

## CHAPTER 6

# Why People Buy: Consumer Behaviour

**Overview:** Understanding why and how people buy products is part of the focus of the marketing concept. The process used by individuals in selecting, purchasing, and using goods and services is of great importance to marketers. It is through an understanding of this process, called consumer behaviour, that marketers are better able to meet the needs and wants of consumers.

d-Code, a company that researches the needs, wants and behaviours of Nexus generation Canadians (people aged 18-34) is the focus of the Real People, Real Decisions segment. Options related to how d-Code can best understand and communicate insights about this particular group of consumers are presented and discussed.

### 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' social relationships influence their decision-making processes.

### Chapter Outline and Suggested Activities

**Introduction:** Begin by dividing the class into groups of two or three students. Have each group discuss the following questions regarding a recent purchase.

1. What did you purchase?
2. Why did you purchase this product or service?
3. What factor(s) influenced you to purchase this particular type of brand of product or service?
4. What sources of information, if any, were used in making your purchase decision?
5. How long did it take you to evaluate your alternatives and make a purchase decision?
6. Were you satisfied or dissatisfied with your purchase?

The above set of questions basically leads the students through the consumer decision making process which is summarized in Figure 6.1 after students have discussed these questions (this usually takes about 5-10 minutes) bring the class back together and ask for volunteers to discuss their findings with the class. Try to find a variety of product/or service purchases, including small and large purchase decisions.

Student responses and discussion of these questions can also be used to discuss the following topics: habitual, limited, and extended problem solving, involvement, and influences on consumer decisions.

**1. Decisions, Decisions**

\*\*Refer to Objectives 1 and 2

\*\*Use Figure 6.1

- a. The focus of the marketing concept is satisfying consumers' needs and wants. To satisfy these needs and wants marketers must understand the behaviour that drives consumers to purchase one product over another.
- b. **Consumer behaviour:** *The process involved when individuals or groups select, purchase, use, and dispose of goods, services, ideas, or exercises to satisfy needs and desires*
- c. Decision making is a continuum that ranges from simple to complex. There are three levels of decision making:
  - 1). Habitual decision making: such as the purchase of a soft drink
  - 2). Extended decision making: such as the purchase of a computer
  - 3). Limited problem solving: such as the purchase of a pair of jeans
- d. Involvement determines the extent of effort a person puts into deciding what to buy.
  - 1). **Involvement:** *The relative importance of perceived consequences of the purchase to a consumer*
  - 2). In general, we are more involved in the decision-making process for products that we perceive are risky.

**Class Discussion**

Discuss the various levels of involvement students have for the purchase of a computer, a pair of jeans, and a soft drink.

- 3). **Perceived risk:** *The belief that use of a product has potentially negative consequences, either financial, physical, or social*
  - 1). When perceived risk is low, the consumer feels low involvement.
  - 2). When perceived risk is high, the consumer feels high involvement.
- e. Problem Recognition  
\*\*Use Q#4 Marketing Practice: Applying What You've Learned

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

**Class Discussion**

Refer to the introduction activity. Ask students what “triggered” their need or want for a specific product or service?

- f. **Information search:** *The process whereby a consumer searches for appropriate information to make a reasonable decision*
- 1). Consumers use a variety of sources to collect the information needed to aid decision-making.
  - 2). Information may be from a simple source – like memory, or from a more complex source like *Consumer Reports*.

**Class Discussion**

Ask students what source(s) of information they would use when making the following purchase decisions.

- Car
- Computer
- Dinner for you and your date
- Running shoes

Discuss the reliability of the various sources cited by students.

- g. Evaluation of Alternatives  
\*\*Use Instructor’s Manual Marketing Mini-project 6-A
- 1). Once the alternatives are identified the next step is to decide which alternatives are favourable.
  - 2). **Evaluate criteria:** *The dimensions used by consumers to compare competing product alternatives.*
    - a). For each purchase, consumers develop a set of evaluative criteria
    - b). The importance of each criteria is highly variable.

**Class Discussion**

Refer students back to either the introduction activity or another previous discussion on decision-making.

- Discuss the evaluative criteria selected for a particular purchase decision.
- Why were these criteria selected?
- How important is it that the selected product possess all of the dimensions listed?
- What was the role of brand in the decision?
- Were any heuristics used to help simplify the decision process?

- h. Product Choice
  - 1). After the product choices have been evaluated, the consumer selects the product which they feel best meets his/her needs and wants.
  - 2). The product choice process is complicated.
  - 3). Guidelines, called heuristics, are often used when selecting the product choice
    - a). **Heuristics:** *A mental rule-of-thumb that leads to a speedy decision by simplifying the process.*
    - b). A common heuristic is **brand loyalty:** *A pattern of repeat product purchases, accompanied by an underlying positive attitude toward the brand, that is based on the belief that the brand makes products superior to its competition.*
- i. Postpurchase Evaluation
  - 1). This is the last stage of the decision making process.
  - 2). In this stage the consumer evaluates how good a choice was.
  - 3). The evaluation results in either **consumer satisfaction/dissatisfaction (CS/D).** *The overall feelings or attitude a person has about a product after purchasing it.*

#### Class Discussion

Ask students to recall a time when they were dissatisfied with a product.

- What factor(s) influenced this dissatisfaction?
- What actions could have been made by the firm to help lessen or alleviate your dissatisfaction?

## 2. Internal Influences On Consumer Decisions

\*\*Refer to Objective 3

\*\*Use Figure 6.2

- a. There are several internal factors that relate to the way people absorb and interpret marketing information.
- b. **Perception:** *is the process by which people select, organize, and interpret information from the outside world.*
  - 1). Information is received in the form of sensations on our sensory receptors
  - 2). Perception process has important implications for marketers. Marketers want to work to ensure that the meaning they assign to products is correctly received and interpreted by the consumer.
  - 3). Marketers need to understand three issues related to perception.
    - a). Exposure
    - b). Perceptual selection
    - c). Interpretation
- c. **Motivation:** *is an internal state that drives us to satisfy needs by activating goal-oriented behaviour.*

\*\*Use Instructor's Manual Marketing Mini-project 6-B

- 1). Figure 6.3 shows Maslow's hierarchy of needs.
  - 2). **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.*
  - 3). Marketers need to understand the particular level of needs relevant to a consumer group so that they can tailor their products and messages to point out how these needs can be satisfied.
- d. **Learning:** *a relatively permanent change in behaviour caused by acquired information or experience*
- 1). There are many theories on how people learn. Since marketers want to "teach" consumers to prefer their product, it is very important that they understand the basic theories how people learn.
  - 2). There are two theories of behavioural learning.  
**Behavioural learning theories:** *focus on how consumer behaviour is changed by external events or stimuli*
    - a). **Classical conditioning:** *The 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.*
    - b). **Operant learning:** *Learning that occurs as the result of rewards or punishments.*
  - 3). Learned associations often transfer to other similar stimuli in the process called stimulus generalization. In **stimulus generation:** *behaviour caused by a reaction to one stimulus occurs in the presence of other, similar stimuli.*
  - 4). **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.*
    - a). **Observational learning** is one type of cognitive learning
    - b). *In observational learning, people learn by watching the actions of others.*

#### Class Discussion

Ask students to think of something they have learned in life. How did they learn this information? See if the class can identify what type of learning theory was involved.

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

- 1). Attitudes have three components
    - a). Affect
    - b). Behaviour
    - c). Cognition
  - 2). The dominant influence these components have on forming attitudes varies.
- f. **Personality:** *The psychological characteristics that consistently influence the way a person respond to situations in the environment.*
- 1). Personality should be considered when developing marketing strategies.
  - 2). Three personality traits relevant to marketing strategies:
    - a). Innovativeness
    - b). Self confidence
    - c). Sociability
  - 3). Brand personalities are created for products so that the product will appeal to different types of consumers.

#### Class Discussion

Discuss the brand personality created by marketers for the following brands.

- Nike
- Pepsi
- Parasuco Jeans (See **Spotlight on Real People**, page 163, for a description of Parasuco's products and an ad)

- 4). Another important aspect of an individual's personality is their self-concept. **Self-concept:** *an individual's self-image that is composed of a mixture of beliefs, observations, and feelings about personal attributes.*

g. **Age Group**

- 1). Age is an important determinant of needs and wants
- 2). Products and services often appeal to a specific age group
- 3). Purchase preferences depend upon our stage in the family life-cycle.  
The **family life cycle:** *A means of characterizing consumers based on the different family stages they pass through as they grow older.*

#### Class Discussion

How do consumers needs change in each stage of the family life cycle?

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

- 1). Demographic characteristics help marketers understand what people will buy
- 2). **Psychographics** *help marketers to understand why people buy by examining individual activities, interests, and opinions (AIO).*
- 3). **Psychographics:** *Information about the activities, interests, and opinions of consumers that is used to construct market segments.*

### 3. Situational Influences On Consumer Behaviour

\*\*Refer to Objective #4

\*\*Use Marketing Mini project: Learning By Doing

#### a. The physical environment

\*\*Use Q#1 Marketing Practice: Applying What You've Learned

- 1). Physical surroundings strongly influence moods and behaviours
- 2). Examples of how the physical environment can be altered to encourage positive feelings (i.e., arousal and pleasure) from consumers.
  - a). Shopping as entertainment
  - b). Use of music, colour, and odours
  - c). In-store display

#### Class Discussion

Have students describe the physical environment of a store in your community that has a unique physical environment. How does the physical environment of the store encourage shoppers, both men and women, to purchase?

#### b. Time

- 1). How much time one has to make a decision is an important factor in purchase decisions.
- 2). The sense of time poverty felt by many consumers has led to many innovations such as one-hour photo processing and drive-thru banks.

### 4. Social Influences On Consumer Decisions

\*\*Refer to Objective #5

\*\*Use Marketing in Action: Playboy Enterprises, Inc.

\*\*Use Q#2 Marketing Practice: Applying What You've Learned

- a. **Culture:** *The values, beliefs, customs, and tastes valued by a group of people*
- b. **Subcultures:** *A group within a society whose members share a distinctive set of beliefs, characteristics, or common experiences.*
  - 1). Racial groups
  - 2). Ethnic groups

- c. Many Canadian firms successfully practice **Multicultural Marketing**: *The practice of recognizing and targeting the distinctive needs and wants of one or more ethnic subcultures.*

### **Spotlight on Real People: Parasuco Jeans**

**Summary:** Parasuco Jeans is owned by Salvatore Parasuco, who started his entrepreneurial career selling jeans out of his Montreal high-school locker in 1975. Parasuco Jeans is now a successful international jeans company that practices multicultural marketing by focusing on young people who are members of ethnic subcultures. A large part of their customer base in the US is comprised of Latino and African American consumers. Their ads (like the one shown on page 163 of the text) and their Web site reflect their multicultural focus.

#### **Suggested Answers to Discussion Questions:**

##### **1. Describe the decision-making process that buyers of Parasuco jeans probably go through?**

The decision process is probably reflective of limited problem solving. For some consumers purchasing jeans has a lot of potential social risk.

(Refer to Figure 6.1)

- Problem recognition:** seeing an ad for a new style of jeans, noticing other people wearing a new style of jean
- Information search:** talking to friends, reading fashion magazines, visiting clothing stores
- Evaluation of alternatives:** trying on different types of jeans and narrowing down the choices
- Product decision:** buying a pair of Parasuco jeans in a store or on the Web
- Postpurchase evaluation:** Hopefully, this will be satisfaction

##### **2. In addition to age and subculture, what other internal and social influences may influence the consumers of Parasuco jeans?**

Personality and lifestyle (the club lifestyle is mentioned as important in this case) will be important influencers of jeans purchases. Reference group and opinion leaders are also very important in this category.

##### **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?**

Instructor's may want to sign onto the site during class time to show the pictures of the flagship (Montreal) and NYC stores. Both of the stores are ultra modern, featuring lots of metal, dramatic lighting and an uncluttered look. The look of the stores is very high fashion oriented. Students can be asked to comment on what other features would add to this image in the stores.

### Good or Bad Decision?

**Summary:** Toy manufacturers potentially play an important role in shaping the sex role expectations and preferences for young boys and girls. The example is given of Mattel's Cool Shoppin' Barbie that potentially reinforces stereotypes about women and shopping and increases expectations about the role of shopping in one's life.

#### Potential Discussion Question:

**Do toy manufacturers have a greater responsibility for presenting positive sex role portrayals than other companies? Why or why not?** On the yes side, it can be argued that any product aimed at children carries with it increased responsibility for ethical action, whether it be in product development, advertising or any other part of the marketing mix. Observational learning is particularly powerful for children, and toys like Barbie contribute to observational learning. On the other hand, it could be argued that parents, not toy manufacturers, have the responsibility for making choices for their children. The topic can be broadened out to products for adults as well. The ad on page 156 of the text is an example of self-esteem advertising as practiced by Kellogg's. This could be used as a starting point for a discussion of sex role portrayal in advertising generally.

- c. **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.*
  - 1). **Status symbols:** *products that are purchased and displayed to signal membership in a desirable social class.*
- d. Group Behaviour
  - 1). **Reference group:** *an actual or imaginary individual or group that has a significant effect on an individual's evaluations, aspirations, or behaviour.*
  - 2). **Opinion Leaders:** *A person who is frequently able to influence others' attitudes or behaviours by virtue of his or her active interest and expertise in one or more product categories.*

## **Real People, Real Decisions: How It Worked Out at d-Code**

**Summary:** Robert Barnard was deciding how to best position d-Code as experts in the behaviour of a particular consumer group: Nexus consumers (those aged 18-34). Barnard considered three options:

- Option 1:** Continue to research the Nexus consumer and provide marketing advice to a number of clients across a wide range of organizations.
- Option 2:** Stay focused on the Nexus segment but broaden the functional areas to which they would apply their expertise (e.g. they could consult with human resources managers in addition to marketing managers) and consult across a variety of organizations: private, government and not-for-profit.
- Option 3:** Reposition d-Code to become specialists in consumer packaged goods strategies for Nexus consumers.

Robert Barnard chose option 2, what he calls a “diversity perspective”. The organization now consults with organizations regarding Nexus as consumers, employees and as citizens.

### **Potential Discussion Questions:**

1. Why is option 2 the best solution?
2. Discuss the advantages and disadvantages of option 3.
3. See Real People, Real Surfers: Exploring the Web

## Chapter Review

### Marketing Concepts: Testing Your Knowledge

1. **What is consumer behaviour? Why is it important for marketers to understand consumer behaviour?**

**Consumer behaviour** is the process involved when individual or groups select, purchase, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and desires. It is important that marketers understand consumer behaviour because wants and needs are satisfied best when marketers understand the behaviours of consumers.

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?**

**Involvement** is the relative importance of the perceived consequences of the purchase to a consumer. The degree to which consumers commit themselves to the decision process is determined by the perceived risks (their involvement) with the purchase and the relative importance of the perceived consequences to the consumer. Under conditions of high involvement, the consumer carefully goes through the entire decision making process and searches for unique solutions to their problem. Under conditions of low involvement, the consumer will follow habits or will not put much time or energy into solving the problem. Simplifying the process is a common strategy.

The steps in the decision making process include (See Figure 6.4 for a more detailed description):

- a. *Problem recognition* occurs whenever the consumer sees a significant difference between his or her current state of affairs and some desired or ideal state. Problems are recognized in this stage.
- b. *Information Search* is the process in which the consumer checks his or her memory and/or surveys his or her environment to collect data required to make a reasonable decision. The consumer looks for solutions to their problem.
- c. *Evaluation of Alternatives* includes two steps. First, the consumer identifies alternatives based on the results of the information search. Second, the consumer evaluates and decides whether and how to choose from among those identified alternatives in order to solve their problem. The consumer will evaluate products from their evoked set by means of

evaluative criteria and make picks using choice heuristics (see the next step below).

- d. *Product Choice* is made based upon evaluations of existing product data and choice heuristics. Brand loyalty may be a factor.
- e. *Postpurchase Evaluation* or consumer satisfaction/dissatisfaction is determined by the overall feelings or attitudes of the person once that the product has been purchased. It is very important that the marketer works hard to have a satisfied customer so repeat sales may occur.

**3. What is perception? For marketers, what are the implications of each component of the perceptual process?**

**Perception** is the process by which people select, organize and interpret information from the outside world. **Exposure** refers to a stimulus being within range of people's sensory receptors and being noticed. Marketers try to maximize consumer's exposure to various aspects of the marketing mix: advertising, packaging, the product etc. **Perceptual Selection** refers to the process whereby consumers choose to pay attention to some stimuli but not to others. Marketers try to get past the perceptual selection process by using advertising that is meaningful to the target market. **Interpretation** is the process whereby meaning is assigned to a stimulus. This is influenced by the prior perceptions that consumers have. Marketers try to understand consumer perceptions so that their marketing stimuli are not misinterpreted by consumers.

**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?**

**Motivation** is an internal state that activates goal-directed behaviour on the part of consumers in order to satisfy some need. The specific products people want to satisfy a need are influenced by their unique sets of experiences and backgrounds, and the degree to which a consumer is willing to expend energy to satisfy a need depends on the underlying motivation. People are driven to purchase certain products to satisfy basic needs, utilitarian needs, or hedonic needs.

Freud's theory of motivation and Maslow's hierarchy of needs provide insights into why consumers are motivated to buy certain types of products. Some consumers engage in compulsive consumption because they are compelled to shop, not because they are motivated to satisfy a need. People may do things subconsciously that they are not even aware of. Maslow's hierarchy probably has more practical value. Satisfying the needs of lower-order needs then progressing to higher-order needs seems to fit more consumption decisions than the Freudian approach (See Figure 6.3 for a more detailed description of the needs hierarchy).

**5. What behavioural and cognitive learning theories are important to marketers? How do these perspectives differ when applied to consumer behaviour?**

**Learning** is a relatively permanent change in consumer behaviour that is caused by experience or acquired information. **Behavioural learning theories** are those theories of learning that focus on how consumer behaviour is changed by external events, or stimuli. **Cognitive theories** are those theories that stress the importance of internal mental processes and that view people as problem solvers who actively use information from the world around them to master their environment.

The more important of these theories (for the marketer) are classical conditioning, operant conditioning, reinforcement, repetition, and stimulus generalization in the behavioural learning area. Cognitive theory components that are of interest are observational learning and modeling.

By observing the different views (external or internal orientation), the marketer can explore different paths to reach the consumer and influence their behaviour.

**6. How do the three components of attitudes account for consumer decision making and purchasing behaviour?**

An **attitude** is a learned predisposition to respond favourably or unfavourably to stimuli, based on relatively enduring evaluations of people, objects, and issues. An attitude has three components--affect, behaviour, and cognition--and emphasizing the interrelationships among knowing, feeling, and doing. Depending on the nature of the product, one of these three components--knowing, feeling, or doing--will be the dominant influence in creating an attitude toward a product.

**7. What is personality? How is consumer behaviour influenced by an individual's personality and self-concept?**

The unique psychological characteristics that consistently influence the way a person responds to situations make up his or her personality. Several theories attempt to explain consumptive differences based on personality. Trait theory focuses on identifiable personality characteristics, such as innovativeness, self-confidence, and sociability, which influence many purchase decisions. Studies have linked these characteristics, as well as a person's self-concept, to buying behaviour in which people seek products that enhance or minimize their personal attributes.

**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?**

A person's **self-concept** is his or her attitude toward the self. The self-concept is a complex mixture of beliefs about one's abilities, observations of one's own behaviour, and feelings about one's personal attributes such as body type or facial features.

Age and the family life cycle both influence consumers. Age is an important determinant of needs and wants. Where a family is in the family life cycle also influences needs and wants. For example young families with children have different needs and wants for goods and services than families whose kids are in college.

A **lifestyle** is the pattern of living that determines how people choose to spend their time, money, and energy and that reflects values, tastes, and preferences. Lifestyle marketing is a strategy that recognizes that people can be grouped into common market segments based on similarities in lifestyle preferences.

**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?**

**Culture** is the learned values and patterns of behaviour that stem from the shared meanings, rituals, and traditions among the members of a society and that influence their attitudes, beliefs, preferences, and priorities towards abstract ideas, activities, and products. **Subculture** is a group within a society whose members share a distinctive set of beliefs, characteristics, or common experiences. The consumer's overall priorities for products and activities are significantly influenced by cultural values. Therefore, the marketer must be keenly aware of these influences if they are to market and communicate with these sometimes diverse groups.

**Social class** is 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. For marketers, social class identifies large groups of people with much in common. It is also an important determinant of how much money a consumer spends, and it influences how it is spent.

**Reference groups** are a set of people that a consumer is motivated to please or imitate and that influences consumer purchasing to the extent that the purchase is conspicuous to others.

**10. What are the situational influences on consumer purchasing behaviour? How does each affect purchasing decisions?**

**Situational influences** are events and conditions--such as the shopping environment, the consumer's mood, and the time of day as well as time available--that affect how products are evaluated and chosen at the time of purchase.

Time (or the lack of it) influences the which products and brands are selected because of the importance of time to the individual consumer in our society. For many products, their sole function is to save us time (microwave cooking for example). It is one of the consumer's most limited resources. Time pressure can sometimes be intense and lead to mistakes or poor choices.

A person's mood can also affect purchases. Pleasure and arousal may dictate whether the consumer will be favorably disposed to the product or not. Marketers would hope to give the consumer a pleasant shopping experience

The shopping environment--such as store layout, store fixtures, colours, lighting, smells, and music--can interact with or affect moods and the shopping experience. The above- mentioned features are especially important in stressful shopping trips such as grocery shopping. The consumer is more likely to impulse buy when they enter into a pleasant shopping environment.

**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.**

Each of us is constantly confronted with the activities of marketers competing for our attention and our money. Wherever we turn we are bombarded by marketing communications intended to influence our purchase decisions or even the decision to purchase something at all. Our identities as consumers are intimately related to other people with whom we identify. We are all individuals, but rarely do the same products or services appeal to people who differ in age, educational background, income, and so on.

The students should determine if having an idealized self is bad. Is it bad in relationship to products and product purchase? The more intimately that we know consumers the more likely that we will pursue idealized desires. Be sure to ask students to explain their choice response to this question. Are their circumstances under which they can agree with the other direction of choice? What might they be?

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.**

It has often been said that marketing provides a mirror image of our society--be it good or be it bad. Consumption is the reaction that the consumer exhibits to communications from the producers and distributors of goods and services. To help the student formulate an answer to this question ask them about purchasing a car, fashion clothing, a stereo, entertainment, an education at a college or university. What type of products are they most involved with?

One interesting project for the students is to ask them to list five to eight products (by specific brand name) that they buy that best illustrates who they are, pass them around (no names on the papers), and see if the class can guess who the students are based on their product purchases or at least what type of person might purchase the indicated items.

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**

Below are some examples that can be used to help begin a discussion for this question.

Housing: As the number of senior adults grows so does the need for housing. Housing which allows senior adults to live independently while providing needed services is in great demand.

Home Health Care: The aging of the Canadian population will create increased demand for home health care. What will the health care system be like in the year 2010?

Newspapers: Will the newspaper continue to be delivered in paper form or will it be delivered electronically over the Internet?

Education: Will most post secondary education move to electronic delivery over the next ten years?

Travel and Tourism: The Internet has already begun to change the way travel plans are made. By visiting the Web site of an airline and/or hotel, travelers can easily compare prices and make reservations. Many cities and towns have also developed Web sites to market their area.

- 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.**

*Affect (feeling), behaviour (doing), and cognition (knowing)* are the three components of attitude. First, those products that are sensory in nature (such as perfume) are associated with *affect (feeling)* components of attitudes. Second, those products that are based on experiences (such as everyday products like chewing gum) are associated with *behaviour (doing)* components of attitudes. And third, those products that are important or complex products (such as computers) are more associated with *cognition (knowing)* components of attitudes.

Attitudes can be changed. However, it is usually easier to establish new attitudes. If change is the objective, it is usually easier to associate the attitude change with an established attitude. An example would be to ask a smoker to quit by emphasizing the positive health benefits of the change in habit and attitude.

- 5. Culture is not static-it continues to change. What changes in the values, beliefs and customs of Canadian culture do you see changing? How are these changes affecting marketing? What products will be affected more by these changes?**

An interesting way to discuss this question would be to have students assist you in listing ways that values, beliefs, and customs have changed in the past 20 years. For assistance in answering this question you might want to explore the characters and situations used in old television shows. Next, ask students to predict what changes in culture will occur by the year 2010. What should be the response of marketing for these predicted 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 lifestyle affect their readiness to conform? With what types of products is conformity more likely to occur?**

Most students will probably be reluctant to admit that they have at some time made a purchase because of peer pressure. But we all have! Ask the students to think back to some of the clothes they wore in 7<sup>th</sup> and 8<sup>th</sup> grades. Did their peers influence what they wore? When did their peers begin to have less influence on their purchase decisions?

Conformity can be positive or negative. For example, some public elementary schools have established school uniform policies in order to help students focus on learning rather than what they are wearing. Some forms of peer pressure are also lessened when everyone is dressed the same. Conformity can be negative when individuals choose to participate in activities which they believe are morally wrong or when they purchase products which they cannot afford.

The need to conform often seems to lessen as we become older and more mature. However, there are adults who still feel pressure to conform. The availability of credit has made it easy for individuals to purchase products and services which they may not be able to afford. This type of conformity is most likely to occur for products which are highly visible to others.

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

In this exercise students are instructed to visit the Web site for d-Code. The questions also tie in well with what students have learned about market research in Chapter 5. This discussion could also be used when discussing the “How it Worked Out at d-Code” segment.

## Marketing in Action: Playboy Enterprises, Inc.

**Summary:** Playboy Enterprises must develop strategies that will assure success in a changing consumer environment.

### Suggested Answers to Case Questions:

**1. What are some of the problems facing Playboy Enterprises, Inc.?**

Playboy Enterprises (though still successful by many standards) has seen a decline the popularity of their Playboy clubs and their “cash cow” Playboy Magazine in the 1990s.

**2. What factors are causing the problems?**

Playboy Enterprises, Inc is a well-known company. In the 1960s and 1970s circulation of the magazine surged and the Playboy Club was “hot”. Things have changed and the once successful magazine and nightclubs are not as popular as they once were. In an era where morally offensive and sexually degrading enterprises are on the wane, Playboy has failed to accept the reality of a need to change. In addition, there are many more avenues available to men (and women) who seek this form of entertainment and fantasy. Competitive magazines such as *Details* and *Men’s Health* as well as Web sites such as *Nerve.com* are more in tune with changing consumer tastes.

**3. What are the alternatives?**

Playboy has chosen to refocus its efforts in the direction of updating its entertainment function. It has decided not to pursue men’s contemporary tastes (such as health and fitness) and has decided to pursue entertainment through several options. The options are:

- a. Focus on producing popular home videos and promoting Playboy-branded videos of popular vintage movies.
- b. Pursue experiments in producing Playboy interviews on CD-ROM and building a home page on the Web to offset magazine losses and to carve out a niche for the future.

**4. What are your recommendations for solving the problems?**

The students should see that “the times they are a changing” and that Playboy Enterprises should consider seeking new ventures that address the needs of adult men and women. Health, physical fitness, investment planning, luxury product

purchases, medical advice, political comment, lifestyle expression, and freedom of speech should all be considered as viable alternative mixes for new products and entertainment ventures or the organization will have great difficulty competing in the next century.

**5. How could your recommendations be implemented?**

The students might recommend new ventures (even if under a different name than Playboy Enterprises) in magazines, entertainment centres (health clubs for singles), programming production, cable TV (using the existing Playboy channel), and exploration on the Web. The first step would be to design an extensive research project to understand the changing tastes and preferences of men and women as they reach their middle adult years. The organization might also determine if it is possible to attract younger consumers that seem to have avoided the Playboy philosophy and organization.

## Mini-Project 6-A

### Understanding Evaluative Criteria in the Decision Process

Purpose: By conducting a simple experiment you will better understand how consumers make decisions and how marketers use this information to develop marketing strategies.

1. With a few of your classmates, first select a product category that interests you. You might consider
  - cars
  - a man's dress suit
  - a university or college
  - an apartment
  - a new stereo
  - some other product of your choice
2. Next, select 6 to 10 product attributes you feel are important to consumers in choosing among different brands of the product. Also select 6 to 8 brands or models of the product that someone might consider. Then determine how each brand would be rated on each of the attributes.
3. Use this information to build an information display board. This board can be made of cardboard or wood or some other material. List the attributes down the left side of the board and the brands across the top. Then fill in the ratings for each brand as suggested below. Construct your board so that the ratings can be covered up. (You might use Post-It notes to cover each of the rating blocks on the board.)

| <b>Auto Attributes</b> | <b>Ford Mustang</b> | <b>Jeep Wrangler</b> | <b>Pontiac Grand Am</b> | <b>Chevrolet Cavalier</b> | <b>Ford Explorer</b> |
|------------------------|---------------------|----------------------|-------------------------|---------------------------|----------------------|
| <b>Roominess/ Size</b> | Small               | Small                | Average                 | Small                     | Large                |
| <b>Comfort</b>         | Average             | Poor                 | Good                    | Average                   | Good                 |
| <b>Gas economy</b>     | Average             | Poor                 | Average                 | Good                      | Poor                 |

4. Conduct research with your board by asking student research subjects (only one at a time) to imagine they are buying a car and to uncover the information they want in the same way that they would go about gathering information about a new car purchase. (Some subjects may look at all of the information about the first car,

then all about the second car, etc. Others may look at the gas economy of all the cars first and so on.)

5. Observe and record the subjects' selections. Then use that information to develop recommendations for marketing strategies (any or all of the 4 Ps) for one of the brands.
6. Present your findings to your class.

## **Mini-Project 6-B**

### **Maslow's Hierarchy in Ads**

Purpose: to understand how advertisers appeal to different consumer needs.

Maslow's hierarchy of needs categorizes motives according to five levels.

1. Physiological
2. Safety
3. Belongingness
4. Ego
5. Self-Actualization

The hierarchy implies that needs at a certain level must be at least partially satisfied before consumers will seek to satisfy needs at a higher level.

Marketers often use advertising appeals or ad slogans that will activate (hopefully) these needs or motives. Try to find as many as three advertisements which are related to each of the levels of Maslow's hierarchy. Describe the ad and the specific need it appeals to.

#### **Physiological needs**

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_

#### **Safety needs**

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_

#### **Belongingness needs**

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_

**Ego needs**

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_

**Self-actualization needs**

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_