ran in Canada showed stressful situations and a meter on the screen registering the stress levels. One ad showed a man in a bar, who is approached by a number of people who ask, “Remember me?”; when a pregnant woman asks the question, the stress meter gives a maximum reading.<sup>27</sup>

Many American multinational companies operating in Canada have chosen to create separate Canadian Web sites, despite the fact that the Internet is a global medium. The reasons why companies such as Microsoft, Nabisco, Kellogg, Kraft, and Pepsi-Cola have Canadian Web sites include a need to serve consumers in both English and French, the existence of different products or models (as in the case of the car company Ford), and the desire to cater to the unique needs of Canadian consumers. The manager of Microsoft’s Canadian Web site argues that “to properly service this environment, we feel it necessary to have a Web site representative of Canada’s uniqueness.”<sup>28</sup>



**Molson Canadian**  
www.iam.ca



**Canoe Network**  
www.canoe.ca

**WHAT COULD BE MORE CANADIAN  
THAN SHOPPING BY CANOE?**



**WWW.CANOE.CA**  
**SHOP.CANOE.CA & MORE**

Is a country where cold weather and long line ups dampen more than our spirits, shopping on-line at [Shop.canoe.ca](http://Shop.canoe.ca) just makes a lot of sense. It's smart shopping. [Shop.canoe.ca](http://Shop.canoe.ca) offers convenient one-stop-shopping, with items such as clothing, books, CD's, giftware, computers, sporting goods and so much more. You can plan and make your purchases directly from a Canadian on-line retailer, 24 hours a day, 7 days a week, all from the comfort of your own home or office. Plus, all the stores listed on [Shop.canoe.ca](http://Shop.canoe.ca) sell in Canadian dollars and ship to Canadian addresses which means no exchange rates, or duties to pay. So forget about shop 'til you drop and [Shop.canoe.ca](http://Shop.canoe.ca). Instead at [www.canoe.ca](http://www.canoe.ca), Canada's Internet Network.

**Exhibit 6.10**

The use of cultural symbols can be an effective way to connect with consumers.

Canadian marketers also need to understand differences in culture between French Canadians and English Canadians and how these differences have an impact on marketing strategies. For instance, Bell Mobility found out that there were differences between French and English consumers with respect to their cell phone behaviour. Whereas English Canadians liked certain practical aspects of the cell phones, French Canadian consumers were much more interested in being able to use the phones in minor emergency situations. Bell had originally used the same campaign in both French and English Canada, with the only difference being language. But after the English campaign did poorly in Quebec, they hired a Quebec ad agency to do a uniquely French ad, and consumers responded well to it.<sup>29</sup> Similarly, Wampole Canada launched maple-flavoured vitamin C tablets in Quebec only. The company has found that Quebec consumers prefer sweeter products and that they are more willing to try something new.<sup>30</sup>

## Subcultures

\* \* \*

**subculture** A group within a society whose members share a distinctive set of beliefs, characteristics, or common experiences.

A **subculture** is a group coexisting with other groups in a larger culture, whose members share a distinctive set of beliefs or characteristics. Each of us belongs to many subcultures. These include religious groups, ethnic groups, and regional groups, as well as those that form around media creations such as Trekkies, fans of *Star Trek*.

For Canadian marketers, some of the most important subcultures to consider are racial and ethnic groups, because Canada is such a diverse society. Many Canadian consumers identify strongly with their heritage and are influenced by products that appeal to this aspect of their identities. Additionally, the actual needs and wants of consumers in different subcultures may be very different. For example, 87% of Chinese Canadian homes have an automobile, compared to 72% of other Canadians. Seventy-one percent of Chinese Canadians prefer to buy new cars over used, and 81% pay with cash when purchasing a car.<sup>31</sup> These are some of the reasons why automakers, such as Ford Canada, have recognized the importance of the Chinese Canadian market. Several Canadian firms are now practising **multicultural marketing** by successfully targeting consumers in several subcultures. For example, Burger King Canada has successfully targeted marketing efforts to Italian Canadians and Chinese Canadian consumers, and Bell Canada, Procter & Gamble, and Midas Canada have all designed marketing strategies to appeal to various ethnic subcultures.<sup>32</sup> We'll look at more examples of multicultural marketing activities in Canada when we discuss target marketing in Chapter 8.

\* \* \*

**multicultural marketing** The practice of recognizing and targeting the distinctive needs and wants of one or more ethnic subcultures.

In a country as large as Canada, regional subcultures also exist and influence consumer behaviour. For Tim Hortons, regional differences can be important in deciding what products to offer in their restaurants. Sugar pies, baked beans, and toast are available only in Quebec; Ontarians love fritters; and in some communities in BC, chocolate croissants are a popular menu item.<sup>33</sup>

## Social Class

\* \* \*

**social class** The overall rank or social standing of groups of people within a society according to the value assigned to such factors as family background, education, occupation, and income.

**Social class** is the overall rank of people in a society. People within the same social class work in similar occupations, have similar income levels, and usually share common tastes in clothing, decorating styles, and leisure activities. These people also share many political and religious beliefs, as well as ideas about valued activities and goals.<sup>34</sup>

Many products and stores are designed to appeal to people in a specific social class.<sup>35</sup> Working-class consumers tend to evaluate products in more utilitarian terms, such as sturdiness or comfort, rather than in style or fashionability. They are less likely to experiment with new products or styles, such as modern furniture or coloured appliances, because they tend to prefer predictability to novelty.<sup>36</sup>

\* \* \*

**status symbols** Products that consumers purchase to signal membership in a desirable social class.

Luxury goods often serve as **status symbols**, visible markers that provide a way for people to flaunt their membership in higher social classes (or at least to make others believe they do). Although ostentatious products fell out of favour in the 1990s, we are witnessing a resurgence of consumer interest in luxury goods. Companies such as Hermès International, LVMH Hennessy, Louis Vuitton, and Baccarat are enjoying sales gains of

## SPOTLIGHT ON REAL PEOPLE *Parasuco Jeans*

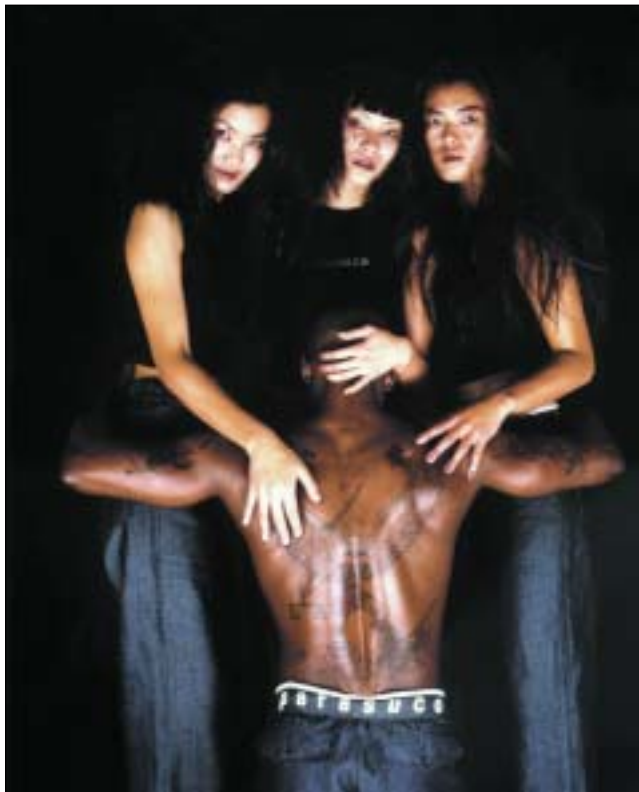
Salvatore Parasuco started selling jeans out of his Montreal high-school locker in 1975. Now his company, Parasuco Jeans, annually sells about 1.5 million pairs of jeans and 500 000 other denim products, including jackets and skirts. How does a medium-size Canadian firm compete with global denim giants like Levi Strauss? Close attention to consumer behaviour has allowed Parasuco Jeans to develop a distinct positioning in the North American jeans market. The company combines a focus on a particular age group (youth) with multicultural marketing, specifically targeting its products to consumers who are part of visible minority subcultures.

The company successfully caters to the youth market by producing fashionable, club-wear products. It has cultivated an image of innovation and distinction by producing controversial ads with sexual content (see Exhibit 6.11) and by using techniques such as moving billboards that depict a woman blowing a kiss. Natalie Bibeau, the communications and marketing di-

rector for Parasuco claims, “We’re edgier than the competition and it shows in our advertising. People expect to find something different from Parasuco and are prepared to pay for it.” To add to their difference, in the Parasuco flagship store in Montreal, the change rooms feature see-through glass doors that get clouded with a gas and become opaque only when the customer turns on a switch.

The company practises multicultural marketing by featuring models from various ethnic subcultures in their print ads and on their Web site and by distributing through retail outlets that cater to consumers from those subcultures. The company also attributes part of their success with ethnic subcultures to the Parasuco brand name, which sounds exotic. The company has a large Hispanic following in the US and estimates that, of the 70% of sales that come from the US, 75% are to Hispanic and African-American consumers.<sup>37</sup>

1. Describe the decision-making process that buyers of Parasuco jeans probably go through.
2. In addition to age and subculture, what other internal and social influences may influence the consumers of Parasuco jeans?
3. Go to the Parasuco Web site ([www.parasuco.com](http://www.parasuco.com)) and view the pictures of their New York and Montreal stores. How are situational factors used to encourage jeans purchases in these stores? What other situational factors could be used effectively by Parasuco in these stores?



Parasuco Jeans  
[www.parasuco.com](http://www.parasuco.com)

**Exhibit 6.11**  
Parasuco targets youth and ethnic subcultures with their jeans products.

from 13 to 16%, as affluent consumers are once again indulging their desires for the finer things in life.<sup>38</sup>

## Group Behaviour

Most of us enjoy belonging to groups, and we may even derive comfort from knowing what others are thinking or doing as we try to make up our own minds. Group membership has entered cyberspace, as “netizens” around the world rapidly are forming virtual communities.<sup>39</sup> Communities such as Tripod ([www.tripod.com](http://www.tripod.com)) and Geocities ([www.geocities.com](http://www.geocities.com)) allow people to chat about their mutual interests, help one another with inquiries and suggestions, and, perhaps most importantly from a marketer’s perspective, get suggestions for new products and services.

Anyone who has ever “gone along with the crowd” knows that people act differently in groups than they do on their own. There are several reasons for this. With more people in a group, it becomes less likely that any one member will be singled out for attention, and normal restraints on behaviour may be reduced. Decisions made by groups differ from those made by each individual. In many cases, group members show a greater willingness to consider riskier alternatives following group discussion than they would if each member made his or her own decision with no discussion.<sup>40</sup>

Even shopping behaviour changes when people do it in groups. For example, people who shop with at least one other person tend to make more unplanned purchases, buy more, and cover more areas of a store than those who go alone.<sup>41</sup> Group members may be convinced to buy something to gain the approval of the others, or they may simply be exposed to more products and stores by pooling information with the group. For these reasons, retailers are well advised to encourage group shopping activities.

### REFERENCE GROUPS

A **reference group** is a set of people a consumer wants to please or imitate. Unlike a larger culture, the “group” can be composed of one person, such as your spouse, or someone you’ve never met, such as a rock singer like Sarah McLachlan. The group can be small, such as your immediate family, or it could be a large organization, such as Greenpeace.

Consumers often change their behaviour to gain acceptance into a particular reference group. **Conformity** is at work when a person changes as a reaction to real or imagined group pressure. For example, someone preparing to go out to a club with a new group of friends may choose to wear clothing similar to what they think the others will be wearing to be sure they’ll be accepted by them.

Home shopping parties, epitomized by the Tupperware party, capitalize on group pressures to boost sales.<sup>42</sup> A company representative makes a sales presentation to a group of people, who have gathered in the home of a friend or acquaintance. Participants model the behaviour of others who can provide them with information about how to use certain products, especially since the home party is likely to be attended by a relatively homogeneous group (for example, neighbours or co-workers). Pressures to conform may be particularly intense and may escalate as more and more group members begin to “cave in” (a process sometimes termed the *bandwagon effect*). Canadian companies such as Kids Only and Weekenders have no doubt benefited from the bandwagon effect by using home shopping parties to distribute their products.

Some of the strongest pressures to conform come from our **sex roles**, society’s expectations of the appropriate attitudes, behaviours, and appearance for men and women. These assumptions about the proper roles of women and men, flattering or not, are deeply ingrained in marketing communications.<sup>44</sup> Many products take on masculine or feminine attributes, and consumers often associate them with one sex or the other.<sup>45</sup> For example, for many years, hardware stores were seen as “masculine,” so much so that Home Hardware of St. Jacobs, Ontario, had the advertising slogan, “Home of the

\* \* \*

**reference group** An actual or imaginary individual or group that has a significant effect on an individual’s evaluations, aspirations, or behaviour.

\* \* \*

**conformity** A change in beliefs or actions as a reaction to real or imagined group pressure.

\* \* \*

**sex roles** Society’s expectations about the appropriate attitudes, behaviours, and appearance for men and women.



**good  
OR  
bad  
DECISION?**

Marketers can play an important role in teaching us how society expects us to act as men and women. For example, children’s toys, including dolls for girls and soldiers for boys, play an important role in shaping their preferences. The Barbie doll has been criticized for reinforcing unrealistic ideas about what women’s bodies should look like. Recently, Mattel introduced a shopping-themed Barbie doll called Cool Shoppin’ Barbie. The doll comes with all the equipment kids need to pretend Barbie is shopping—including a Barbie-sized MasterCard. Although Mattel includes a warning about sticking to a budget, some critics fear the doll sends the wrong message to girls about the desirability of shopping.<sup>43</sup> Do you agree with this criticism? Do toy manufacturers have a greater responsibility for presenting positive sex role portrayals than other companies? Why or why not?

Handyman.” But at the end of the 1990s, Home Hardware replaced its slogan of 25 years when it was realized that the company had equal numbers of male and female customers in their stores. Their new slogan, “Help is close to home,” avoided any sex role references.<sup>46</sup>

### OPINION LEADERS

Some individuals are particularly likely to influence others’ product decisions. An **opinion leader** is a person who influences others’ attitudes or behaviours.<sup>47</sup> Opinion leaders are valuable information sources, because they are usually knowledgeable about a product category and, unlike commercial endorsers who are paid to represent the interests of just one company, they have no “axe to grind.” In addition, opinion leaders often are among the first to buy new products, so they absorb much of the risk. This experience reduces uncertainty for others who are not as courageous. And, although company-sponsored communications tend to focus exclusively on the positive aspects of a product, this hands-on experience makes opinion leaders more likely to impart *both* positive and negative information about product performance.

Think about the people you know on campus who may be opinion leaders when it comes to setting trends in fashion or being the first to get a new CD. One study identified a group of male students who were opinion leaders for fashion products on campus. These men shared some important characteristics:<sup>48</sup>

- They were socially active.
- They were appearance conscious and narcissistic (that is, they were quite fond of themselves and self-centred).
- They were involved in rock culture.
- They were heavy readers of magazines, including *Playboy* and *Sports Illustrated*.
- They were likely to own more clothing in a broader range of styles than other students.

\* \* \*

**opinion leader** A person who is frequently able to influence others’ attitudes or behaviours by virtue of their active interest and expertise in one or more product categories.

The advertisement shows a close-up of a woman's face. She has a white bandage on her forehead with the text "d~Code" written on it. The background is a soft, light blue. In the bottom right corner, there is a blue banner with the word "INVESTigate" in white, followed by the Royal Mutual logo and the text "To explore RMP and other investment opportunities call 1-800-764-8877 or visit www.royalmutual.com".

#### Exhibit 6.12

d~Code's expertise about Nexus consumers was used to develop ads like this one for Royal Mutual Funds.



# Real People, Real Decisions

## How it worked out at d~Code



Robert Barnard and the team at d~Code chose Option 2, what Barnard terms the “diversity” approach to business. d~Code broadened the type of consulting they were doing, believing that this was the best long-term approach. They changed their focus from trying to understand Nexus as just consumers and moved to a study of them as people—as customers, employees, and citizens. Barnard believed that this diversity perspective would actually allow d~Code to better understand the behaviour of Nexus consumers, since the internal, situational, and social influences on consumer decisions are affected by their roles as

employees and citizens. This broader perspective is also very consistent with the values of Nexus, an important consideration since all of the employees of d~Code, including Barnard, are also members of the Nexus generation.

Today d~Code ([www.d-code.com](http://www.d-code.com)) is a successful consulting organization that works with profit, not-for-profit, and government organizations. Barnard and the team at d~Code are continuously researching the Nexus generation and helping organizations to better understand, attract, and retain Nexus customers, employees, and citizens.

In the last part of this chapter, we’ve seen how other people, such as friends or even casual acquaintances, influence our purchase decisions. We’ve considered how our preferences are shaped by our group memberships, by our desire to please or be accepted by others, even by the way we think we’re “supposed” to act as men or women. We’ve explored why some people are more influential than others in affecting our product preferences. In addition to the influences exerted on each of us by virtue of being members of a culture, a social class, and several subcultures, it’s easy to see that group affiliations exert a powerful pull on us as we make marketplace decisions. It’s clear that people truly are “social animals,” and to understand consumer behaviour we need to consider internal factors such as personality, situational factors such as the amount of time available to decide, and social factors such as group identity to get a handle on what we *thought* was the relatively simple business of making a decision.

## Chapter Summary

### 1. Explain why understanding consumer behaviour is important to organizations.

The marketing concept focuses on satisfying consumers’ wants and needs. For organizations to succeed at this, they need to understand the processes that occur before, during, and after the selection of goods or services.

### 2. Explain the prepurchase, purchase, and postpurchase activities consumers engage in when making decisions.

Consumer decisions differ greatly, ranging from habitual, almost mindless, repeat (low-involvement) purchases to complex, extended problem-solving activities for important, risky (high-involvement) decisions. First, consumers recognize that there is a problem to be solved. The search for information in memory and in the marketplace reduces the risk of making a wrong choice. The set of alternatives, those which will be actively considered, are judged based on various dimensions or evaluative criteria. Consumers may

simplify the process by using mental shortcuts or heuristics. Following the purchase, consumer perceptions of product quality lead to satisfaction or dissatisfaction.

### 3. Describe how internal factors influence consumers' decision-making processes.

A number of internal factors influence consumer decisions. Perception is how consumers select, organize, and interpret stimuli. Consumers must first be exposed to the marketing communications. To prevent sensory overload, consumers practise perceptual selectivity; that is, they are selective in their attention by focusing on stimuli. Consumers differ in interpretation of stimuli, because the meaning assigned is based on individuals' prior experiences or beliefs. Marketers should also understand that consumers act because they are motivated to achieve goals, which may depend on which level of needs is currently satisfied. Learning is a change in behaviour that results from information or experience. Behavioural learning results from external events such as rewards, punishments, or the previous pairing of stimuli. Behavioural learning may result in stimulus generalization in which attitudes toward a brand or company may be transferred to other products, such as product line extensions. Cognitive learning refers to internal mental activity and includes observational learning in which behaviour results from imitation of the observed behaviour of socially attractive others.

An attitude is a lasting evaluation of a person, object, or issue. There are three components to attitudes: affective, cognitive, and behavioural. Marketers design products consistent with consumer attitudes or seek to change attitudes, frequently focusing on one of the three components.

Marketing strategy should also consider consumers' psychological makeup or personality. Personality traits, such as innovativeness, self-confidence, and sociability, may be used to develop market segments. Marketers seek to understand a consumer's self-concept to develop product attributes that match some aspect of the consumer's self.

Both the age of consumers and their family life cycle classification are strongly related to consumption preferences. Consumer behaviour may also differ based on lifestyles, thus creating different marketing segmentation opportunities. Similarly, the use of psychographics in which people are grouped according to activities, interests, and opinions may explain reasons for purchasing products.

### 4. Describe how situational factors at the time and place of purchase may influence consumer behaviour.

The physical and social environments at the time of purchase create differences in consumer behaviour. Retailers often create themed environments and in-store displays to influence customers to make purchases. Time (or the lack of it) influences which products are selected and characteristics of the decision process.

### 5. Describe how consumers' relationships with other people influence their decision-making processes.

Consumers' overall priorities for products and activities are determined by the culture of the society in which they live. Consumer decisions may be influenced by cultural values, or the enduring beliefs of the culture. In Canada, differences between French Canadian and English Canadian consumers often influence marketing strategies. Consumers within the same culture may also be members of different religious, ethnic, or regional subcultures. Many Canadian companies practise multicultural marketing by targeting their marketing strategies to consumers from various ethnic subcultures.

Social class and reference groups are other types of social influence that have an impact on product and store choices. One way social influences are felt is in the expectations of society regarding the proper roles for men and women, which have led to many sex-typed products. Consumers are motivated to please or imitate people they know or whom they respect. Purchases often result from conformity to real or imagined group pressure. Opinion leaders are especially influential people.

#### KEY TERMS

- attitude (154)
- behavioural learning theories (153)
- brand loyalty (149)
- classical conditioning (153)
- cognitive learning theory (154)
- conformity (164)
- consumer behaviour (146)
- consumer satisfaction/dissatisfaction (149)
- culture (160)
- evaluative criteria (148)
- family life cycle (157)
- heuristics (149)
- hierarchy of needs (152)
- information search (148)
- involvement (147)
- learning (153)
- lifestyle (158)
- motivation (152)
- multicultural marketing (162)
- operant conditioning (153)
- opinion leader (165)
- perceived risk (147)
- perception (151)
- personality (154)
- problem recognition (148)
- psychographics (158)
- reference group (164)
- self-concept (155)
- sex roles (164)
- social class (162)
- status symbols (162)
- stimulus generalization (153)
- subculture (162)

## Chapter Review

### Marketing Concepts: Testing Your Knowledge

1. What is consumer behaviour? Why is it important for marketers to understand consumer behaviour?
2. How does the decision process differ under conditions of high involvement and low involvement? What are the steps in the decision process, and what activities occur in each?
3. What is perception? For marketers, what are the implications of each component of the perceptual process?
4. How are consumers motivated to buy certain products over others? How has Maslow's hierarchy of needs contributed to an understanding of consumer behaviour?
5. What behavioural and cognitive learning theories are important to marketers? How do these perspectives differ when applied to consumer behaviour?
6. How do the three components of attitudes account for consumer decision making and purchasing behaviour?
7. What is personality? How is consumer behaviour influenced by an individual's personality and self-concept?
8. Why is self-concept such an important personal influence on purchasing behaviour? How do age and the family life cycle influence consumers? What is the significance of lifestyles in understanding consumer behaviour and purchasing decisions?
9. Why is an understanding of social influences such as culture and subculture important to marketers? What is the significance of social class to marketers? What are reference groups, and how do they influence consumers?
10. What are the situational influences on consumer purchasing behaviour? How does each affect purchasing decisions?

### Marketing Concepts: Discussing Choices and Issues

1. Some consumer advocates have criticized marketing messages that link products to idealized people and situations and encourage the belief that the products will change consumers' lives in the portrayed direction. Tell whether you agree and explain why or why not.
2. This chapter raised the question, "Do we buy what we are?" What answer would you give based on your experience? Provide examples that support your opinion.
3. A number of current demographic or cultural trends are important to marketers. What are some important trends that may affect marketing of the following products?
  - a. housing
  - b. home health care
  - c. newspapers
  - d. education
  - e. travel and tourism
4. Affect, cognition, and behaviour are three components that can be used by marketers to shape people's attitudes about products. Identify the product categories you think are most likely to be affected by each component, and discuss the merits of trying to change people's attitudes about them.
5. Culture is not static—it continues to change. What values, beliefs, and customs of Canadian culture do you see changing? How are these changes affecting marketing? What products will be affected by these changes?
6. Consumers often buy products because they feel pressure from reference groups to conform. Does conformity exert a positive or negative influence on consumers? How do consumer demographics, psychographics, and lifestyles affect their readiness to conform? With what types of products is conformity more likely to occur?

**Marketing Practice: Applying What You've Learned**

1. Assume that you are the director of marketing for a chain of camping and outdoor gear stores. Your firm is expanding, and it is your job to develop general recommendations for store design. Prepare a summary of your recommendations for store design elements that you believe will provide the best shopping environment for your customers.
2. Assume that you are an account executive with an advertising agency. Your current client is a firm that makes swimwear. You know that swimwear purchases are often influenced by a variety of social or "other people" factors. Write a report that lists these social influences, explain why each is important, and outline how you might use these influences in developing an advertising campaign.
3. This chapter indicated that consumers go through a series of steps (from problem recognition to postpurchase evaluation) as they make purchases. Write a detailed report describing what you would do in each of these steps when deciding to purchase one of the following products:
  - a. an automobile
  - b. a suit
  - c. a vacation
4. Sometimes advertising or other marketing activities cause problem recognition to occur by showing consumers how much better off they would be with a new product or by pointing out problems with products they already own. For the following product categories, what are some ways in which marketers might try to stimulate problem recognition?
  - a. cell phone
  - b. toothpaste
  - c. vitamins
  - d. fast food
5. You work for a firm that markets frozen foods and are concerned about the effects of current consumer trends, including the increasingly diverse ethnic make-up of the population, changing roles of men and women, increased concern for time and for the environment, and decreased emphasis on owning status goods. Others in your firm do not understand or care about these changes. They believe that the firm should continue to do business just as it always has. Develop a role-playing exercise with a classmate to discuss these two different points of view for your class. Each of you should be sure to include the importance of each of these trends to your firm, and your suggestions for marketing strategies to address these trends.

**Marketing Mini-Project: Learning by Doing**

The purpose of this mini-project is to increase your understanding of the roles of personal, social, and situational factors in consumer behaviour.

1. With several other members of your class, select one of the following product categories (or some other product of your choice):
  - a. perfume
  - b. computers
  - c. women's or men's shoes
  - d. automobiles
2. Visit three stores or locations where the product may be purchased. (Try to select three that are very different from each other.) Observe and make notes on all the elements of each retail environment.
3. At each of the three locations, observe people purchasing the product. Make notes about their characteristics (for example, age and sex) and their actions in the store in relation to the product.
4. Prepare a report for your class describing the situational variables and individual consumer differences you discovered and how they relate to the purchase of the product.
5. Present your findings to your class.

**Real People, Real Surfers: Exploring the Web**

Visit the Web site for d~Code ([www.d-code.com](http://www.d-code.com)). Answer the following questions about the information at the site:

1. What research methods that d~Code uses to understand Nexus consumers are described on the site? What do you think are the advantages and disadvantages of using these methods to understand consumer behaviour?
2. What information about Nexus consumer behaviour is described on the site?
3. Identify five Canadian companies that you think would be interested in information on Nexus consumers. How might these companies use information about Nexus consumers in designing their marketing strategies?

# MARKETING IN ACTION

## CHAPTER 6 CASE

### Airborne Entertainment

**C**raniumCrank, WeGotGames, TheFunniest and Hollywood Buzz are examples of some of the wireless content channels produced for cell phones by Montreal based Airborne Entertainment ([www.pocketboxoffice.com](http://www.pocketboxoffice.com)). Airborne's channels are a strong contrast to the first wave of wireless content that provided stock quotes, news and weather information to cell phone users. The Airborne brand, PocketBoxOffice, provides 13 unique channels of entertainment content (ranging from comedy to games and astrology) to all of the major wireless carriers in North America. Andy Nulman, one of the co-founders of Airborne and the former CEO of the Montreal Just for Laughs Comedy Festival, believes that there is tremendous potential for wireless content in the future: "We feel like the early pioneers of television did in the early days of kinescopes. That's where the wireless industry is right now."

Although wireless content is in its early stages in Canada, it is already well established in markets such as Europe and Japan. In Japan, 53% of air time usage of web-enabled cell phones is for entertainment content. Despite this international success, North American consumers may not be as accepting of wireless content, mainly because they are faced with other choices for Internet content. For example, outside of North America it is often cheaper to pay for content on a cell phone than it is to pay for Internet access at home, whereas in North America the cost of Internet access is relatively affordable for most consumers. This has meant that many North American consumers have developed a preference for receiving content on their computers, not their cell phones. To increase the trial and adoption of wireless content, many Canadian mobile carriers initially offered the content to their cell phone subscribers for free. Now, however, most carriers have introduced a pricing model similar to cable television where customers pay for particular channels that they choose.

One of the main target groups for Airborne's wireless content is the youth market. Penetration of that market in Canada is already strong, partly because of the comfort that this group has with cell phones. Consumers in this age group have grown up with cell phones, are used to carrying them all the time, and are used to the small screens. For many older consumers who are used to using large monitors on desktop computers, the small screen poses a potential barrier to subscribing to wireless content. Additionally, the state of wireless technology currently only allows for text-heavy, mainly black and white content, but as technology improves colour graphics, audio and video will also be available in the wireless format.

Airborne's marketing activities have so far been focused on convincing the major wireless carriers in North America, such as Rogers AT&T, Bell Mobility and Telus in Canada, to offer the PocketBoxOffice channels to consumers. These wireless carriers, in turn, have marketed the channels to consumers through direct mail advertising, radio and in-store promotions, and through Internet advertising and promotions. However, because Airborne's business is tied to consumer acceptance of wireless content, it may have to begin consumer based advertising, perhaps in partnership with the mobile carriers, in order to stimulate consumer acceptance. In the meantime, Airborne is entering the Latin American and German markets by teaming up with carriers there, and is working on further content development through partnerships with companies such as Disney Interactive, MuchMusic, and National Lampoon.

Sources: Danny Kucharsky, "Unplugged humour," *Marketing Magazine*, 28 January 2002, 10; [www.pocketboxoffice.com](http://www.pocketboxoffice.com).

### THINGS TO THINK ABOUT:

1. In addition to the youth market, what other groups of consumers would be primary target groups for Airborne's channels in Canada? What are the main benefits of wireless content for each target group?
2. For each target group, identify the important social, internal and situational influences that affect a consumer's decision to purchase wireless entertainment content.
3. Should Airborne engage in consumer based advertising? Who should be their target group(s) for such advertising in Canada? What type of advertising would be most appropriate for each group?